

The Singapore Exchange Securities Trading Limited, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



ISDN Holdings Limited

億仕登控股有限公司

(Incorporated in the Republic of Singapore with limited liability)

(Stock Code: 01656)

(Singapore stock code: I07.SI)

PROPOSED ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE

On 27 February 2019 (after trading hours of the SGX-ST and the HKEX), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 26,987,295 Subscription Shares at the Subscription Price of S\$0.20 (equivalent to approximately HK\$1.16) per Subscription Share. No placement agent was appointed for the Subscription.

The number of 26,987,295 Subscription Shares represents (i) approximately 6.84% of the total number of issued shares of the Company as at the date on which the General Mandate was approved at the AGM and the date of this announcement; and (ii) approximately 6.40% of the total number of issued shares of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming there is no change in the total number of issued shares of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares).

The Subscription Price of S\$0.20 (equivalent to approximately HK\$1.16) per Subscription Share was determined with reference to the prevailing market price and after arm's length negotiation between the Company and the Subscriber and represents:

- (i) a discount of approximately 1.69% to the closing price of HK\$1.18 per Share as quoted on the HKEX on 27 February 2019, being the date of the Subscription Agreement;
- (ii) a discount of approximately 3.33% to the average closing price of approximately HK\$1.20 per Share as quoted on the HKEX for the five Trading Days of the Shares immediately

prior to the date of the Subscription Agreement; and

- (iii) equivalent to the volume weighted average market price of S\$0.20 per Share for trades done on the SGX-ST on 27 February 2019, being the full market day on which the Subscription Agreement was signed.

The Board (including the independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription are expected to be approximately S\$5.4 million (equivalent to approximately HK\$31.3 million). The net proceeds from the Subscription, after deducting all related fees and expenses, are expected to be approximately S\$5.3 million (equivalent to approximately HK\$30.7 million). It is intended that the net proceeds from the Subscription will be utilised for the Group's business development and as the general working capital of the Group.

The Subscription Shares will be allotted and issued by the Company pursuant to the General Mandate granted by the Shareholders to the Directors at the AGM. The General Mandate entitles the Directors to allot and issue additional Shares (other than on a pro rata basis to existing Shareholders) not exceeding 20% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) as at the date on which the General Mandate was approved. Based on the limits described above, the Company is authorised to issue up to 78,936,990 new Shares under the General Mandate. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the issue of the Subscription Shares and therefore the issue of the Subscription Shares is not subject to the approval of the Shareholders.

Applications will be made to the Listing Committee of the HKEX and the SGX-ST for the listing of, and permissions to deal in, the Subscription Shares on the HKEX and the SGX-ST, respectively.

As Completion of the Subscription is subject to the satisfaction of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

On 27 February 2019 (after trading hours of the HKEX and the SGX-ST), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 26,987,295 Subscription Shares at the Subscription Price of S\$0.20 (equivalent to approximately HK\$1.16) per Subscription Share.

There will not be any prospectus or offer information statement issued in connection with the issue and allotment of the Subscription Shares as the issue and allotment of the Subscription Shares will be made pursuant to exemptions under Section 38(3)(c) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong and Section 272B of the Securities and Futures Act, Chapter 289 of Singapore.

The Subscription will not result in the transfer of a controlling interest under Rule 803 of the Listing Manual of the SGX-ST.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below.

Date

27 February 2019 (after trading hours of the HKEX and SGX-ST)

Parties

- (1) the Company, as issuer; and
- (2) the Subscriber, as subscriber.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subscription Shares

Pursuant to the terms and conditions of the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 26,987,295 Subscription Shares at the Subscription Price of S\$0.20 (equivalent to approximately HK\$1.16) per Subscription Share.

The number of 26,987,295 Subscription Shares represents (i) approximately 6.84% of the total number of issued shares of the Company as at the date on which the General Mandate was approved and the date of this announcement; and (ii) approximately 6.40% of the total number of issued shares of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming there is no change in the total number of issued shares of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares).

Lock up

Pursuant to the terms of the Subscription Agreement, the Subscriber had undertaken with the Company that it shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer, assign, dispose or realise, directly or indirectly, any of the Subscription Shares for a period of 12 months from the Completion Date.

Ranking of the Subscription Shares

The Subscription Shares will rank *pari passu* in all respects with the Shares then in issue as at the date of the allotment.

Subscription Price

The Subscription Price of S\$0.20 (equivalent to approximately HK\$1.16) per Subscription Share was determined with reference to the prevailing market price and after arm's length negotiation between the Company and the Subscriber and represents:

- (i) a discount of approximately 1.69% to the closing price of HK\$1.18 per Share as quoted on the HKEX on 27 February 2019, being the date of the Subscription Agreement;
- (ii) a discount of approximately 3.33% to the average closing price of approximately HK\$1.20 per Share as quoted on the HKEX for the five Trading Days of the Shares immediately prior to the date of the Subscription Agreement; and
- (iii) equivalent to the volume weighted average market price of S\$0.20 per Share for trades done on the SGX-ST on 27 February 2019, being the full market day on which the Subscription Agreement was signed.

The Board (including the independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription are expected to be approximately S\$5.4 million (equivalent to approximately HK\$31.3 million). The net proceeds from the Subscription, after deducting all related fees and expenses, are expected to be approximately S\$5.3 million (equivalent to approximately HK\$30.7 million). The net price per Subscription Share, after deducting all such related fees and expenses, is therefore approximately S\$0.196 (equivalent to approximately HK\$1.14).

Nomination of Director

Subject to compliance with the Listing Manual, the Listing Rules and all applicable laws and regulations, further to the completion of the Subscription, the Subscriber has the right to nominate a person to be a non-executive Director for so long as the Subscriber holds at least 5.0% of the total number of issued Shares.

Conditions

Completion of the Subscription under the Subscription Agreement is conditional upon, among others, the following Conditions having been satisfied:

- (1) approval in-principle for the listing of and quotation for the Subscription Shares on the Main Board of each of the HKEX and SGX-ST (each a “**Relevant Exchange**”) having been obtained and such approval being in full force and effect;
- (2) the passing of the resolutions by the Directors approving the allotment and issue of the Subscription Shares to the Subscriber pursuant to the General Mandate;
- (3) the issue of the Subscription Shares to the Subscriber not being prohibited by any applicable laws and regulations (including the Listing Manual of the SGX-ST and the Listing Rules of the HKEX);
- (4) no ruling (or the revocation or amendment of any ruling) by any Relevant Exchange having been made, the effect of which would restrict or impede the listing and quotation of the Subscription Shares or the issue thereof to the Subscriber;

- (5) the Subscription Shares remaining listed for quotation on the Main Board of each of the HKEX and the SGX-ST, and trading of the Subscription Shares not having been suspended for any consecutive period of more than three (3) market days on which the Relevant Exchange is open for securities trading between the date of the Subscription Agreement and the Completion Date;
- (6) the representations and warranties contained in the Subscription Agreement being true and accurate in all respects as at the date of the Subscription Agreement, and remaining true and accurate in all respects and at all times up to and including the Completion Date; and
- (7) no circumstance, event or change that has or can reasonably be expected to have a Material Adverse Effect having occurred.

Completion

Completion shall take place within five Business Days after satisfaction (or waiver, where applicable) of the Conditions in sub-paragraphs (1) and (2) above, or at such date as agreed by the Company and the Subscriber, but in any event no later than 10 April 2019 (or such other date the Company and the Subscriber may mutually agree in writing).

INFORMATION ON THE SUBSCRIBER

No placement agent has been appointed for the Subscription.

The Subscriber is a limited liability company incorporated in the Cayman Islands and is a wholly-owned subsidiary of Novo Tellus PE Fund 2, L.P. (the “**Fund**”), a private equity fund.

The Fund makes private equity investments in the technology and industrials sector of Southeast Asia, with a focus on mid-market companies. The Fund's investment advisor is Novo Tellus Capital Partners Pte. Ltd., a MAS-regulated registered fund management company.

The Subscriber and the Fund were introduced through business associates of the Company. The Subscriber wished to be an investor in the Company and agreed to subscribe for the Subscription Shares.

The Subscription by the Subscriber will enable the Company to leverage on the Fund's experience in corporate development activities and industry best practices. In addition, the Subscription will also strengthen the financial position of the Group and put it in a good stead to execute its business plans.

The Subscriber is not a person to whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of the Listing Manual of the SGX-ST. To the best of the Directors' knowledge, apart from the Subscription, the Directors or substantial shareholders of the Company have no connection (including business relationship) with the Subscriber or its directors or substantial shareholders.

GENERAL MANDATE TO ALLOT AND ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued by the Company pursuant to the General Mandate granted by the Shareholders to the Directors at the AGM. The General Mandate entitles the Directors to allot and issue additional Shares (other than on a pro rata basis to existing shareholders) not exceeding 20% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) as at the date on which the General Mandate was approved. Based on the limits described above, the Company is authorised to issue up to 78,936,990 new Shares under the General Mandate. As at the date of the announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the issue of the Subscription Shares and therefore the issue of the Subscription Shares is not subject to the approval of the Shareholders.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after Completion (assuming there is no change in the total number of issued shares of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares):

	As at the date of this announcement		Immediately following the Completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Assetraise Holdings Limited ^(Note 1)	132,155,150	33.48	132,155,150	31.34
Mr. Karl Walter Braun ^(Note 2)	20,000,000	5.07	20,000,000	4.74
Mr. Kong Deyang ^(Note 3)	2,050,000	0.52	2,050,000	0.49
The Subscriber	-	-	26,987,295	6.40
Other public shareholders	240,484,036	60.93	242,484,036	57.03
Total number of Issued Shares	394,689,186	100.00	421,676,481	100.00

Notes:

1. Assetraise Holdings Limited, which is beneficially owned by Mr. Teo Cher Koon (an executive Director) and his spouse Ms. Thang Yee Chin, are the beneficial owner of 132,155,150 Shares. By virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Teo Cher Koon and his spouse Ms. Thang Yee Chin, are deemed to be interested in all of the 132,155,150 Shares held by Assetraise Holdings Limited.
2. Mr. Karl Walter Braun and his immediate family control the entire shareholding interests in Interelectric AG, which in turn controls Maxon Motor AG. Maxon Motor AG is a connected person (as defined in the Listing Rules) of the Company at the subsidiary level.
3. Mr. Kong Deyang is an executive Director.

The Company does not have any existing warrants or convertibles as at the date of this announcement.

FUND-RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not raised any funds by issuing equity securities during the 12 months immediately before the date of this announcement.

APPLICATIONS FOR LISTING

Applications will be made to the Listing Committee of the HKEX and SGX-ST for the listing of, and permissions to deal in, the Subscription Shares on the HKEX and SGX-ST, respectively.

The Company will release an announcement on the receipt of the approval-in-principle for the listing of, and permissions to deal in, the Subscription Shares on the HKEX and SGX-ST.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is an integrated engineering solutions provider principally focusing on motion control, industrial computing and other specialised engineering solutions. The Directors are of the view that the Subscription represents a good opportunity for the Company to broaden the Shareholder base and to finance the Group's future development and expansion. The Directors also note that the Subscriber is an institutional investor which has experience with investments in advanced manufacturing sectors and will be able to contribute to the Group to strengthen strategic corporate development activities and improve investor relations.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the transactions contemplated thereunder, which are determined after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Subscription are expected to be approximately S\$5.4 million (equivalent to approximately HK\$31.3 million). The net proceeds from the Subscription, after deducting all related fees and expenses, are expected to be approximately S\$5.3 million (equivalent to approximately HK\$30.7 million). The Company intends to use approximately 10% of the net proceeds for the Group's general working capital and approximately 90% of the net proceeds for the Group's business developments.

The Company will make periodic announcements on the utilisation of proceeds from the Subscription as and when the funds are materially disbursed.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

The financial effects of the Subscription set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Subscription. The table below sets out the financial effects of the Subscription based on the following bases and assumptions:-

- (a) the unaudited consolidated financial statements of the Group for the full year ended 31 December 2018 ("FY2018");

- (b) the net proceeds from the Subscription is S\$5.3 million (equivalent to approximately HK\$30.7 million);
- (c) the financial effects on the consolidated net tangible assets (“**NTA**”) per share is computed based on the assumption that the Subscription was completed on 31 December 2018; and
- (d) the financial impact on the consolidated earnings per Share (“**EPS**”) is computed based on the assumption that the Subscription was completed on 1 January 2018.

	Before Completion of Subscription	After Completion of Subscription
Share Capital	70,984	76,284
Paid-up share capital (S\$'000)		
No. of Shares	394,689,186	421,676,481
NTA (S\$'000)	182,208	187,508
NTA per Share (Singapore cents)	46.16	44.47
EPS (Singapore cents)	2.77	2.60

GENERAL INFORMATION

As Completion of the Subscription is subject to the satisfaction of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

None of the Directors or substantial shareholders has any interest, direct or indirect, in the Subscription.

The Company will make the necessary announcement as and when there are material updates.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 26 April 2018
“Applications”	applications are required to be submitted by the Company to the SGX-ST and the HKEX for permission to deal in and for quotation of all the Subscription Shares on the Main Board of the SGX-ST and the Main Board of HKEX;
“Board”	the board of directors of the Company
“Business Day(s)”	any day (excluding Saturdays and Sundays and public holidays) on which commercial banks are open for business in Singapore and Hong Kong
“Company”	ISDN Holdings Limited, a company incorporated in Singapore with limited liability, the Shares of which are listed on the Main Board of the SGX-ST and the Main Board of the HKEX
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Director by Shareholders at the AGM to allot and issue additional Shares (other than on a pro rate basis to existing Shareholders) not exceeding 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date on which the mandate was approved
“Group”	the Company and its subsidiaries
“HKEX”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Manual”	a compendium of Rules Governing the Listing of Securities on the SGX-ST
“Listing Rules”	the Rules Governing the Listing of Securities on the HKEX

“MAS”	Monetary Authority of Singapore
“Material Adverse Effect”	any material adverse effect to the financial position, financial performance or prospects of the Company, any member of the Group or the Group (as a whole);
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of the Company (with no par value)
“Shareholder(s)”	shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“Subscriber”	NTCP SPV VI, a company incorporated in the Cayman Islands
“Subscription”	the subscription by the Subscriber of the Subscription Shares to be allotted and issued by the Company at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	The subscription agreement dated 27 February 2019 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price S\$0.20 (equivalent to approximately HK\$1.16) per Subscription Share
“Subscription Share(s)”	26,987,295 new Shares to be issued and allotted by the Company to the Subscriber under the Subscription
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“S\$” or “SGD”	Singapore dollar(s), the lawful currency of Singapore
“Trading Day(s)”	any day on which the HKEX is open for the business of dealing in securities and the closing price of the Shares on such day is available on the daily quotation sheet published by the HKEX

In this announcement, amounts denominated in S\$ have been converted to HK\$ at the rate of S\$1 = HK\$5.80. Such exchange rate is for illustration purpose only and does not constitute representations that any amount in HK\$ or S\$ has been, could have been or may be converted at such rate.

By order of the Board
ISDN HOLDINGS LIMITED
Mr. Teo Cher Koon
President and Managing Director

Hong Kong, 27 February 2019

As of the date of this announcement, the Board comprises Mr. Teo Cher Koon and Mr. Kong Deyang as executive Directors; and Mr. Lim Siang Kai (Chairman), Mr. Soh Beng Keng and Mr. Tan Soon Liang as independent non-executive Directors of the Company.