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FOR IMMEDIATE RELEASE

**ISDN Holdings inks MOU to build fourth mini-hydropower plant in
Sumatra, making it a total of seven mini-hydropower plants in
Indonesia**

***This will give rise to combined installed base capacity of 50 megawatt of electric
power generation that ISDN has planned to develop across the archipelago***

Singapore, 14 January 2014 – SGX Main Board listed ISDN Holdings Limited's ("ISDN" or "The Group"), an integrated engineering solutions provider for diverse industries, has through its wholly owned subsidiary, Aenergy Holdings Company Ltd, today entered into a Memorandum of Understanding with Indonesia-based PT Izmi Power Mandiri ("PT Tomuan") to develop an 8.0 megawatt (MW) mini-hydropower plant in Aek Sisira Desa Tomuan Holbung, Kecamatan Bandar Pasir Mandoge, Kabupaten Asahan, North Sumatra Province. PT Tomuan had on 15 June 2012 entered into a power purchase agreement (PPA) with PT PLN (Persero) – Indonesia's state-owned power distribution company to build, own and operate the proposed mini-hydropower plant.

PT Tomuan is fully owned by Pak Isa Indrawan ("the Vendor") who is concurrently the Chief Executive Officer of the Izmi Group and PT SBM Sabang Energi. Pak Isa is also the Chancellor of the Universitas Pembangunan Panca Budi in Medan, Sumatra.

Under the terms and conditions of the MOU, ISDN will acquire 89% shareholding interest in PT Tomuan by way of cash payment of IDR (rupiah) 18 billion (equivalent to USD 1.5 million) to the vendor – through a series of agreed milestones - that will be subsequently capitalized as paid-up capital of PT Tomuan. ISDN will also provide the necessary funding, support and management of the proposed hydropower plant as stipulated in the power purchase agreement. The completion of the proposed acquisition shall be conditional upon procurement of the necessary approvals as deemed necessary or required by all parties including clearances with the ISDN Board of Directors, SGX-ST and other relevant regulators.

ISDN's latest mini-hydropower project is expected to cost USD \$12 million to develop. The project will be financed by a combination of capital injection, bank borrowings and other forms of suitable investment instruments.

Under the power purchase agreement with PT PLN, PLN will purchase the power produced by PT Tomuan at a tariff rate of IDR 787 or USD \$0.065 per KWh . The hydropower facility is expected to generate approximately 52 GWh of electricity annually, posting estimated revenue of USD \$3.4 million. The running costs are expected to hover between 0.7 and 0.5 US cents per KWh.

Upon signing the MOU, ISDN shall appoint an independent hydropower plant consultant and specialist to review the feasibility study of the hydropower project; the consulting fees to be borne by the vendor who has represented that PT Tomuan has recently procured all the necessary approvals from the relevant agencies permitting it to develop the hydropower project in an area designated as "Protected & Preserved Forestry".

Mr Teo Cher Koon, ISDN Holdings Limited Managing Director and President said, "North Sumatra offers a wealth of potential underpinned by strong demand for electricity by industries, businesses and residents. Currently, electricity is largely generated by diesel generators; a method that is more costly than if it were to be produced by hydropower."

"As one of Indonesia's biggest islands with a population of approximately 13 million people, Sumatra's energy needs are yet to be fully met. There is also the huge potential to cross-supply to neighbouring Java Island," Mr Teo added.

When ready, this latest venture would fortify ISDN's energy business and would widen its electric power generation footprint across the Indonesian archipelago. To date, the Group has revealed plans to develop a series of mini-hydropower plants – four in Sumatra, (including that which forms the subject of this announcement) and three in Sulawesi - amounting to 50 MW combined installed base capacity. Additionally, ISDN is seeking in-principle approval for the larger scale 126 MW Laa River hydropower facility in Sulawesi, Indonesia. Attaining this approval would mean ISDN could exceed its original target of 100 MW earlier than FY2014.

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About ISDN Holdings Limited

Founded on its precision and motion control engineering capabilities in 1987 and listed on the Singapore Exchange Main Board since 2005, ISDN Holdings Limited has today transformed into a multi-industry corporation with diverse strengths. With more than 90 offices spanning key Asian growth markets, ISDN's business interests now include, in addition to engineering, the energy and agriculture sectors

ISDN is dominant in the niche area of motion control and industrial computing, attending to the needs of customers in the Asian region. ISDN's customised solutions cater to different industrial sectors including medical, robotics, factory automation, oil and gas, water treatment, manufacturing, hard disk and semiconductor industries. By leveraging on its alliances with strategic partners in Europe, Asia and Australia, ISDN is able to combine and thereupon benefit from the best-in-class technology and business systems these collaborations have to offer.

For more information, please visit www.isdnholdings.com or contact:

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