



ISOTEAM LTD.

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

PROPOSED PLACEMENT OF 2,800,000 NEW ORDINARY SHARES IN THE CAPITAL OF ISOTEAM LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of ISOTeam Ltd. (the “**Company**” and together with its subsidiaries the “**Group**”) wishes to announce that the Company has on 8 December 2014 entered into a subscription agreement (the “**Subscription Agreement**”) with Nippon Paint (Singapore) Company Private Limited (the “**Subscriber**”) pursuant to which the Company has agreed to allot and issue 2,800,000 new ordinary shares in the issued share capital of the Company (the “**Placement Shares**”) and the Subscriber has agreed to subscribe for the Placement Shares, at an issue price of S\$0.50 per Placement Share (the “**Placement Price**”), amounting to an aggregate consideration of S\$1.4 million, and on the terms and conditions of the Subscription Agreement (the “**Placement**”).

The Placement Shares will be issued at the Placement Price for each Placement Share pursuant to the general mandate authorising the Directors to issue new shares and convertible securities which was granted by the shareholders of the Company by way of an ordinary resolution passed at the annual general meeting of the Company held on 27 October 2014 (the “**Share Issue Mandate**”).

The Placement Shares represent approximately 2.38% of the issued and paid up share capital of the Company of 117,595,831 ordinary shares at the time the approval for the Share Issue Mandate was granted.

2. SUBSCRIPTION AGREEMENT

2.1 Placement Shares

There will not be any prospectus or offer information statement issued in connection with the Placement as the Placement will be made pursuant to exemptions under Section 275 of the Securities and Futures Act (Chapter 289).

Hong Leong Finance Limited, acting as sponsor to the Company, will be submitting an additional listing confirmation to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on behalf of the Company for the listing of and quotation of the Placement Shares on Catalist. An announcement will be made in due course to notify the shareholders when the listing and quotation notice is obtained.

The Placement Shares shall be issued unencumbered and free from any security interests, claims (including pre-emptive rights) or liens and will be freely transferable and shall rank *pari passu* in all respects with all existing ordinary shares of the Company (the “**Shares**”), except that such Placement Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the date of completion of the Placement.

Upon the allotment and issue of the Placement Shares, the Company's issued and paid up share capital will increase from 117,595,831 Shares as at the date of this announcement, to 120,395,831 Shares. The Placement Shares represent approximately 2.38% of the existing issued and paid up share capital of the Company as at the date of this announcement, and approximately 2.33% of the enlarged issued and paid up share capital of the Company after the Placement.

2.2 Placement Price

The Placement Price represents a discount of approximately 2.9% to the volume weighted average price of S\$0.515 for trades done on the Shares on Catalist on 4 December 2014 (being the last full market day where there were trades of the Shares preceding the date of this announcement).

2.3 Conditions

The completion of the Placement is conditional upon, *inter alia*, the following:

- (a) the listing and quotation notice of the Placement Shares on Catalist being obtained from the SGX-ST;
- (b) the issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore; and
- (c) the Company and the Subscriber not being in breach of any of the undertakings and the covenants in the Subscription Agreement at the date of completion of the Placement.

3. INFORMATION REQUIRED PURSUANT TO RULE 810(2) OF THE CATALIST RULES

The Placement Shares will not be issued to any of the persons listed in Rule 812(1) of the Listing Manual Section B: Rules of Catalist of SGX-ST ("**Catalist Rules**") and will be in compliance with Rule 812 of the Catalist Rules.

The Subscriber, which is a major paint manufacturer in Singapore, is presently a shareholder of the Company, holding 3,089,466 Shares or 2.63% of the existing issued and paid up share capital of the Company as at the date of this announcement. Following the completion of the Placement, the Subscriber will hold 5,889,466 Shares or 4.89% of the enlarged issued and paid up share capital of the Company.

The Placement Shares are placed to the Subscriber as it has indicated an interest to increase its investment in the Company, and the Placement Shares are issued purely for the purposes of investment by the Subscriber.

4. FINANCIAL EFFECTS OF THE PLACEMENT

The table illustrates the financial effects of the Placement on (i) the net tangible asset per Share of the Group (assuming the Placement had been completed at the end of that financial period); and (ii) the earnings per Share of the Group (assuming that the Placement had been completed at the beginning of that financial period) based on the audited financial statements of the Group for the financial year ended 30 June 2014 as set out below:

	Before the Placement	After the Placement
Effect of the Placement on the net tangible asset per Share (cents)	21.87	21.37
Effect of the Placement on the earnings per Share (cents)	5.19	5.07

The abovementioned financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Placement.

5. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that after taking into consideration its present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding this, the Company has decided to undertake the Placement to strengthen its financial position in order to meet its anticipated general working capital requirements.

6. USE OF PROCEEDS

The net proceeds to be raised by the Company from the Placement (after deducting estimated expenses of S\$30,000) are approximately S\$1,370,000 (the “**Net Proceeds**”). The Company intends to utilise the entire Net Proceeds to fund the acquisition of the entire issued and paid up share capital of Accom International Pte. Ltd., Accom Pte. Ltd., Industrial Contracts Marketing (2001) Pte. Ltd. and Rong Shun Landscape & Construction Pte. Ltd. (please refer to the Company’s announcement dated 27 October 2014 for further details of the said acquisition).

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with financial institutions or invested in short-term money markets instruments and/or marketable securities as the Directors may in their absolute discretion deem fit, from time to time.

The Company will make an announcement on the utilisation of the Net Proceeds and will provide a status report on the use of the Net Proceeds in its annual report.

7. GENERAL

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Placement, other than through their shareholdings in the Company.

8. RESPONSIBILITY STATEMENT

The Directors have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

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.

The contact person for the Sponsor is Ms Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.