



ISOTEAM LTD.

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

PROPOSED PLACEMENT OF UP TO 9,000,000 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 26 May 2015 entered into a placement agreement (the "**Placement Agreement**") with OCBC Securities Private Limited as placement agent (the "**Placement Agent**"). Pursuant to the Placement Agreement, the Company has agreed to allot and issue up to 9,000,000 new ordinary shares (the "**Placement Shares**") in the capital of the Company at a placement price of S\$0.58 (the "**Placement Price**") for each Placement Share, and the Placement Agent has agreed to procure the subscription and payment for the Placement Shares at the Placement Price for each Placement Share on a best endeavours basis (the "**Placement**").

A placement commission of 3% of the Placement Price for each Placement Share subscribed, is payable by the Company to the Placement Agent pursuant to the Placement Agreement. The Placement is non-underwritten.

2. THE PLACEMENT

2.1 Placement Shares

The Placement Shares will be placed by the Placement Agent to institutional investors pursuant to Section 274 of the Securities and Futures Act (Cap 289) of Singapore (the "**SFA**"), and/or accredited investors pursuant to Section 275 of the SFA. Based on the information available to the Company, the Placement Shares have been fully placed out.

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

The Placement Price of S\$0.58 represents a discount of approximately 8.9% to the volume weighted average price of S\$0.6369 for trades done on the shares of the Company (the "**Shares**") on Catalist on the preceding full market day (being 21 May 2015 as the Company requested for a trading halt of its Shares with effect from 3.57 p.m. on 22 May 2015) up to the time the Placement Agreement was signed (being 26 May 2015).

The Placement Shares are intended to be issued at the Placement Price for each Placement Share pursuant to the general mandate obtained at the annual general meeting of the Company held on 27 October 2014 (the "**2014 AGM**") which authorised the Directors to issue new Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) as at the date of the 2014 AGM, in the case where new Shares are issued other than on a pro-rata basis to existing shareholders (the "**Share Issue Mandate**").

As at the date of the 2014 AGM, the Company had 117,595,831 Shares and as such, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 58,797,915 Shares. Subsequent to the 2014 AGM and prior to the Placement, the Company had allotted and issued an aggregate of 16,337,464 Shares under the Share Issue Mandate. Taking into account the Placement Shares and assuming that the Placement is fully subscribed, the total number of Shares issued under the Share Issue Mandate is 25,337,464 Shares. Accordingly, the proposed issuance of up to 9,000,000 Placement Shares will fall within the limit of the Share Issue Mandate.

The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Shares except that they will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Placement Shares.

Upon completion of the Placement and assuming that the Placement is fully subscribed, the Company's issued and paid up share capital will increase from 133,933,295 Shares as at the date of this announcement, to 142,933,295 Shares. The Placement Shares represent approximately 6.72% of the existing issued and paid up share capital of the Company as at the date of this announcement, and approximately 6.30% of the enlarged issued and paid up share capital of the Company after the Placement.

2.2 Conditions

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

- (i) the listing and quotation notice being obtained from the SGX-ST for the listing of and quotation for the Placement Shares on Catalist and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing of and quotation for the Placement Shares on Catalist are required to be fulfilled on or before the date of completion, they are so fulfilled;
- (ii) the exemption under Sections 274 and 275 of the SFA being applicable to the Placement under the Placement Agreement;
- (iii) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company or the Placement Agent;
- (iv) there not having occurred, in the opinion of the Placement Agent, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Placement or is reasonably likely to prejudice materially the success of the Placement or dealings in the Placement Shares in the secondary market; and
- (v) the representations, warranties and undertakings in the Placement Agreement remaining true and correct in all material respects as at the date of completion and the Company having performed all of its obligations thereunder to be performed on or before the date of completion.

If any of the conditions set out in the Placement Agreement has not been satisfied on or before the date falling four (4) weeks after the date of the Placement Agreement or such other date as the parties may mutually agree, the Placement Agreement shall terminate and shall be of no further effect and no party thereto shall be under any liability to the other in respect of the Placement Agreement.

3. FINANCIAL EFFECTS OF THE PLACEMENT

The table illustrates the financial effects of the Placement, which are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Group following the completion 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 year); and (ii) the earnings per Share of the Group (assuming that the Placement had been completed at the beginning of that financial year) 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 ⁽¹⁾
Effect of the Placement on the net tangible asset per Share (cents)	21.87	27.36
Effect of the Placement on the earnings per Share (cents)	5.19	4.26

Note:

- (1) Taking into account the acquisition of the entire issued and paid up share capital of ISOTeam C&P Pte. Ltd., ISOTeam Access Pte. Ltd., Industrial Contracts Marketing (2001) Pte Ltd and ISO-Landscape Pte. Ltd. and the placement of 2,800,000 Shares to Nippon Paint (Singapore) Company Private Limited which were completed during the current financial year ending 30 June 2015.

4. 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.

5. USE OF PROCEEDS

Assuming that the Placement is fully subscribed, the estimated net proceeds from the Placement (the "**Net Proceeds**"), after deducting estimated expenses pertaining to the Placement of approximately S\$0.18 million, will be approximately S\$5.04 million. The Company intends to utilise the Net Proceeds in the following manner:

- (i) approximately S\$3.0 million or 59% of the Net Proceeds will be used to fund capital expenditures;
- (ii) approximately S\$1.5 million or 30% of the Net Proceeds will be used to fund new investments and business expansion through acquisitions, joint ventures and/or strategic alliances as and when the opportunities arise; and
- (iii) approximately S\$0.54 million or 11% of the Net Proceeds will be used for general working capital.

Pending the deployment of the Net Proceeds for the purposes mentioned above, such Net Proceeds may be placed as deposits with financial institutions and/or invested in short-term money market or debt instruments and/or for any other purposes on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such funds are materially disbursed and whether such utilisation is in accordance with the utilisation and percentage allocated stated in this announcement. Where there is any material deviation from the stated use of Net Proceeds in this announcement, the Company

will announce the reasons for such deviation. The Company will also provide a status report on the utilisation of the Net Proceeds in the Company's annual report.

6. GENERAL

None of the Placement Shares will be offered or placed to any person who is a director or a substantial shareholder of the Company, or any other person in the categories as set out in Rule 812(1) of Section B: Rules of Catalist of the SGX-ST Listing Manual.

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.

7. 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
Executive Director and Chief Executive Officer
27 May 2015

*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.