

ISDN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
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INVESTMENT IN A SUBSIDIARY BY AN INVESTOR THROUGH THE SUBSCRIPTION OF NEW SHARES

1. Introduction

- 1.1 The Board of Directors (the "**Board**") of ISDN Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has through its wholly-owned subsidiaries, ISDN Investments Pte. Ltd. ("**ISDN Investments**") and Aenergy Holdings Company Limited ("**Aenergy**"), entered into an investment agreement dated 23 July 2014 (the "**Investment Agreement**") with Robert Alexander Stone (the "**Investor**") pursuant to which the Investor will subscribe for ordinary shares in the share capital of Aenergy ("**Aenergy Shares**").
- 1.2 As at the date of this announcement, Aenergy is a wholly-owned subsidiary of ISDN Investments, which is in turn a wholly-owned subsidiary of the Company.
- 1.3 Pursuant to the terms of the Investment Agreement, the Investor will invest up to US\$6,400,000 in Aenergy through the subscription of new ordinary shares in Aenergy which will, subject to the fulfilment of certain conditions under the Investment Agreement, take place in tranches and which will enable the Investor to hold a 20% shareholding interest in Aenergy (the "**Investor Subscription**"). In conjunction with the subscription for each tranche under the Investor Subscription, the Investor will maintain a 20% shareholding interest in the share capital of Aenergy. Consequently, ISDN Investments' direct shareholding proportion (and the Company's indirect shareholding proportion) in Aenergy will be diluted from the current level of 100% to 80%.

2. Information on Aenergy and the Investor

- 2.1 As at the date of this announcement, Aenergy is a wholly-owned subsidiary of the Group, and ISDN Investments (a wholly-owned subsidiary of the Company) is the sole shareholder of Aenergy. Aenergy was incorporated in Hong Kong in 2013 with an initial share capital of HK\$10,000. Aenergy was incorporated by the Group to spearhead its investments in hydropower ventures with a particular focus in Indonesia and this is currently the primary business of Aenergy.
- 2.2 The Investor is a citizen of New Zealand and is a Singapore permanent resident. He is not related to the Company, its directors or its executive management.
- 2.3 The rationale for having the Investor entered as a shareholder of Aenergy is that this provides for an additional source of funds for Aenergy, which would allow Aenergy to develop its portfolio of hydropower project investments in Indonesia. The entry into the Investment Agreement would be beneficial to the Group as a whole because it allows for Aenergy to have access to additional funds to develop its portfolio of hydropower project investments which can potentially increase the contributions by Aenergy to the overall financial performance of the Group.

3. Salient Terms of the Investor Subscription

- 3.1 The aggregate consideration for the Investor Subscription (across the various tranches contemplated under the Investment Agreement) is US\$6,400,000 (or approximately S\$7,936,000 based on an exchange rate of S\$1.24 : US\$1.00 as at the date preceding the Investment Agreement) (the

“Aggregate Consideration”). The Aggregate Consideration will be satisfied by way of cash payment by the Investor to Aenergy as payment for the Investor’s subscription of Aenergy Shares in accordance with the various tranches that would be carried out. Under the Investment Agreement, the Investor will make an initial payment of US\$2,000,000 (or approximately S\$2,480,000 based on an exchange rate of S\$1.24 : US\$1.00 as at the date preceding the Investment Agreement) to Aenergy. Subsequently, the Investor will subscribe and pay for additional tranches of Aenergy Shares subject to certain conditions which include, amongst others, the following conditions:

- (a) Aenergy shall first issue a written notice to the Investor to subscribe for additional Aenergy Shares, giving 4 months’ written notice to the Investor for such subsequent tranches; and
- (b) The minimum amount for each subsequent tranche of additional Aenergy Shares to be subscribed by the Investor shall be at least US\$500,000 in value.

Further, at each instance where the Investor subscribes for a subsequent tranche of additional Aenergy Shares, ISDN Investments shall procure that it (or it together with any other third party) shall simultaneously subscribe for such number of additional Aenergy Shares that would result in ISDN Investments together with any such third party holding a shareholding proportion interest of at least 80% in Aenergy. Additionally, under the Investment Agreement, the Investor will be entitled to appoint himself as a director of Aenergy for so long as he holds 20% of the shareholding interest in the share capital of Aenergy.

- 3.2 The Consideration was negotiated at arms’ length and arrived at on a willing-buyer and willing-seller basis, taking into account the potential funding requirements for Aenergy to develop its portfolio of hydropower investments.
- 3.3 Aenergy is currently valued at net tangible liabilities of S\$70,000, and hence the book value of the Aenergy Shares to be subscribed by the Investor would amount in aggregate to US\$6,400,000. There is no open market value in respect of these Aenergy Shares. There is no excess in terms of the Consideration over the book value of the Aenergy Shares to be issued to the Investor under the Investor Subscription. The Consideration will be used as working capital of Aenergy to fund its hydropower investment business.
- 3.4 There is no net profit attributable to the Aenergy Shares to be issued to the Investor under the Investor Subscription.

4. Financial Effects

- 4.1 The financial effects of the Investor Subscription on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Investor Subscription. The financial effects of the Investor Subscription set out below have been prepared based on the Group’s audited consolidated financial statements for the financial year ended 31 December 2013 (“**FY2013**”).
- 4.2 Net Tangible Assets (“NTA”)

The effects of the Investor Subscription on the audited consolidated NTA per share of the Group as at FY2013, assuming that the Investor Subscription had been fully effected on 31 December 2013 (i.e. the end of FY2013), are summarized below:-

	Before the Investor Subscription	After the Investor Subscription
Consolidated NTA (S\$’000)	95,458	95,458
Number of Shares	359,944,950	359,944,950
Consolidated NTA per share (Singapore cents)	26.52	26.52

4.3 Basic Earnings per Share ("EPS")

The effects of the Investor Subscription on the audited consolidated EPS of the Group for FY2013, assuming that the Investor Subscription had been fully effected at the beginning of FY2013 are summarized below:-

	Before the Investor Subscription	After the Investor Subscription
Earnings attributable to equity holders of the Company (S\$'000)	4,754	4,754
Weighted average number of Shares	342,515,608	342,515,608
Consolidated Basic EPS (Singapore cents)	1.39	1.39

5. **Rule 1006 Calculations**

5.1 The relative figures in relation to the Investor Subscription computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), based on the Group's audited consolidated financial statements for the FY2013, being the latest announced audited consolidated financial statements of the Group, are as follows:-

Rule 1006(a)	Net asset value (" NAV ") of the assets to be disposed of, compared with the Group's NAV.	Not applicable
Rule 1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable
Rule 1006(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	5.4% ⁽¹⁾
Rule 1006(d)	The number of securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue ⁽⁴⁾	Not applicable
Rule 1006(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. 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

Notes:-

(1) The market capitalisation of the Company of approximately S\$145,780,000 was determined by multiplying the existing number of issued shares of the Company of 359,944,950 shares by the volume-weighted average price of the Shares of S\$0.405 per share transacted on 22 July 2014, being the last market day immediately preceding the date of the Investment Agreement.

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 5%, the Investor Subscription constitutes a "Discloseable Transaction" as set out in Rule 1010 of the Listing Manual.

6. Interests of Directors and Controlling Shareholders

None of the Directors, controlling shareholders or substantial shareholders of the Company has an interest, direct or indirect, in the above Investment Agreement other than through their shareholdings in the Company.

7. Directors' Service Contracts

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

8. Documents Available for Inspection

A copy of the Investment Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at No. 10 Kaki Bukit Road 1, #01-30 KB Industrial Building, Singapore 416175, for a period of three months from the date of this announcement.

By Order of the Board

ISDN Holdings Limited

Gwendolyn Gn
Company Secretary

29 July 2014