

ISOTEAM LTD
(Incorporated in the Republic of Singapore)
(Company registration number: 201230294M)

PROPOSED ACQUISITION OF NON-CORE SUBSIDIARIES BY A SINGAPORE-BASED PRIVATE EQUITY FUND MANAGER

1. INTRODUCTION

1.1. The Proposed Transaction

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 5 December 2022 entered into subscription agreements (the “**Agreements**”) with Multi-Asset Growth Strategy VCC (the “**VCC**”) with unique identity number T21VC0282A, a variable capital company incorporated in the Republic of Singapore, to transfer the Company’s interests in SGBike Pte Ltd (“**SGBike**”), ISOTeam Access Pte Ltd (“**IAC**”), and ISOTeam Green Solutions Pte Ltd (“**IGS**”) (collectively the “**Targets**”) as consideration for participating shares of the VCC (“**Participating Shares**”) (this transfer is hereinafter referred to as the “**Proposed Transaction**”).

1.2. The Targets

The Company’s equity and debt interest in the Targets in respect of the Proposed Transaction (the “**Assets**”) are as follow:

Target company	Company’s interest to be transferred	Company’s shareholding percentage in the target company
SGBike Pte Ltd	510,000 ordinary shares and outstanding balances	48%
ISOTeam Access Pte Ltd	300,000 ordinary shares	100%
ISOTeam Green Solutions Pte Ltd	310,000 ordinary shares	100%

Accordingly, the Proposed Transaction will be undertaken by way of a transfer of the Assets to sub-funds of the VCC.

2. RATIONALE FOR THE PROPOSED TRANSACTION OF NON-CORE SUBSIDIARIES

2.1. Re-organization of the Group

The management of the Group (“**Management**”) initiated a strategic review of the operations and performance of each business unit of the Group.

Following the abovementioned review, Management has recommended and the Board has agreed that the Group should focus its energies and resources on its core businesses. These core businesses include the:

- Repairs and redecoration business unit;
- Addition and alteration business unit;
- Coating and painting business unit;
- Landscaping and interior design business unit; and
- Mechanical & Electrical engineering business unit.

The core businesses above are primarily construction-related and collectively contributed more than 95% of the Group's consolidated revenue in FY2022, the latest available audited financial year.

The Group has identified SGBike, IAC and IGS as non-core businesses. SGBike operates as a bicycle sharing business in Singapore. IAC rents to its customers boom lifts and scissor lifts. IGS provides eco-friendly solutions and products related to addition and alteration works and repair and redecoration works. The Proposed Transaction is in line with the Group's plans to re-organize itself and focus on its core businesses.

Upon the successful completion of the Proposed Transaction, the Targets will be managed by professional fund managers from Atlas Asset Management Pte Ltd (the "**Fund Manager**").

Following a review of the Assets by the Fund Manager and after extensive negotiations by the Company with the Fund Manager, the Assets will be transferred to the VCC with a mandate to, where reasonably feasible and at the sole discretion of the Fund Manager, enhance the value of the Targets by improving the operations and performance of the Targets, prepare the Targets for disposal, and to conduct a sale process to sell the Targets to external parties within a fixed period of time. During this time, the Fund Manager will operate independently and will have full control of the Assets that are transferred to the VCC.

Thereafter, the proceeds (nett of taxes, fees and transaction costs) from the sale or closure of the Targets to the external parties will be distributed by the VCC to the Company.

The Proposed Transaction will allow the Group to focus its resources on its core businesses and also free the Management from the tasks of managing the Targets, preparing the Targets for a sale and seeking buyers for the Targets. As such, the Board is of the view that the Proposed Transaction is in the best interests of the Group and the Company's shareholders ("**Shareholders**").

3. SALIENT TERMS OF THE PROPOSED TRANSACTION

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

3.1. Consideration – SGBike

In consideration for the transfer of 510,000 ordinary shares of SGBike, S\$3,197,746 of outstanding balances from SGBike to the Company (therein novated to Strategic-Asset VCC Sub-Fund as the new creditor) and cash of S\$30,000, the VCC will issue 550,000 participating shares of S\$1 each in Strategic-Asset VCC Sub-Fund (sub-fund number T21VC0282A-SF003).

3.2. Consideration – IAC

In consideration for the transfer of 300,000 ordinary shares of IAC, the VCC will issue 2,915,500 participating shares of S\$1 each in Greater Heights VCC Sub-Fund (sub-fund number T21VC0282A-SF002).

3.3. Consideration – IGS

In consideration for the transfer of 310,000 ordinary shares of IGS, the VCC will issue 1,000 participating shares of S\$1 each in Strategic-Asset VCC Sub-Fund (sub-fund number T21VC0282A-SF003).

3.4. The Assets

The Assets shall be transferred to the VCC on the Completion Date (as defined in 3.5 below) free from any encumbrances. The consideration for the Assets was arrived at on an arm's length basis, and taking into account, among others, the book value of the Assets, the rationale

and benefits to the Group for the Proposed Transaction and the amounts owed by the Targets to the Group.

3.5. Conditions Precedent

Completion of the Proposed Transaction is conditional upon the following conditions being satisfied, fulfilled or waived, as the case may be, prior to the Completion Date:

- i. all necessary regulatory approvals, clearances, or permissions having been obtained from the Company, its sponsor and/or the Singapore Exchange Securities Trading Limited (“**SGX**”) for the Proposed Transaction (including, if required, any approvals to be obtained from Shareholders through an extraordinary general meeting to be held);
- ii. any necessary third party consents and approvals having been obtained, on terms satisfactory to the Company;
- iii. execution of all relevant resolutions for the resignation of the Company’s appointed directors in the Targets and appointing such persons as the Fund Manager may nominate in the Targets;
- iv. execution of all relevant resolutions to authorise the revocation of all the existing bank mandates provided to the bankers of the Targets and the appointment of such persons as the Fund Manager may nominate as new signatories to all the bank accounts of the Target Companies for the operations of all bank accounts with effect from the Completion Date.

3.6. Completion

Completion of the Proposed Transaction shall take place at the Company’s office within 10 business days after the satisfaction or waiver of the conditions precedent above.

4. INFORMATION ON THE VCC AND THE FUND MANAGER

4.1. The Variable Capital Companies Framework

The variable capital companies framework was launched in January 2020 pursuant to the Variable Capital Companies Act 2018.

The key features and benefits of the variable capital companies framework include, but are not limited to:

- Greater flexibility in issuance and redemption of shares as well as payment of dividends out of capital;
- Enhanced safeguards by segregation of assets and liabilities in each sub-fund; and
- A variable capital company must be managed by a fund manager regulated by the Monetary Authority of Singapore (“**MAS**”).

Further information on the variable capital companies framework is available at <https://www.acra.gov.sg/business-entities/variable-capital-companies> and <https://www.mas.gov.sg>.

The Variable Capital Companies Act 2018 is available at <https://sso.agc.gov.sg/Act/VCCA2018>.

4.2. The VCC

Multi-Asset Growth Strategy VCC is a live variable capital company incorporated in the Republic of Singapore. The VCC was incorporated on 27 December 2021.

Atlas Asset Management Pte Ltd, the Fund Manager, is the manager of the VCC. To-date, the VCC has three (3) sub-funds:

Name of sub-fund	Sub-fund number	Formation date	Purpose of sub-fund
Digital Macro VCC Sub-Fund	T21VC0282A-SF001	7 January 2022	Other purposes unrelated to the Proposed Transaction
Greater Heights VCC Sub-Fund	T21VC0282A-SF002	14 November 2022	To hold the equity shares of IAC.
Strategic-Asset VCC Sub-Fund	T21VC0282A-SF003	14 November 2022	To hold the equity shares and debt of SGBike and shares of IGS.

4.3. The Fund Manager

The Fund Manager is an independent, Singapore-based investment management company. The Fund Manager offers discretionary and advisory asset management services as well as access to global private equity investments to accredited investors, institutional investors and qualified investors in Asia and select clients around the world.

The Fund Manager holds a capital markets license ("**CMS License**") for fund management by the MAS.

4.4. Interests of the VCC and the Fund Manager

As at the date of this announcement, the VCC, the VCC's director, the Fund Manager, the Fund Manager's directors and the Fund Manager's shareholders:

- i. do not have any existing interest (whether direct or deemed) in the shares of the Company;
- ii. are not related to any of the Directors, substantial shareholders of the Company, or their respective associates.

Save as disclosed in this announcement, there is also no connection (including business relationship) between the VCC (and its director), the Fund Manager (and its directors and shareholders) with the Company, the Company's directors or the Company's substantial shareholders.

5. FINANCIAL INFORMATION

5.1. Use of Proceeds

The VCC will issue Participating Shares of each respective sub-fund in consideration for the receipt of the Assets from the Company. The Participating Shares shall be accounted for as investments in the financial statements of the Company.

5.2. Financial Effects

(a) Illustrative Nature of Financial Effects

The Financial effects of the Proposed Transaction on the net tangible asset ("**NTA**") per share and losses per share ("**LPS**") of the Group, are prepared on a pro-forma basis using the FY2022 financial statements. These financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Company and of the Group after completion.

(b) NTA

Assuming that the Proposed Transaction had been completed on 30 June 2022, 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 (the adjusted figures are underlined for ease of reference):

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$'000)	22,440	<u>25,550</u>
No. of issued ordinary shares, excluding treasury shares	347,170,931	347,170,931
NTA per share, excluding treasury shares (S\$ cents)	6.46	<u>7.36</u>

(c) LPS

Assuming that the Proposed Transaction had been completed on 1 July 2021, being the beginning of the most recently completed financial year of the Group, the loss attributable to Shareholders and the financial effects on the LPS of the Group for FY2022 would be as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Loss attributable to Shareholders (S\$'000)	(9,954)	(7,006)
Weighted average no. of ordinary shares, excluding treasury shares ('000)	348,072,641	348,072,641
LPS (S\$ cents) (excluding treasury shares)	(2.86)	(2.01)

5.3. Share Capital

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

5.4. Book value of Targets

Based on FY2022 financial statements, the negative book value of the Targets is approximately S\$7,357,000.

5.5. Net Tangible Liability of the Targets

The net tangible liability of the Targets is approximately S\$7,357,000.

5.6. Net Loss Attributable to the Targets

Based on the FY2022 financial statements, the net loss before tax attributable to the Targets for FY2022 was approximately S\$2,227,000.

5.7. Excess of Consideration over Book Value

Based on the book value of the Targets as set out in 5.4 above, there is an excess of consideration over book value of S\$6,238,000.

5.8. Gain on Disposal

The Proposed Transaction would amount to a gain on disposal of approximately S\$6,238,000.

6. RULE 1006 RELEVANT FIGURES

The relative figures in relation to the Proposed Transaction computed on the applicable basis set out in Rule 1006 of the Listing Manual Section B: Rules of Catalyst of the SGX (the “Catalist Rules”) and based on the figures reported in the FY2022 financial statements, being the latest announced consolidated accounts, is as follows:

Rule 1006	Listing Rule	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	(32.78) ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	22.37 ⁽²⁾⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	9.98 ⁽⁴⁾⁽⁵⁾
(d)	The number of equity securities issued by the issuer as consideration for the acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁶⁾
(e)	The 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.	N.A. ⁽⁷⁾

Notes:

- (1) Computed based on the net liability value of Targets of S\$7,357,000 as at 30 June 2022 and net asset value of the Group of S\$22,440,000 as at 30 June 2022.
- (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 Targets of S\$2,227,000 for FY2022 and net losses of the Group of S\$9,954,000 for FY2022.
- (4) The Company's market capitalisation is determined by multiplying the 347,170,931 Shares by the volume weighted average price of S\$0.10 per Share on 2 December 2022, being the last traded market day immediately preceding the date of the Agreements.
- (5) Computed based on the Consideration of S\$3,466,500, and the Company's market capitalisation of S\$34,717,093.
- (6) This basis is not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Transaction.
- (7) This basis is not applicable as the Proposed Transaction 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 Transaction 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 Transaction will not result in a loss on disposal, the Proposed Transaction 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 Transaction.

8. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. 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 about the Proposed Transaction, 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 Subscription Agreements are available for inspection during normal business hours for a period of three (3) months from the date of this announcement at the registered office of the Company at 8 Changi North Street 1, ISOTeam Building, Singapore 498829.

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
5 December 2022

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.