



ISOTEAM LTD.

(Company Registration No: 201230294M)
(Incorporated in the Republic of Singapore on 12 December 2012)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF - (I) ACCOM INTERNATIONAL PTE. LTD. (II) ACCOM PTE. LTD. (III) INDUSTRIAL CONTRACTS MARKETING (2001) PTE. LTD. AND (IV) RONG SHUN LANDSCAPE & CONSTRUCTION PTE. LTD.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company's announcement dated 27 October 2014 (the "Announcement").

1. SUPPLEMENTAL AGREEMENT

1.1 Key Terms of the Supplemental Agreement

Further to the Announcement, the Board of Directors (the "**Board**") of ISOTeam Ltd. (the "**Company**") wishes to announce that the Company had, on 8 December 2014, entered into a supplemental agreement (the "**Supplemental Agreement**") to amend and vary certain provisions of the Agreement in relation to the acquisition of ICM, *inter alia*, as follows:

- (i) the conversion of partial outstanding accounts receivables of an aggregate sum of S\$600,000 owing by ICM to Nippon (being one of the Vendors) for the sale and supply of paint and other products at the date of the Supplemental Agreement as reflected in the ICM's management accounts as at 30 September 2014 into 1,200,000 new fully paid-up ordinary shares in ICM at an issue price of S\$0.50 per share (the "**New Shares**") prior to the First ICM Completion (the "**Capitalisation**"); and
- (ii) the First ICM Consideration shall be S\$2,707,995, out of which S\$839,295 will be fully satisfied in cash while the remaining sum of S\$1,868,700 will be fully satisfied via the issue of such number of Consideration Shares being equivalent to the sum of S\$1,868,700 as further described in Section 3 of the Announcement.

1.2 Adjustments to the First ICM Shares

In light of the Capitalisation, the Company will acquire 2,764,200 ordinary shares of ICM from Nippon, ICL and Goh Peng Tong, representing 94% of the entire issued and paid-up share capital of ICM, on first completion (the "**First ICM Completion**"). After First ICM Completion, Nippon will cease to hold any shares in ICM and each of ICL and Goh Peng Tong will continue to hold 86,900 ordinary shares representing 6% of the entire issued and paid-up share capital of ICM.

1.3 Financial Effects

Taking into consideration the Capitalisation, the financial effects of the Proposed Acquisitions on (i) net tangible asset per share of the Group (assuming the Proposed Acquisitions had been completed at the end of FY2014; and (ii) the earnings per share of the Group (assuming that the Proposed Acquisitions had been completed at the beginning of FY2014) based on the audited financial statements of the Group for FY2014 are set out below:

(i) In relation to ICM

	Before the Proposed Acquisition (cents)	After the Proposed Acquisition (cents)
Effects of the Proposed Acquisition on the net tangible asset per share	21.87	22.94
Effects of the Proposed Acquisition on the earnings per share	5.19	4.93

(ii) In relation to all four Targets

	Before the Proposed Acquisitions (cents)	After the Proposed Acquisitions (cents)
Effects of the Proposed Acquisitions on the net tangible asset per share	21.87	23.50
Effects of the Proposed Acquisitions on the earnings per share	5.19	5.60

1.4 **Relative Figures under Rule 1006 of the Catalyst Rules**

Taking into consideration the Capitalisation, the relative figures for the Proposed Acquisitions on the relevant bases set out in Rule 1006 of the Catalyst Rules are as follows:

(i) In relation to ICM

1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not Applicable.
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	The net profit of S\$165,479 attributable to the Sale Shares represents approximately 2.5% of the Group's net profits of S\$6,711,233 for FY2014.
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation	The aggregate consideration of S\$2,707,995 for the Proposed Acquisition of First ICM Shares represents approximately: (a) 4.5% of the Company's market capitalisation of approximately S\$60,561,853 as at 4 December 2014 (being the last market day where there were trades of the Company's shares preceding the date the Supplemental Agreement was executed) ⁽¹⁾ ; and (b) 4.7% of the Company's market capitalisation of approximately S\$57,621,957 as at 23 October 2014 (the market day preceding the date the Agreement was executed) ⁽¹⁾ .

1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	The number of equity securities issued by the Company as consideration ⁽²⁾ for the Proposed Acquisition of First ICM Shares represents approximately 3.2% of the equity securities of the Company previously in issue being 117,595,831 ordinary shares.
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not Applicable

Notes:

- (1) The Second ICM Consideration shall be the higher of:
- the sum equivalent to the net tangible asset of ICM; or
 - the price earnings ratio of five (5) times ICM's net profit after tax, as reflected in the audited financial statements of ICM as at 30 June 2015.
- (2) On the basis that the issue price of each Consideration Share is S\$0.50 and 3,737,400 Consideration Shares will be issued to the Vendors of ICM.

(ii) In relation to all four Targets

1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not Applicable.
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	The net profit of S\$1,676,170 attributable to the Sale Shares represents approximately 25.0% of the Group's net profits of S\$6,711,233 for FY2014.
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation	The aggregate consideration of S\$11,608,055 for the Proposed Acquisitions of all four Targets represents approximately: <ol style="list-style-type: none"> 19.2% of the Company's market capitalisation of approximately S\$60,561,853 as at 4 December 2014 (being the last market day where there were trades of the Company's shares preceding the date the Supplemental Agreement was executed)⁽¹⁾; and 20.1% of the Company's market capitalisation of approximately S\$57,621,957 as at 23 October 2014 (the market day preceding the date the Agreement was executed)⁽¹⁾.

1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	The number of equity securities issued by the Company as consideration ⁽²⁾ for the Proposed Acquisitions represents approximately 11.5% of the equity securities of the Company previously in issue being 117,595,831 ordinary shares.
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not Applicable

Notes:

- (1) The Second ICM Consideration shall be the higher of:
 - (a) the sum equivalent to the net tangible asset of ICM; or
 - (b) the price earnings ratio of five (5) times ICM's net profit after tax, as reflected in the audited financial statements of ICM as at 30 June 2015.
- (2) On the basis that the issue price of each Consideration Share is S\$0.50 and 13,537,464 Consideration Shares will be issued to the Vendors of all four Targets.

As the relative figures computed on the bases as set under Rule 1006 remain less than 75% after taking into consideration the Capitalisation, the aggregated transaction is not subject to the approval of shareholders in general meeting.

2. FUNDING OF THE PROPOSED ACQUISITIONS

The Board wishes to update the Shareholders that apart from internal resources, the portion of the purchase consideration for each of the Targets to be satisfied by cash will also be funded by net proceeds raised from the Company's initial public offering and placement of ordinary shares in the Company to Nippon (as announced by the Company via the SGXNET on 8 December 2014).

3. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Supplemental Agreement is available for inspection during normal business hours at the registered office of the Company at 57 Kaki Bukit Place Eunos Techpark Singapore 416231 for 3 months from the date of this announcement.

By Order of the Board

Anthony Koh Thong Huat
Chief Executive Officer
8 December 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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