ISR CAPITAL LIMITED

(Company Registration No. 200104762G)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF A SUBSIDIARY

1. INTRODUCTION

The Board of Directors of ISR Capital Limited (the "**Company**", "**ISR**" or the "**Vendor**") wishes to announce that it has entered into a conditional Share Purchase Agreement (the "**SPA**") with Infiniti Capital Partners Ltd (**"ICPL"** or the "**Purchaser**"), for the proposed disposal of 100% of the equity interests (the "**Sale Shares**") held by the Company in Infiniti Asset Management Pte Ltd ("**IAMPL**") comprising 3,500,000 ordinary shares (the "**Proposed Disposal**").

2. THE PROPOSED DISPOSAL

2.1 The Subject of the Proposed Disposal

IAMPL is a wholly owned subsidiary of the Company. As at the date of this announcement, the Company holds 3,500,000 ordinary shares, representing 100% equity interest in IAMPL

IAMPL is a private limited company incorporated in Singapore and a registered fund management company with the Monetary Authority of Singapore. Its principal activity is that of fund management.

The Company intends to sell, and the Purchaser intends to purchase, all of the Company's equity interest in IAMPL, for a consideration of S$400,000 ("Sale Price), payable in cash. The consideration of S$400,000 approximates IAMPL's unaudited adjusted net book value (adjusted for consolidation purposes) of S$404,900 as at 30 June 2014 and the Company intends to utilise the sale proceeds for general working capital purposes.

The Purchaser has, on execution of the SPA, paid an equivalent to 25% of the Sale Price in cash, to the Company as deposit ("Deposit"). The Deposit shall be credited towards part payment of the Sale Price on completion of the SPA. The balance Sale Price is payable on completion of the SPA.

The aggregate value of the Proposed Disposal is S$400,000 and represents approximately 7.4% of the Group's unaudited consolidated net tangible assets of S$5,403,753 as at 30 June 2014 (approximately 4.2% of the Group's audited consolidated net tangible assets of S$9,567,241 as at 31 December 2013).

Upon completion of the SPA, IAMPL will cease to be a subsidiary of the Company.

2.2 The Rationale for the Proposed Disposal

The Proposed Disposal has been made pursuant to an offer to purchase from the Purchaser.

The Sale Price was arrived at, on a willing buyer and willing seller basis, after taking into consideration the following factors:

(a) Unaudited adjusted net tangible asset of IAMPL (adjusted for consolidation purposes) as at 30 June 2014 is S$404,900;
(b) IAMPL has made an unaudited adjusted net loss of S$430,158 (adjusted for consolidation purposes) for the half-year ended 30 June 2014 and is expected to continue to be loss making for the rest of the financial year ending 31 December 2014;
(c) The present challenges facing IAMPL on continued fund raising; and
(d) The absence of an offer from other parties on terms more favourable than those offered by the Purchaser.

In view of the above factors, the Board believes that it is in the interest of the Company to dispose of IAMPL and divest its fund management business. The disposal will also serve to avoid any further losses which will impact on the Company's profits and will enable the Company to focus more on its core business of Proprietary Investment Holding in niche resource space.

3. Principal Terms of the SPA

3.1 Conditions Precedent

The completion of the SPA for the proposed disposal of IAMPL is conditional upon the fulfilment (or waiver), of, *inter alia*, the following conditions precedent:

(a) Company's Obligations

(i) The passing by the Company's board of such resolutions as may be necessary to approve, implement and effect the sale of the Sale Shares.

(ii) The passing at a duly convened extraordinary general meeting of the Company, if required, of such resolutions as may be necessary to approve, implement and effect the sale of the Sale Shares.

(iii) The Company having obtained all the necessary waivers, consents and approvals regarding the sale of the Sale Shares from the government, administrative or regulatory bodies in Singapore including the Monetary Authority of Singapore and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), if required.

(iv) The completion of procedure under section 76(9B) of the Companies Act.

(v) There being no prosecution or charge against the Company on the date the last of the Condition Precedents set out in paragraphs (a)(i) to (a)(iv) above is satisfied or waived.

(b) Purchaser's Obligations

(i) The Purchaser having delivered to the Company an original copy of selected employment agreement duly executed by IAMPL.

3.2 Completion

Subject to the fulfilment (or waiver) of the conditions precedent in the SPA, Completion of the Proposed Disposal shall take place within 90 days from the date of the SPA.

3.3 Representation, Warranties and Undertakings

Each of the Company and the Purchaser has provided the standard representations, warranties and undertakings for transactions in the nature of the Proposed Disposal in the SPA.

4. Relative Figures for the Proposed Disposal

The Company sets out the relative figures required under Chapter 10 of the Listing Manual of the SGX-ST as follows:

Rule	Base	IAMPL (unaudited and adjusted for consolidation purposes)	Group (unaudited)	Percentage
		S$	S$	%
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	404,900	5,403,753	7.49[(i)]
1006(b)	The net profit/(loss) attributable to the assets disposed of, compared with the Group's net profit/(loss)	(430,158)	(4,848,465)	8.87[(ii)]
1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation	400,000	10,614,405	3.77[(iii)]
1006(d)	The number of the equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as the Company will not be issuing any equity securities in relation to the Proposed Disposal.		
1006(e)	The aggregate volume or amount of the proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable as the Company is not a mineral, oil, or gas company and the Proposed Disposal is not a disposal of mineral, oil or gas assets.		

Notes:

(i) Based on IAMPL's unaudited net assets position (adjusted for consolidation purposes) as at 30 June 2014 and the Group's latest announced unaudited consolidated net asset position as at 30 June 2014.

(ii) Based on the unaudited loss incurred by IAMPL (adjusted for consolidation purposes) and the Group's latest announced unaudited loss for the half-year ended 30 June 2014.

(iii) Based on the Consideration of S$400,000 and the Company's share price of S$0.0496 per share, being the volume weighted average share price of the trades done on the last trading day preceding the date of the SPA.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *proforma* financial effects of the Proposed Disposal on the Group are for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the Net Tangible Assets ("NTA") per share and Earnings per share ("EPS"), nor do they represent the actual financial position and/or results of the Group immediately after Proposed Disposal.

Effects of the Proposed Disposal on the Net Tangible Assets per share

The Proposed Disposal is not expected to have a material effect on the net tangible assets per share of the Company as at 31 December 2014.

For the purpose of illustration and assuming that the Proposed Disposal had been completed on 31 December 2013, being the end of the most recently completed financial year, and based on the Group's audited consolidated financial statements as at 31 December 2013 and the Consideration of S$400,000, the effect on the NTA per share of the Group as at 31 December 2013 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA	S$9,567,241	S$9,596,550
Number of Shares as at 31 December 2013	214,000,100	214,000,100
NTA per share (Singapore cents)	4.47	4.48

Based on the above, there will be a 0.31% increase in the NTA per share after the Proposed Disposal. The increase is due to a slight gain arising from the Proposed Disposal as the Consideration amount is slightly higher than IAMPL's adjusted net asset value as at 31 December 2013.

Effects of the Proposed Disposal on Earnings per share ("EPS")

The Proposed Disposal is not expected to have a material effect on the EPS of the Group for the financial year ending 31 December 2014.

Assuming that the Proposed Disposal had been completed on 1 January 2013, being the beginning of the most recently completed financial year, and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2013, and the Consideration of S$400,000, the effect on the EPS of the Group for the financial year ended 31 December 2013 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss	(43,179,068)	(44,358,165)
Weighted average number of ordinary shares outstanding as at 31 December 2013	190,061,470	190,061,470
Loss per share (Singapore cents)	(22.72)	(23.34)

Based on the above table, there will be a 2.73% increase in the Loss per Share for the financial year ended 31 December 2013 if the Proposed Disposal was completed on 1 January 2013. The increase in the Loss per Share is due to additional loss arising from the Proposed Disposal as the Consideration amount is lower than IAMPL's adjusted net asset value as at 1 January 2013.

6. DISCLOSURE OF INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 20, Martin Road, #10-01 Seng Kee Building, Singapore 239070 during business hours for a period of three months commencing from the date of this announcement.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions precedent set out in the Agreement and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers

BY ORER OF THE BOARD

Quah Su-Yin
Chief Executive Officer and Executive Director

7 November 2014