



SEE HUP SENG LIMITED

(Company Registration Number 197502208Z)

(Incorporated in the Republic of Singapore)

PROPOSED INVESTMENT IN AENERGY HOLDINGS COMPANY LIMITED THROUGH THE SUBSCRIPTION OF NEW ORDINARY SHARES OF AENERGY HOLDINGS COMPANY LIMITED

1. Introduction

The Board of Directors (the “**Board**”) of See Hup Seng Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it had, on 29 September 2014, entered into a conditional investment agreement dated 29 September 2014 (the “**Investment Agreement**”) with Aenergy Holdings Company Limited (“**Aenergy**”) and ISDN Investments Pte. Ltd. (“**ISDN Investments**”), to subscribe for such number of new ordinary shares (the “**Subscription Shares**”) representing a resultant shareholding interest of 25% in Aenergy (the “**Subscription Interest**”) for an aggregate subscription price of up to US\$8 million (the “**Investment**”).

In conjunction with the Investment, the Company had also, on the same day, entered into a shareholders’ agreement dated 29 September 2014 with ISDN Investments, Robert Alexander Stone and Aenergy, further details of which are set out in paragraph 3.4 of this announcement.

2. Information on Aenergy and ISDN Investments

The information set out in this paragraph 2 has been confirmed by ISDN Holdings Limited

2.1 Corporate information

As at the date of this announcement, Aenergy is a subsidiary of ISDN Investments which is in turn a wholly owned subsidiary of ISDN Holdings Limited (“**ISDN Holdings**”).

ISDN Holdings is a public limited company incorporated in Singapore and its shares are listed and quoted on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

ISDN Investments is a company incorporated in Singapore on 21 May 2010.

Aenergy is a company incorporated in Hong Kong on 27 March 2013 with an issued and paid-up share capital of HK\$10,418 comprising 10,418 ordinary shares as at the date of the Investment Agreement.

2.2 Shareholders of Aenergy

As at the date of the Investment Agreement, ISDN Investments and Robert Alexander Stone are the shareholders of Aenergy.

ISDN Investments and Aenergy had, on 23 July 2014, entered into an investment agreement with Robert Alexander Stone pursuant to which Robert Alexander Stone shall subscribe for such number of ordinary shares representing a 20% resultant shareholding interest in Aenergy at the amount of up to US\$6.4 million.

2.3 Business of Aenergy

Aenergy is an investment holding company and its subsidiaries are, and will be, principally engaged in the business of developing mini-hydropower projects in Indonesia.

As at the date of the Investment Agreement, the portfolio of proposed mini-hydropower projects of Aenergy, which will be undertaken by various companies incorporated in Indonesia (collectively, the “**Indonesian Project Companies**”), are as follows:-

Location	Name of Indonesian Project Company	Capacity (Megawatt (“MW”))
North Sumatera	PT Charma Paluta Energy	4.6 MW
	PT Prima Paluta Energy	10.0 MW
	PT Alabama Energy	20.0 MW
South Sulawesi	PT Punggawa Datara Energy	10.0 MW
	PT Tomini Energi	8.0 MW

Aenergy holds or will hold 80% shareholding interest in each Indonesian Project Company while the remaining 20% will be owned by Indonesian partners, save for PT Punggawa Datara Energy in which Aenergy holds a 76% shareholding interest.

As at the date of the Investment Agreement, Aenergy has acquired the shareholding interest of PT Charma Paluta Energy (80%) and PT Tomini Energi (80%), and is in the midst of incorporating or acquiring the shareholding interest in PT Punggawa Datara Energy (76%), PT Prima Paluta Energy (80%), PT Alabama Energy (80%).

The potential funding requirement of Aenergy to develop the aforesaid mini-hydropower projects portfolio is envisaged to be approximately US\$32 million.

2.4 Financial information on Aenergy

Based on the unaudited financial statements of Aenergy, the net assets value of Aenergy was approximately HK\$7.6 million as at 29 September 2014 and it recorded a net loss after tax of approximately HK\$0.3 million for the period ended 29 September 2014.

3. Principal Terms of the Investment

3.1 Subscription Price

Subject to the terms and conditions of the Investment Agreement, the Company will invest up to US\$8 million (the “**Aggregate Subscription Price**”) in Aenergy through the subscription of such number of Subscription Shares representing the Subscription Interest, being a 25% shareholding interest in the enlarged issued share capital of Aenergy.

The Aggregate Subscription Price was computed based on the proportion of the Subscription Interest against Aenergy’s funding requirement of US\$32 million to develop the mini-hydropower projects portfolio as stated in paragraph 2.3 above.

The Investment will take place in tranches which will result in the Company holding and maintaining the Subscription Interest in Aenergy.

The Aggregate Subscription Price is to be satisfied in cash and in the following manner:-

- (a) the sum of US\$2.5 million (the “**Initial Subscription Price**”) is payable by the Company to Aenergy on the date of completion of the Investment (the “**Initial Completion**”); and
- (b) the balance sum of up to US\$5.5 million (the “**Subsequent Subscription Price**”) will be payable in tranches upon receipt by the Company of the required subscription notice from Aenergy (the “**Subsequent Notice**”).

The Initial Completion shall take place on 31 October 2014 or such other date as the parties may agree in writing (the “**Initial Completion Date**”).

The Company will finance the Investment using the internal resources of the Group.

3.2 Subscription Interest

Upon the Initial Completion and the receipt by Aenergy of the Initial Subscription Price, Aenergy will allot and issue, and the Company will receive, such number of Subscription Shares representing the Subscription Interest. The number of Subscription Shares to be issued by Aenergy to the Company will be based on the total number of issued ordinary shares of Aenergy as at the Initial Completion Date.

The Company will subscribe for additional Subscription Shares, up to the Subsequent Subscription Price of US\$5.5 million, whenever it receives the Subsequent Notice(s) from Aenergy, in accordance with the terms and subject to the conditions of the Investment Agreement, for the subscription of additional Subscription Shares at a minimum amount of US\$0.5 million per Subsequent Notice.

At each instance when the Company subscribes for additional Subscription Shares under the Subsequent Notice so as to maintain the Subscription Interest, ISDN Investments shall simultaneously subscribe, at the same terms and conditions, for such number of additional new ordinary shares of Aenergy which would result in ISDN Investments holding a resultant shareholding interest of at least 55% in Aenergy.

The Subscription Shares, if and when allotted and issued, shall be accorded with the exact same rights and privileges as the other then-existing ordinary shares of Aenergy and shall rank *pari passu* in all respects *inter se* with all other ordinary shares of Aenergy.

3.3 Conditions Precedent

The Initial Completion is conditional upon, *inter alia*, the following:-

- (a) the results of financial and legal due diligence investigation by the Company on Aenergy being reasonably satisfactory to the Company;
- (b) approval of the respective board of directors of ISDN Holdings, ISDN Investments and Aenergy for the transactions contemplated under the Investment Agreement being obtained on or before the Initial Completion Date;
- (c) approval of the shareholders of ISDN Holdings for the transactions contemplated under the Investment Agreement being obtained on or before the Initial Completion Date (if required under any applicable law or regulation, including the Listing Manual of the SGX-ST);
- (d) approval of the Board of the Company for the transactions contemplated under the Investment Agreement being obtained on or before the Initial Completion Date;
- (e) approval of the shareholders of the Company for the transactions contemplated under the Investment Agreement being obtained on or before the Initial Completion Date (if required under any applicable law or regulation, including the Listing Manual of the SGX-ST); and
- (f) the issue by Aenergy and subscription by the Company of the Subscription Shares in accordance with the provision of the Investment Agreement and the rights and obligations of the Company and Aenergy as contemplated under the Investment Agreement not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority.

If any of the aforesaid conditions precedent is not fulfilled or waived by the relevant party by the Initial Completion Date, the Investment Agreement shall *ipso facto* cease and determine and otherwise save as expressly provided in the Investment Agreement, neither party shall have any claim against the other party for costs, damages, compensation or otherwise save for any claim by any of the parties against the other arising from antecedent breach.

3.4 Shareholders' arrangement relating to Aenergy

For purposes of, *inter alia*, recording and regulating the rights and obligations of the Company, ISDN Investments and Robert Alexander Stone as shareholders of Aenergy (the "**Aenergy Shareholders**"), the Aenergy Shareholders together with Aenergy had, on 29 September 2014, entered into a shareholders' agreement dated 29 September 2014 (the "**Aenergy Shareholders' Agreement**").

The Aenergy Shareholders' Agreement shall take effect on the day on which the Company and Robert Alexander Stone shall become shareholders of Aenergy.

The salient terms of the Aenergy Shareholders' Agreement are as follows:-

(a) Board of Aenergy

The board of Aenergy shall, unless otherwise agreed by the Aenergy Shareholders in writing, comprise of a maximum of five (5) directors and the right of appointment of each Aenergy Shareholder is as follows:-

- Robert Alexander Stone shall be entitled to appoint himself as a director of Aenergy so long as he holds 20% of the shareholding interest in Aenergy;
- the Company shall be entitled to appoint a director to the board of Aenergy so long as the Company holds at least 20% of the shareholding interest in Aenergy; and
- ISDN Investments shall be entitled to appoint the remaining directors to the board of Aenergy.

ISDN Investments shall also be entitled to appoint the chairman of the board of Aenergy and such right of ISDN Investments shall subsist for so long as ISDN Investments remains as the largest single shareholder of Aenergy. The chairman of the board of Aenergy shall have a casting vote in the event of an equality of votes at any meeting of the board.

(b) Shareholdings of Aenergy

The Company and Robert Alexander Stone shall have pre-emptive right to subscribe for such portion of any new ordinary shares to be issued by Aenergy in proportion to their shareholding in Aenergy for the time being so as to enable the Company and Robert Alexander Stone to maintain their proportion of shareholding in Aenergy.

(c) Sale of ordinary shares of Aenergy

None of the Aenergy Shareholders may sell its ordinary shares in the capital of Aenergy without first offering the same to the other Aenergy Shareholders by way of a right of first refusal.

(d) Fundamental resolutions of Aenergy

None of the matters set out in the Appendix to this announcement may be carried out by a resolution of the board and/or the shareholders of Aenergy unless unanimously approved by all directors of Aenergy or the Aenergy Shareholders, as the case may be.

(e) Dividend distribution and profit sharing

In recognition of the contributions by ISDN Investments to Aenergy through the enabling of the creation of the hydropower projects portfolio of Aenergy by way of a premium, ISDN Investments shall be entitled to 10% of the annual net profits before tax of each hydropower project in the hydropower projects portfolio of Aenergy (the "ISDN Recognition").

Save as otherwise provided in the Shareholders' Agreement, ISDN Investments and Aenergy shall use reasonable endeavours to enable Aenergy to distribute at least 90% of the annual distributable profits of each Indonesian Project Company (after taking into account the distribution of the ISDN Recognition) as dividends. This is subject to the condition that a liquidity event¹ does not occur in relation to Aenergy within a period of five (5) years from the commercial operations date of the projects undertaken by each Indonesian Project Company.

In addition, under the terms of the Investment Agreement, upon any proposed sale by ISDN Investments of its interest which will result in the proposed transferee acquiring a controlling interest of more than 50% of the share capital of Aenergy, ISDN Investments is obliged to procure such third party to purchase all the ordinary shares held by the Company in Aenergy.

4. Rationale

The proposed Investment will provide the Company with a strategic exposure into the growing renewable energy section, particularly hydropower, in Indonesia.

The Board is of the view that there is a significant growth potential for Aenergy as it is estimated that only 17% of the mini-hydropower potential has been developed in Indonesia and Indonesia has a mandate to increase renewable energy production to 15% of its total energy production by 2025. The Indonesian Government is also focused on rural development and targets to achieve an electrification rate of 90% by 2020.

The proposed Investment is also in line with the Company's strategy to invest in companies with high growth potential that will reinforce the Company's earnings base and enhance long-term shareholders value.

The proposed Investment does not represent a change in the core business of the Group nor change in the risk profile of the Group.

5. Relative Figures under Rule 1006 of the Listing Manual

The relative figures of the proposed Investment computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual of the SGX-ST are as follows:-

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable to an acquisition
Rule 1006(b)	Net profits attributable to the assets acquired compared with the Group's net profits.	Not applicable ⁽¹⁾
Rule 1006(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares of the Company excluding treasury shares.	5.8% ⁽²⁾

¹ The term "liquidity event" has been defined in the Aenergy Shareholders' Agreement to mean any of the following event:-
 (a) a disposal of the whole or more than 50% of the whole of the shares, assets, business and undertakings of Aenergy by whatever means; or
 (b) listing of the shares of Aenergy in a recognised stock exchange.

Rule 1006(d)	The number of equity securities issued by the Company as consideration for the proposed Investment, compared with the number of equity securities previously in issue.	Not applicable ⁽³⁾
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.	Not applicable

Notes:-

- (1) Based on Aenergy's unaudited financial statements for its six-month period ended 30 June 2014, save for professional and administrative expenses which were incurred, no revenue had been reported by Aenergy. Aenergy is an investment holding company and, as at 30 June 2014, it was in the midst of acquiring the Indonesian Project Companies. Rule 1006(b) of the Listing Manual is therefore not applicable.
- (2) The market capitalisation of the Company of approximately S\$176.5 million was determined by multiplying the existing number of issued shares of 608,461,178 shares (excluding 17,100,000 treasury shares) by the weighted average price of the shares of S\$0.290 per share transacted on 26 September 2014, being the last market day immediately preceding the date of the Investment Agreement.
- Accordingly, the relative figure under Rule 1006(c) of the Listing Manual was determined by dividing the Aggregate Subscription Price of US\$8 million (equivalent to approximately S\$10.2 million based on the exchange rate² of US\$1.00 to S\$1.2749) by the market capitalisation of the Company of approximately S\$176.5 million.
- (3) Rule 1006(d) of the Listing Manual is not applicable as the Aggregate Subscription Price will be satisfied in cash and funded from the internal resources of the Group.

As none of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the proposed Investment constitutes a discloseable transaction under Chapter 10 of the Listing Manual, which does not require approval of shareholders of the Company.

6. Financial Effects of the Investment

The pro forma financial effects of the proposed Investment, based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2013, are set out below. The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial position of the Group after completion of the proposed Investment.

For purposes of illustrating the financial effects of the Investment, the financial effects have been prepared based on the number of issued shares or the weighted average number of issued shares, as the case may be, excluding such number of treasury shares, of the Company as at 31 December 2013. The number of issued shares of the Company has increased from 421,422,125 shares (excluding treasury shares) as at 31 December 2013 to 608,461,178 shares (excluding treasury shares) as at the date hereof. Such increase in the number of issued shares of the Company was due to (a) the allotment and issuance of 42,519,053 new shares by the Company on 3 January 2014 pursuant to its acquisition of the entire issued and paid-up share capital of Hetat Holdings Pte Ltd; and (b) the allotment and issuance of 144,500,000 new shares by the Company on 7 January 2014 pursuant to a subscription agreement dated 12 September 2013.

² Based on the exchange rate on 26 September 2014 provided by DBS Bank.

6.1 Net Tangible Assets (“NTA”)

Assuming that the proposed Investment had been completed on 31 December 2013, the proposed Investment would have the following impact on the NTA per share of the Group:-

	Before the proposed Investment	After the proposed Investment
NTA of the Group as at 31 December 2013 (S\$'000)	79,859	79,859
Number of issued shares (excluding treasury shares)	421,442,125	421,442,125
NTA per share (S\$ cents)	0.19	0.19

6.2 Earnings per share (“EPS”)

Assuming that the proposed Investment had been completed on 1 January 2013, the proposed Investment would have the following impact on the EPS of the Group:-

	Before the proposed Investment	After the proposed Investment
Profit attributable to shareholders (S\$'000)	8,019	8,011
Weighted average number of issued shares	421,442,125	421,442,125
Earnings per share (S\$ cents)	0.019	0.019

6.3 Gearing

Assuming that the proposed Investment has been completed on 31 December 2013, the proposed Investment would have the following impact on the Group's gearing:-

	Before the proposed Investment	After the proposed Investment
Net debt/cash (S\$'000)	27,941	38,140
Total capital (S\$'000)	91,818	91,818
Gearing ⁽¹⁾ (times)	0.3	0.4

Note:-

- (1) Gearing is determined based on net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

7. Interests of directors and substantial shareholders

As at the date of this announcement, save for their shareholdings in the Company, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the proposed Investment.

8. Service Agreement

No person will be appointed to the Board of the Company in connection with the Investment and no service contracts in relation thereto will be entered into by the Company.

9. Document available for inspection

A copy of the Investment Agreement is available for inspection during normal business hours at the registered office of the Company at 81 Tuas South Street 5 Singapore 637651 for a period of three (3) months from the date of this announcement.

By Order of the Board
See Hup Seng Limited

Ng Han Kok, Henry
Group Chief Executive Officer
29 September 2014

Fundamental resolutions of Aenergy
(referred to in paragraph 3.4(d) of this announcement)

None of the matters set out below may be carried out by a resolution of the board and/or shareholders of Aenergy unless unanimously approved by all directors of Aenergy or the Aenergy Shareholders, as the case may be (the “**Reserved Matters**”):-

1 Strategic decisions

- 1.1 Any material change to the nature or geographical area of the business of Aenergy and/or the Indonesian Project Companies.
- 1.2 The disposal of the whole or substantially the whole of the undertaking, assets or property of Aenergy and/or the Indonesian Project Companies.

2 Corporate structure

- 2.1 Any actual or proposed closing of any subsidiary, branch, agency, trading establishment, business or outlet operated by Aenergy.
- 2.2 The incorporation of any subsidiary of Aenergy.

3 Directors

- 3.1 Any change in the maximum number of directors of Aenergy.
- 3.2 Any delegation of authority in respect of any of the Reserved Matters to any committee of the board of Aenergy.

4 Financing arrangements and share capital matters

- 4.1 The creation of any charge or other security over any material assets or property of Aenergy except for the purpose of securing borrowings (or indebtedness in the nature of borrowings) from bankers in the ordinary course of business.
- 4.2 Any creation or issue of any shares or of any other securities of Aenergy or the grant of any option or rights to subscribe for or to convert any instrument into such shares or securities, including without limitation, adopting or amending any employee stock ownership or purchase plan or employee stock option plan, granting any options or rights under such plans or increasing or decreasing the number of shares authorised for issuance thereunder.
- 4.3 Any share buy-back, reduction of the share capital or variation of the rights attaching to any class of shares of Aenergy.
- 4.4 Any initial public offering or public offer of shares in Aenergy.

5 Other protections

- 5.1 Any amendment to, or revision of, any memorandum or articles of association of Aenergy.
- 5.2 Any change of name of Aenergy.
- 5.3 The commencement, defence or settlement by Aenergy of any claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration (including any application for consent or clearance from any tax authority) involving amounts exceeding US\$1 million or that may cause reputational harm to Aenergy.
- 5.4 Any voluntary winding-up, liquidation or dissolution of Aenergy or institution of receivership, assignment for the benefit of creditors, or similar insolvency-related proceedings of which Aenergy is a subject or application for the appointment of a receiver, manager, judicial manager or like officer.
- 5.5 Any agreement, commitment, or corporate resolution to do any of the foregoing.