

**ISOTEAM LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.: 201230294M)

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**PROPOSED DISPOSAL OF THE PURE GROUP ENTITIES**

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**1. INTRODUCTION**

**1.1 The Proposed Disposal**

The board of directors (the “**Directors**” or the “**Board**”) of ISOTeam Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 17 September 2021 entered into a letter agreement (the “**Letter**”) with Coney International Ltd. (the “**Purchaser**”) to dispose the Company’s entire equity interest in the Pure Group entities (the “**Target Companies**”) to the Purchaser, on the terms and conditions set out in the Letter (the “**Proposed Disposal**”).

**1.2 The Target Companies**

The Vendor’s entire equity interest in the Target Companies is as follows:

<b>Target Company</b>	<b>Company’s equity interest to be acquired under the Transaction</b>	<b>Shareholding percentage in the Target Company</b>
Pure Group (Singapore) Pte. Ltd. (“ <b>PGS</b> ”)	1 ordinary share	100%
Pure Projects Management Sdn. Bhd. (“ <b>PPM</b> ”)	1,000,000 ordinary shares	100%
Pure Projects SEA Pte. Ltd. (“ <b>PPSEAPL</b> ”)	120 ordinary shares	100%
Pure Projects (Philippines) Inc (“ <b>PPPI</b> ”)	89,995 ordinary shares (held by PGS)	99.9%
Pure Projects Construction Advisory Shanghai Co Ltd	Registered capital of USD140,000 (held by PGS)	100%
Pure Projects SEA Ltd	9,800 ordinary shares (held by PPSEAPL)	49%

Accordingly, the Proposed Disposal will be undertaken by way of a transfer of all the ordinary shares held by the Company in PGS, PPM and PPSEAPL (the “**Sale Shares**”) to the Purchaser.

**2. RATIONALE FOR THE PROPOSED DISPOSAL**

The Proposed Disposal is in line with the Group’s plans to restructure its commercial interior design business which the Target Companies are part of, as updated by the Company in its announcement dated 10 August 2021. The Target Companies have continued to be adversely impacted from the COVID-19 pandemic which has led to cancellation and/or deferment of projects by customers. As announced by the Company in its unaudited consolidated financial

statements for the financial year ended 30 June 2021 (“**FY2021**”) (“**FY2021 FS**”), the Target Companies have incurred a net loss after tax of approximately S\$0.9 million for FY2021 and accordingly, the profit target of \$5 million for FY2021 was not achieved.

In view of the above, the Proposed Disposal will allow the Group to stop incurring further operating costs and liabilities and also presents an opportunity for the Group to re-deploy the proceeds for potential strategic investments and higher yielding assets as and when opportunities arise to optimise returns to shareholders of the Company (“**Shareholders**”).

As such, the Board believes that the Proposed Disposal is in the best interests of the Group and the Shareholders.

### **3. SALIENT TERMS OF THE PROPOSED DISPOSAL**

A summary of the salient terms of the Proposed Disposal is set out below.

#### **3.1 Consideration**

The aggregate consideration for the Proposed Disposal is S\$4.5 million in cash (the “**Consideration**”). The Consideration was arrived at on a willing-buyer, willing-seller basis after arm’s length negotiations, and taking into account, among others, the book value of the Sale Shares, the rationale and benefits to the Group for the Proposed Disposal as set out in section 2 above, and the amounts due by the Target Companies to the Group (excluding such amount to be paid to the Group pursuant to a settlement with a former major customer of PGS).

The Consideration has been placed by the Purchaser in an escrow account with an escrow agent (“**Escrow Agent**”) and shall be released to the Company on Completion (as defined below) and in accordance with the terms of the escrow agreement.

#### **3.2 Sale Shares**

The Sale Shares shall be sold on an “as is, where is” basis, subject to confirmation (the “**Confirmation**”) by the Company to the Purchaser from 1 February 2020 to the Completion Date (as defined below):

- (a) there has not been any change to the capital structure of the Target Companies;
- (b) there has not been any contracts entered into by the Target Companies that the Purchaser or its directors are not aware of, save for those involving PPPI;
- (c) save in the ordinary course of business, no cash has been withdrawn from PGS, PPSEAPL or Pure Projects Construction Advisory Shanghai Co Ltd by the Company; and
- (d) the Sale Shares are free from any encumbrances.

#### **3.3 Conditions Precedent**

Completion of the Proposed Disposal is conditional upon the following conditions (the “**Conditions**”) being satisfied, fulfilled or waived, as the case may be, by the Long Stop Date (as defined below):

- (a) all necessary regulatory approvals, clearances or permissions having been obtained from the Company, its sponsor and/or the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the Proposed Disposal (including, if required, any approvals to be obtained from Shareholders through an extraordinary general meeting to be held);
- (b) any necessary third party consents and approvals having been obtained, on terms satisfactory to the Company;
- (c) the Company providing the Confirmation in writing to the Purchaser;

- (d) execution of all relevant resolutions for the resignation of the Company's appointed directors in the Target Companies and appointing such persons as the Purchaser may nominate as directors in the Target Companies; and
- (e) execution of all relevant resolutions to authorise the revocation of all the existing bank mandates provided to the bankers of the Target Companies and the appointment of such persons as the Purchaser may nominate as new signatories to all the bank accounts of the Target Companies for the operation of all bank accounts and withdrawal of any amounts from such bank accounts with effect from the Completion Date (as defined below).

### 3.4 Completion

Completion of the Proposed Disposal ("**Completion**") shall take place at the Company's office within 10 business days after the satisfaction or waiver of the Conditions, or such other date as the Company and the Purchaser may agree in writing, and in any event no later than the date falling three (3) months after the date of the Letter (or such other date as may be mutually agreed between the Company and the Purchaser) (the "**Completion Date**").

On Completion in accordance with the Letter, the Company and the Purchaser shall immediately and irrevocably instruct the Escrow Agent to release the Consideration to the Company in accordance with the escrow agreement.

The transfer of equity interests in the foreign Target Companies shall be registered and otherwise completed as soon as practicable after the Completion Date, due to the processing time required in those jurisdictions. Notwithstanding, the Purchaser shall on Completion be the beneficial owner of all the Sale Shares (including all economic rights and interests attached thereto).

### 3.5 Other Terms

On Completion, the Company, the Purchaser, the Target Companies, their directors, associates, and related parties shall extinguish any monetary claims they may have against each other, including under the terms of the SPA (as defined below) and any service agreements, save for any claims by the Company for losses or liability incurred in connection with any breaches of tax regulations by the Target Companies prior to 1 February 2020, or any actions, suits, investigations or proceedings involving any relevant tax authority.

## 4. INFORMATION ON THE PURCHASER

The Purchaser is an investment holding company incorporated in the British Virgin Islands. The Company had acquired the Target Companies from the Purchaser in January 2020 pursuant to a sale and purchase agreement dated 23 July 2019, as amended by a supplemental agreement dated 21 January 2020 (the "**SPA**"). As at the date of this announcement, (i) Peter Coney, a director of the Purchaser, is a director of PGS, PPSEAPL and PPPI; (ii) Richard Coney, a director of the Purchaser, is a director of PGS, PPSEAPL and PPM; and (iii) Jonathan Peter Coney, a director of the Purchaser, is the president of PPPI.

As at the date of this announcement, each of the Purchaser, its directors and substantial shareholders (where applicable) (i) does not have any existing interest (whether direct or deemed) in the shares of the Company ("**Shares**"); and (ii) is not related to any of the Directors, substantial shareholders of the Company, or their respective associates. Save as disclosed above, there is also no connection (including business relationship) between the Purchaser, its directors and substantial shareholders (where applicable), and the Group or any of the Directors or substantial shareholders of the Company.

## 5. FINANCIAL INFORMATION

### 5.1 Use of Proceeds

The estimated net proceeds from the Proposed Disposal, after deducting estimated expenses pertaining to the Proposed Disposal (which includes legal, professional and administrative fees and expenses), would be approximately S\$4,350,000 (the “**Net Proceeds**”). The Group intends to apply such Net Proceeds towards the general working capital requirements of the Group, including operational expenses for ongoing projects.

### 5.2 Financial Effects

#### (a) Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the net tangible asset (“**NTA**”) per share and losses per share (“**LPS**”) of the Group, prepared on a proforma basis on the FY2021 FS and on the assumption that the Proposed Disposal will result in net proceeds of approximately S\$ 4.35 million, are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

#### (b) NTA

Assuming that the Proposed Disposal had been completed on 30 June 2021, being the end of the most recently completed financial year of the Group, the financial effects on the NTA per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
<b>NTA (S\$'000)</b>	28,515	33,015
<b>No. of issued ordinary shares, excluding treasury shares</b>	348,352,231	348,352,231
<b>NTA per share, excluding treasury shares (S\$ cents)</b>	8.19	9.48

#### (c) LPS

Assuming that the Proposed Disposal had been completed on 1 July 2020, being the beginning of the most recently completed financial year of the Group, the profit attributable to Shareholders and the financial effects on the LPS of the Group for FY2021 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
<b>Loss attributable to Shareholders (S\$ '000)</b>	(14,545)	(11,334)
<b>Weighted average no. of ordinary shares, excluding treasury shares</b>	363,852,130	363,852,130

<b>LPS (S\$ cents) (excluding treasury shares)</b>	(4.00)	(3.27)
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### 5.3 Share Capital

The Proposed Disposal will not have any impact on the issued and paid-up share capital of the Company.

### 5.4 Book Value of the Sale Shares

Based on the FY2021 FS, the book value of the Sale Shares is approximately S\$1,289,000.

### 5.5 Net Tangible Liability of the Sale Shares

The net tangible liability value of the Sale Shares is S\$999,000.

### 5.6 Net Loss Attributable to the Sale Shares

Based on the FY2021 FS, the net loss (before tax) attributable to the Sale Shares for FY2021 is approximately S\$857,000.

### 5.7 Excess/Deficit of Consideration over Book Value

Based on the book value of the Sale Shares as set out in section 5.4 above, there is an excess of approximately S\$3,211,000 of the Consideration over the said book value.

### 5.8 Gain on Disposal

The Proposed Disposal would amount to a gain on disposal of approximately S\$3,211,000.

## 6. RULE 1006 RELEVANT FIGURES

The relative figures in relation to the Proposed Disposal computed on the applicable basis set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”) and based on the figures reported in the FY2021 FS, are as follows:

<b>Rule 1006</b>	<b>Listing Rule</b>	<b>Relative Figures (%)</b>
(a)	The net asset / liabilities value of the assets to be disposed of, compared with the group's net asset / liabilities value.	(3.50) <sup>(1)</sup>
(b)	The net profits / losses <sup>(2)</sup> attributable to the assets acquired or disposed of, compared with the group's net profits / losses.	5.89 <sup>(3)</sup>
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation <sup>(4)</sup> based on the total number of issued shares excluding treasury shares.	10.95 <sup>(5)</sup>
(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue.	N.A. <sup>(6)</sup>
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	N.A. <sup>(7)</sup>

**Notes:**

- (1) Computed based on the net liability value of the Sale Shares of S\$999,000 as at 30 June 2021 and net asset value of the Group of S\$28.52 million as at 30 June 2021.
- (2) "Net profits / losses" means profits or losses before income tax, minority interests and extraordinary items.
- (3) Computed based on the net losses attributable to the Sale Shares of S\$857,000 for FY2021 and net losses of the Group of S\$14.54 million for FY2021.
- (4) The Company's market capitalisation is determined by multiplying the 348,366,590 Shares by the volume weighted average price of S\$0.118 per Share on 16 September 2021, being the last traded market day immediately preceding the date of the Letter.
- (5) Computed based on the Consideration of S\$4,500,000, and the Company's market capitalisation of S\$41.11 million.
- (6) This basis is not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Disposal.
- (7) This basis is not applicable as the Proposed Disposal is not of mineral, oil or gas assets.

As the relative figures computed on the bases set out in Rules 1006(a) and (b) of the Catalist Rules involve negative figures, pursuant to Rule 1007(1) of the Catalist Rules, Chapter 10 may still be applicable to the Proposed Disposal in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. In view of paragraphs 4.4(c) and (e) of Practice Note 10A of the Catalist Rules, as (i) the absolute relative figures computed on the basis of each of Rules 1006(a) and (b) does not exceed 50%; and (ii) the Proposed Disposal will not result in a loss on disposal, the Proposed Disposal falls within the scenarios of Practice Note 10A of the Catalist Rules, and constitutes a "discloseable transaction" under Rule 1010 of the Catalist Rules.

**7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed in this Announcement and save for their respective interests arising by way of their shareholdings and/or directorships in the Company, none of the Directors, controlling shareholders or their associates have any interest, direct or indirect, in the Proposed Disposal.

**8. SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts on the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Letter are available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 8 Changi North Street 1, ISOTeam Building, Singapore 498829.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the management office email at [ir@iso-team.com](mailto:ir@iso-team.com) prior to making any visits to arrange for a suitable time slot for the inspection.

## 11. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and the other announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD  
**ISOTEAM LTD.**

Anthony Koh Thong Huat  
Executive Director and Chief Executive Officer  
20 September 2021

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange 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 Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.*