



ISOTEAM

ISOTEAM LTD.

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

PROPOSED ACQUISITION OF ASSETS IN SINGAPORE MOBIKE PTE. 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 SG Bike Pte. Ltd. ("**SG Bike**"), a 51%-owned subsidiary of the Company, has on 8 August 2019 entered into an asset transfer agreement (the "**ATA**") with Singapore Mobike Pte. Ltd. (the "**Seller**") and mobike Ltd. ("**Mobike**") for the proposed acquisition by SG Bike of the Transferred Assets (as defined below) from the Seller at an aggregate purchase consideration of US\$1,847,800 (or approximately S\$2,540,725 based on the exchange rate of US\$1:S\$1.375) (the "**Purchase Consideration**"), and SG Bike will also assume the liabilities of the Seller to repay user deposits and prepayments in an aggregate amount not exceeding US\$1,470,000 (or approximately S\$2,021,250) (the "**Assumed Liabilities**") (the "**Proposed Acquisition**").

2. INFORMATION ON THE SELLER

The Seller, a company incorporated in Singapore, is a wholly-owned subsidiary of Mobike (Hong Kong) Limited, which is in turn a wholly-owned subsidiary of Mobike. The Seller is principally engaged in the provision of bicycle sharing services for transportation in Singapore, via its web, mobile or software application which enables users to locate, unlock and use its bicycles in Singapore for a stipulated fee or deposit.

3. PRINCIPAL TERMS OF THE ATA

3.1 The key terms under the ATA are, amongst others:

- (i) The Seller shall sell and SG Bike shall purchase:
 - (a) the license issued by the Land Transport Authority of Singapore ("**LTA**") to the Seller in respect of 25,000 bicycles and the actual unutilised amount of the licensee fees paid by Seller to the LTA in an amount of US\$875,000 (or approximately S\$1,203,125);
 - (b) the security deposit paid by Seller to the LTA in an amount of US\$550,000 (or approximately S\$756,250); and
 - (c) 25,000 bicycles in an amount of US\$422,800 (or approximately S\$581,350), each with the IoT smart lock installed thereon, consisting of:
 - i. 18,000 bicycles deployed on the streets of Singapore ("**Street Bicycles**") to be delivered "as is" and "where is";

- ii. 7,000 bicycles in the Seller's warehouse (the "**Warehouse Bicycles**") pursuant to the quality examination standards under the ATA; and
- iii. related bicycle service fee for the bicycle storage costs in relation to the Warehouse Bicycles prior to the 2nd Closing date,

(collectively, the "**Transferred Assets**").

- (ii) The Purchase Consideration is subject to adjustments for any shortfall in the unutilised amount of LTA licensee fees as at 1st Closing date, the number of Street Bicycles and Warehouse Bicycles delivered to SG Bike, and any costs incurred by SG Bike to repair any Warehouse Bicycle to comply with the quality examination standards in the ATA.
- (iii) Under the ATA, SG Bike will also assume and thereafter pay, discharge and perform in such manner as SG Bike shall determine in its discretion, the liabilities of the Seller to repay user deposits and prepayments as at the 1st Closing date, in an aggregate amount not exceeding US\$1,470,000 (or approximately S\$2,021,250).
- (iv) The Seller and Mobike further agree and undertake to, *inter alia*, facilitate the user migration to SG Bike's application platform, and also not to directly or indirectly seek to repay or reduce any user deposits and prepayments from the 1st Closing date to 31 December 2019, save as required by any government authority or applicable laws.

3.2 The completion of the sale and purchase of the Transferred Assets and the assumption of the Assumed Liabilities shall take place in the following manner:

- (i) The sale and purchase of the Transferred Assets save for the Warehouse Bicycles, and the assumption of the Assumed Liabilities ("**1st Closing**"), shall take place on the third business day after the fulfilment or waiver of the conditions precedent set out in paragraph 3.3, or such other date as the parties shall mutually agree.
- (ii) The sale and purchase of the remaining Transferred Assets, being the Warehouse Bicycles ("**2nd Closing**") shall take place on the third business day after the fulfilment or waiver of the conditions precedent set out in paragraph 3.4, or such other date as the parties shall mutually agree.

3.3 The 1st Closing is conditional upon the fulfilment or waiver of, *inter alia*, the following conditions precedent:

- (i) The approval from LTA for the transfer of the license in respect of 25,000 bicycles to SG Bike on or prior to the 1st Closing, on the approval terms and conditions reasonably acceptable to SG Bike and the Seller (if any);
- (ii) The approval of the Competition and Consumer Commission of Singapore under the Consumer Protection (Fair Trading) Act, to be obtained by way of confidential advice;
- (iii) The transfer of the detailed breakdown of all user data and records of user payments (including prepayments and deposits) of the Seller as at the 1st Closing date, to SG Bike; and
- (iv) The execution of the following ancillary agreements, to be entered into pursuant to the ATA:
 - (a) Transition services agreement, under which the Seller will provide certain services on a transitional basis to the Company after the 1st Closing;
 - (b) Trademark license agreement; and
 - (c) Intellectual property license agreement,

whereby under (b) and (c), SG Bike may utilise the specified trademarks and intellectual property of the Seller's group for a certain term after the 1st Closing.

3.4 The 2nd Closing is conditional upon the fulfilment or waiver of, *inter alia*, the following conditions precedent:

(i) The completion of quality examination by SG Bike that the Warehouse Bicycles comply with the quality examination standards set out in the ATA.

3.5 If the 1st Closing does not occur on or before 30 September 2019, or such later date as the parties may mutually agree in writing, the ATA shall be terminated at any time by any party to the ATA, provided that the failure to consummate the transactions under the ATA is not due to the breach of such party.

4. PURCHASE CONSIDERATION AND ASSUMED LIABILITIES

4.1 The Purchase Consideration of US\$1,847,800 (or approximately S\$2,540,725) was arrived at on a willing buyer and willing seller basis, taking into account the terms and conditions stated in the ATA.

4.2 The Purchase Consideration will be paid in cash by SG Bike to the Seller in the following manner:

(i) the amount of US\$1,687,800 on the date of the 1st Closing, less any applicable adjustments to the Purchase Consideration under paragraph 3.1(ii) based on the Transferred Assets delivered by Mobike and Seller at the 1st Closing; and

(ii) the amount of US\$160,000 on the date of the 2nd Closing, less any applicable adjustments to the Purchase Consideration under paragraph 3.1(ii) based on the Transferred Assets delivered by Mobike and Seller at the 2nd Closing.

4.3 The Assumed Liabilities of an aggregate amount not exceeding US\$1,470,000 (or approximately S\$2,021,250) will be paid by SG Bike to repay user deposits and prepayments at its discretion as per the ATA.

4.4 No independent valuation was conducted in respect of the Proposed Acquisition.

5. RATIONALE

The Proposed Acquisition will enable SG Bike to expand its business and promote an active and environmental-friendly lifestyle by increasing its fleet of bikes. The Proposed Acquisition will also enable the Company to enhance a strong foothold as the market leader in the bike sharing industry in Singapore.

6. FINANCING

The Purchase Consideration of US\$1,847,800 (or approximately S\$2,540,725) will be funded through a Singapore incorporated private limited company, by granting a S\$2,000,000 loan to the Company, which will in turn sub-loan the same to SG Bike. The balance amount of approximately S\$540,725 will be paid by the other shareholders of SG Bike on a *pro rata* basis.

The Assumed Liabilities of an aggregate amount not exceeding US\$1,470,000 (or approximately S\$2,021,250) will be funded by borrowings.

7. FINANCIAL EFFECTS

The financial effects of the Proposed Acquisition on the Group set out below are purely for illustrative purposes only and do not reflect the future actual financial position of the Company or the Group after the completion of the Proposed Acquisition.

The financial effects of the Proposed Acquisition were calculated based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2018 ("FY2018") and the unaudited financial statements of the Seller for the financial period from 1 July 2017 to 30 June 2018.

7.1 Net Tangible Assets per share

The financial effect of the Proposed Acquisition on the net tangible assets ("NTA") per share of the Group for FY2018, assuming that the Proposed Acquisition had been effected as at 30 June 2018 is as follows:

As at 30 June 2018	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	53,606	53,606
Number of issued shares ⁽¹⁾	285,130,562	285,130,562
NTA per share (cents)	18.80	18.80

Note:

(1) Based on the Company's issued ordinary share capital of 285,130,562 as at 30 June 2018.

7.2 Earnings per share

The financial effect of the Proposed Acquisition on the earnings per share of the Group for FY2018, assuming that the Proposed Acquisition had been effected on 1 July 2017 is as follows:

FY2018	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after tax and non-controlling interests (S\$'000)	1,889	1,889
Weighted average number of issued shares ⁽¹⁾	284,508,757	284,508,757
Earnings per share (cents)	0.66	0.66

Note:

(1) Based on the weighted average number of shares of 284,508,757 as at 30 June 2018.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition on the relevant bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Catalist Rules”) are as follows:

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	Not applicable
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer’s market capitalisation	6.94% ⁽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	Not applicable
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

Note:

- (1) Based on the sum of approximately S\$4,561,975 (being the aggregate of the Purchase Consideration and the Assumed Liabilities) and the Company’s market capitalisation of approximately S\$65,736,709 (being its issued ordinary share capital of 285,068,122 shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of its shares of S\$0.2306 on 7 August 2019, which is the last full market day on which the shares were traded prior to the date of the ATA).

On the basis of the relative figures computed on the bases set out in Rule 1006 (c) above, the Proposed Acquisition is a “discloseable transaction” for the purposes of Chapter 10 of the Catalist Rules.

9. SERVICE CONTRACT

No director is proposed to be appointed to the Company in connection with the Proposed Acquisition.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The Company and its Directors and controlling shareholders are not related to the Seller. None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company.

11. DOCUMENT FOR INSPECTION

A copy of the ATA is available for inspection during normal business hours at the Company's registered office at 8 Changi North Street 1, ISOTeam Building, Singapore 498829 for a period of three (3) months from the date of this announcement.

By Order of the Board

Anthony Koh Thong Huat
Executive Director and Chief Executive Officer
9 August 2019

*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**").*

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 Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.