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**ISDN HOLDINGS LIMITED**

**億仕登控股有限公司**

*(Incorporated in the Republic of Singapore with limited liability)*

**(Hong Kong stock code: 1656)**

**(Singapore stock code: I07.SI)**

**ANNOUNCEMENT OF QUARTERLY RESULTS FOR  
THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

The announcement is made pursuant to Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

This quarterly report is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The financial information set out in this report has been prepared in accordance with Singapore Financial Reporting Standard and has not been audited nor reviewed by auditors. Shareholders of ISDN Holdings Limited (the “Company”) and public investors should exercise caution when trading in the shares of the Company.

By Order of the Board  
**ISDN HOLDINGS LIMITED**  
**Teo Cher Koon**  
*President and Managing Director*

Hong Kong, 8 November 2019

*As at the date of this announcement, the board of directors of the Company comprises Mr. Teo Cher Koon and Mr. Kong Deyang as executive directors of the Company; Mr. Toh Hsiang-Wen Keith as non-executive director of the Company; and Mr. Lim Siang Kai (Chairman), Mr. Soh Beng Keng and Mr. Tan Soon Liang as independent non-executive directors of the Company.*



(Company Registration No.: 200416788Z)

**ISDN Holdings Limited**  
**Financial Statements Announcement**  
**For the Third Quarter and Period Ended 30 September 2019**

1(a)(i) **A STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2019**

An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial period.

	GROUP					
	3 months ended 30 September			9 months ended 30 September		
	2019	2018	% change	2019	2018	% change
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
Revenue	64,719	68,739	-5.8%	211,682	230,843	-8.3%
Cost of sales	(46,339)	(49,432)	-6.3%	(155,903)	(169,833)	-8.2%
<b>Gross profit</b>	<b>18,380</b>	<b>19,307</b>	<b>-4.8%</b>	<b>55,779</b>	<b>61,010</b>	<b>-8.6%</b>
Other operating income	1,451	1,039	39.7%	3,151	3,817	-17.4%
Distribution costs	(6,184)	(6,021)	2.7%	(18,547)	(18,087)	2.5%
Administrative expenses	(6,199)	(7,436)	-16.6%	(21,378)	(22,732)	-6.0%
Net impairment losses on financial assets	(253)	(95)	n.m.	(176)	(115)	53.0%
Other operating expenses	(197)	(1,233)	-84.0%	(355)	(519)	-31.6%
Finance costs	(488)	(173)	n.m.	(1,315)	(589)	n.m.
Share of profit/(loss) of associates	149	(201)	n.m.	421	436	-3.4%
<b>Profit before income tax</b>	<b>6,659</b>	<b>5,187</b>	<b>28.4%</b>	<b>17,580</b>	<b>23,221</b>	<b>-24.3%</b>
Income tax expense	(1,644)	(938)	75.3%	(4,241)	(5,448)	-22.2%
<b>Profit for the period</b>	<b>5,015</b>	<b>4,249</b>	<b>18.0%</b>	<b>13,339</b>	<b>17,773</b>	<b>-24.9%</b>
<b>Other comprehensive income:</b>						
Items that may be subsequently reclassified to profit or loss						
- Net fair value changes on cash flow hedge	44	(59)	n.m.	76	(59)	n.m.
- Exchange differences on translation	(1,388)	(2,255)	-38.4%	(2,482)	(1,860)	33.4%
	<b>(1,344)</b>	<b>(2,314)</b>	<b>-41.9%</b>	<b>(2,406)</b>	<b>(1,919)</b>	<b>25.4%</b>
<b>Total comprehensive income for the period</b>	<b>3,671</b>	<b>1,935</b>	<b>89.7%</b>	<b>10,933</b>	<b>15,854</b>	<b>-31.0%</b>
<b>Profit for the period attributable to:</b>						
Equity holders of the Company	1,782	2,391	-25.5%	7,330	12,467	-41.2%
Non-controlling interests	3,233	1,858	74.0%	6,009	5,306	13.2%
	<b>5,015</b>	<b>4,249</b>	<b>18.0%</b>	<b>13,339</b>	<b>17,773</b>	<b>-24.9%</b>
<b>Total comprehensive income for the period attributable to:</b>						
Equity holders of the Company	687	568	21.0%	5,312	11,089	-52.1%
Non-controlling interests	2,984	1,367	n.m.	5,621	4,765	18.0%
	<b>3,671</b>	<b>1,935</b>	<b>89.7%</b>	<b>10,933</b>	<b>15,854</b>	<b>-31.0%</b>

n.m.: Not meaningful

**(1)(a)(ii)** The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

Profit from operations is determined after (crediting)/charging the following:

	GROUP					
	3 months ended			9 months ended		
	30 September		%	30 September		%
	2019	2018	change	2019	2018	change
	S\$'000	S\$'000	+/( -)	S\$'000	S\$'000	+/( -)
<b>Profit from operations is determined after (crediting)/charging the following:</b>						
Allowance for impairment of trade receivables	267	94	n.m.	314	94	n.m.
Allowance for inventory obsolescence	53	377	-85.9%	245	343	-28.6%
Amortisation and depreciation	537	532	0.9%	1,598	1,618	-1.2%
Interest income	(31)	(12)	n.m.	(235)	(205)	14.6%
Foreign exchange (gain)/loss, net	(1,097)	829	n.m.	(758)	11	n.m.
Gain on disposal of interest in subsidiaries	-	-	n.m.	-	(180)	-100.0%
Loss/(Gain) on disposal of property, plant and equipment, net	-	2	-100.0%	(3)	(157)	-98.1%
Inventories written off	133	3	n.m.	65	93	-30.1%
Under/(Over) provision of tax in respect of prior year	228	(347)	n.m.	228	355	-35.8%
Write back of allowance for trade receivables	(50)	(8)	n.m.	(179)	(8)	n.m.
Property, plant and equipment written off	-	-	n.m.	2	1	100.0%
Trade receivables written off	36	9	n.m.	41	29	41.4%

n.m: Not meaningful

(1)(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	39,166	39,314	20	30
Investment properties	484	497	-	-
Land use rights	1,214	1,270	-	-
Goodwill	12,227	12,227	-	-
Subsidiaries	-	-	50,410	50,410
Associates	5,964	6,136	122	124
Service concession receivables	32,541	30,233	-	-
Other financial assets	900	-	-	-
Deferred tax assets	141	139	-	-
	92,637	89,816	50,552	50,564
<b>Current assets</b>				
Inventories	52,896	55,183	-	-
Trade and other receivables	104,045	96,225	2,805	363
Amounts owing by subsidiaries	-	-	48,669	46,436
Dividend receivables	-	-	1,316	9,918
Cash and bank balances	38,451	41,877	2,892	3,023
	195,392	193,285	55,682	59,740
<b>Current liabilities</b>				
Bank borrowings	15,496	16,423	3,320	2,291
Finance leases liabilities	57	81	-	-
Trade and other payables	65,020	69,380	8,352	13,686
Current tax liabilities	2,257	2,286	-	-
	82,830	88,170	11,672	15,977
<b>Net current assets</b>	112,562	105,115	44,010	43,763
<b>Non-current liabilities</b>				
Bank borrowings	11,927	11,842	11,609	11,455
Finance leases liabilities	189	224	-	-
Deferred tax liabilities	655	657	-	-
	12,771	12,723	11,609	11,455
<b>Net assets</b>	192,428	182,208	82,953	82,872
<b>Equity</b>				
Share capital	78,095	70,984	78,095	70,984
Warrants issue	-	-	-	-
Reserves	75,108	72,767	4,858	11,888
<b>Equity attributable to owners of the Company</b>	153,203	143,751	82,953	82,872
Non-controlling interests	39,225	38,457	-	-
<b>Total equity</b>	192,428	182,208	82,953	82,872

(1)(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

The amount repayable in one year or less, or on demand:

As at 30 September 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,582	11,971	2,823	13,681

The amount repayable after one year;

As at 30 September 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
12,116	-	12,016	50

**Details of any collaterals.**

The secured borrowings relate to:

- 1) The finance lease obligations of various subsidiaries, which are secured against respective assets under the finance lease arrangement.
- 2) Legal mortgages over land use rights and leasehold property of subsidiaries for a term loan. These facilities are also secured by corporate guarantees provided by the Company and other subsidiaries as well as personal guarantees by the directors of the subsidiaries.

**(1)(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	GROUP			
	3 months ended		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>				
Profit before income tax	6,659	5,187	17,580	23,221
Adjustments for:				
Amortisation of land use rights	7	8	24	25
Trade receivables written off	36	9	41	29
Depreciation of property, plant and equipment	524	514	1,560	1,564
Depreciation of investment properties	6	10	14	29
Allowance for impairment of trade receivables	267	94	314	94
Allowance for inventory obsolescence	53	377	245	343
Loss/(Gain) on disposal of property, plant and equipment, net	-	2	(3)	(157)
Gain on disposal of interest in subsidiaries	-	-	-	(180)
Inventories written off	133	3	65	93
Property, plant and equipment written off	-	-	2	1
Write back of allowance for trade receivables	(50)	(8)	(179)	(8)
Interest expenses	488	173	1,315	589
Interest income	(31)	(12)	(235)	(205)
Share of results of associates	(149)	201	(421)	(436)
Foreign currency on translation of foreign operations	(1,759)	(1,888)	(297)	(1,487)
<b>Operating cash flow before working capital changes</b>	<b>6,184</b>	<b>4,670</b>	<b>20,025</b>	<b>23,515</b>
Changes in:				
Inventories	(2,432)	2,915	1,977	(660)
Trade and other receivables	1,886	6,785	(8,896)	(19,769)
Trade and other payables	(216)	(12,877)	(6,169)	2,923
<b>Cash from operating activities before service concession arrangements</b>	<b>5,422</b>	<b>1,493</b>	<b>6,937</b>	<b>6,009</b>
Change in receivables from service concession arrangements	(535)	-	(3,164)	-
<b>Cash generated from operations after service concession arrangements</b>	<b>4,887</b>	<b>1,493</b>	<b>3,773</b>	<b>6,009</b>
Interest paid	(488)	(173)	(1,315)	(589)
Interest received	31	12	235	205
Income tax paid	(687)	(1,546)	(4,269)	(4,038)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,743</b>	<b>(214)</b>	<b>(1,576)</b>	<b>1,587</b>

**(1)(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

	GROUP			
	3 months ended		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(656)	(157)	(2,250)	(1,838)
Proceeds from disposal of property, plant and equipment	-	(8)	61	435
Net cash inflow on disposal of subsidiaries	-	-	-	563
Loan to associates	-	(9,207)	-	(10,638)
Dividends from associates	284	-	506	155
Acquisition of other financial assets	-	-	(900)	-
<b>Net cash used in investing activities</b>	<b>(372)</b>	<b>(9,372)</b>	<b>(2,583)</b>	<b>(11,323)</b>
<b>Cash flows from financing activities:</b>				
Dividends to equity holders of the Company	(1,257)	-	(1,257)	(2,289)
Dividends to non-controlling interests	(2,484)	(50)	(2,758)	(3,377)
Repayment from associates	-	373	-	373
Repayment from non-controlling interests	-	-	250	-
Proceeds from bank borrowings	3,998	14,776	15,476	22,055
Repayment of bank borrowings	(4,237)	(3,644)	(16,455)	(10,411)
(Repayment of)/Proceeds from trust receipts, net	(1,856)	(519)	250	(423)
(Repayment of)/Proceeds from finance lease, net	(17)	92	(59)	(142)
Increase in fixed deposits pledged	(49)	-	(2,323)	-
Proceeds from issue of shares	-	-	5,397	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,902)</b>	<b>11,028</b>	<b>(1,479)</b>	<b>5,786</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,531)</b>	<b>1,442</b>	<b>(5,638)</b>	<b>(3,950)</b>
Cash and cash equivalents at the beginning of financial period	34,231	32,055	37,255	38,053
Effect of currency translation on cash and cash equivalents	(60)	430	23	(176)
<b>Cash and cash equivalents at the end of financial period</b>	<b>31,640</b>	<b>33,927</b>	<b>31,640</b>	<b>33,927</b>
<u>Additional information:</u>				
Cash and bank balances	35,197	33,834	35,197	33,834
Fixed deposits	3,254	343	3,254	343
Cash and bank balances	38,451	34,177	38,451	34,177
Less: restricted bank deposits	(3,705)	-	(3,705)	-
Less: bank deposits pledged	(3,106)	(250)	(3,106)	(250)
<b>Total cash and cash equivalents</b>	<b>31,640</b>	<b>33,927</b>	<b>31,640</b>	<b>33,927</b>



(1)(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Warrants issue	Merger reserve	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 1 January 2019</b>	70,984	-	(436)	(2,053)	4,820	70,436	143,751	38,457	182,208
Profit for the period	-	-	-	-	-	7,330	7,330	6,009	13,339
Other comprehensive (loss)/income for the period	-	-	-	(2,094)	76	-	(2,018)	(388)	(2,406)
Total comprehensive (loss)/income for the period	-	-	-	(2,094)	76	7,330	5,312	5,621	10,933
Issue of shares	5,397	-	-	-	-	-	5,397	-	5,397
Shares issued in-lieu of cash for dividend relating to 2018	1,714	-	-	-	-	(1,714)	-	-	-
Dividend paid in cash relating to 2018	-	-	-	-	-	(1,257)	(1,257)	-	(1,257)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,853)	(4,853)
<b>Balance as at 30 September 2019</b>	<b>78,095</b>	<b>-</b>	<b>(436)</b>	<b>(4,147)</b>	<b>4,896</b>	<b>74,795</b>	<b>153,203</b>	<b>39,225</b>	<b>192,428</b>
<b>Balance at 1 January 2018</b>	70,981	3,384	(436)	(802)	4,921	58,572	136,620	15,206	151,826
Adjustment on initial application of SFRS(I) 9	-	-	-	-	-	(254)	(254)	(96)	(350)
<b>Adjusted balance at 1 January 2018</b>	<b>70,981</b>	<b>3,384</b>	<b>(436)</b>	<b>(802)</b>	<b>4,921</b>	<b>58,318</b>	<b>136,366</b>	<b>15,110</b>	<b>151,476</b>
Profit for the period	-	-	-	-	-	12,467	12,467	5,306	17,773
Other comprehensive loss for the period	-	-	-	(1,319)	(59)	-	(1,378)	(541)	(1,919)
Total comprehensive (loss)/income for the period	-	-	-	(1,319)	(59)	12,467	11,089	4,765	15,854
Dividends to non-controlling interests	-	-	-	-	-	-	-	(3,655)	(3,655)
Disposal of subsidiaries	-	-	-	181	-	77	258	(249)	9
Payment of dividends	-	-	-	-	-	(2,289)	(2,289)	-	(2,289)
<b>Balance as at 30 September 2018</b>	<b>70,981</b>	<b>3,384</b>	<b>(436)</b>	<b>(1,940)</b>	<b>4,862</b>	<b>68,573</b>	<b>145,424</b>	<b>15,971</b>	<b>161,395</b>

- (1)(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

Company	Share capital S\$'000	Warrants Issue S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2019</b>	70,984	-	(279)	12,167	82,872
Net loss for the period	-	-	-	(4,135)	(4,135)
Other comprehensive income for the period	-	-	76	-	76
Total comprehensive income/(loss) for the period	-	-	76	(4,135)	(4,059)
Issue of shares	5,397	-	-	-	5,397
Shares issued in-lieu of cash for dividend relating to 2018	1,714	-	-	(1,714)	-
Dividend paid in cash relating to 2018	-	-	-	(1,257)	(1,257)
<b>Balance as at 30 September 2019</b>	<b>78,095</b>	<b>-</b>	<b>(203)</b>	<b>5,061</b>	<b>82,953</b>
<b>Balance at 1 January 2018</b>	70,981	3,384	(178)	4,828	79,015
Net loss for the period	-	-	-	(5,363)	(5,363)
Other comprehensive loss for the period	-	-	(59)	-	(59)
Total comprehensive loss for the period	-	-	(59)	(5,363)	(5,422)
Payment of dividends	-	-	-	(2,289)	(2,289)
<b>Balance as at 30 September 2018</b>	<b>70,981</b>	<b>3,384</b>	<b>(237)</b>	<b>(2,824)</b>	<b>71,304</b>

- (1)(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 27 August 2019, the Company issued 7,896,368 new ordinary shares ("New Shares") under the ISDN Holdings Limited Scrip Dividend Scheme at an issue price of S\$0.217 (for Singapore Shareholders) and HK\$1.24 (for Hong Kong Shareholders).

Following the allotment and issuance of the New Shares, the number of outstanding shares as at 30 September 2019 is 429,572,849 (30 September 2018: 394,684,950). No treasury shares were held as at 30 September 2019 (30 September 2018: nil). The number of shares held as subsidiary holdings as at 30 September 2019 is nil (30 September 2018: nil).

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

- (1)(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the preceding year.**

	GROUP & COMPANY	
	30 September 2019	31 December 2018
Total number of issued shares	394,689,186	394,684,950
Add: Subscription shares issued	26,987,295	-
Add: Shares issued in-lieu of cash for dividend	7,896,368	-
Add: Exercise of warrants	-	4,236
Total number of issued shares excluding treasury shares	429,572,849	394,689,186

- (1)(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

- 2. Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group's financial statements is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2018.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

**SFRS(I) 16 Leases**

The adoption of the above new and revised standards does not have any significant impact on the financial statements of the Group.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	GROUP			
	3 months ended 30 September		9 months ended 30 September	
	2019	2018	2019	2018
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	424,680,534	394,684,950	415,175,889	394,684,950
Weighted average number of ordinary shares in issue for diluted EPS (net of treasury shares)	424,680,534	394,684,950	415,175,889	394,684,950
EPS (based on consolidated net profit attributable to shareholders)				
(i) Based on weighted average number of ordinary shares in issue	0.42	0.61	1.77	3.16
(ii) On a fully diluted basis	0.42 (cents)	0.61 (cents)	1.77 (cents)	3.16 (cents)

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Net assets (S\$'000)	153,203	143,751	82,953	82,872
Issued share capital at the end of the period/year (net of treasury shares)	429,572,849	394,689,186	429,572,849	394,689,186
Net assets value per ordinary share based on issued share capital as at respective	35.66 (cents)	36.42 (cents)	19.31 (cents)	21.00 (cents)

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

### STATEMENT OF COMPREHENSIVE INCOME ITEMS

#### Revenue and gross profit margin

	3 months ended			9 months ended		
	3Q2019 S\$'000	3Q2018 S\$'000	% change +/( - )	9M2019 S\$'000	9M2018 S\$'000	% change +/( - )
<b>Engineering Solutions</b>						
Revenue	64,184	68,739	-6.6%	208,518	230,843	-9.7%
Gross profit	18,340	19,307	-5.0%	55,545	61,010	-9.0%
Gross profit margin	28.6%	28.1%	0.5 ppt	26.6%	26.4%	0.2 ppt
<b>Construction Revenue</b>						
Revenue	535	-	n.m.	3,164	-	n.m.
Gross profit	40	-	n.m.	234	-	n.m.
Gross profit margin	7.5%	-	n.m.	7.4%	-	n.m.
<b>TOTAL</b>						
Revenue	64,719	68,739	-5.8%	211,682	230,843	-8.3%
Gross profit	18,380	19,307	-4.8%	55,779	61,010	-8.6%
Gross profit margin	28.4%	28.1%	0.3 ppt	26.4%	26.4%	0.0 ppt

The Group's revenue for the third quarter ("3Q2019") of S\$64.7 million and nine months ended 2019 ("9M2019") of S\$211.7 million were lower as compared to the corresponding periods in 2018. The core industrial automation segment continued to be the key revenue generator accounting for approximately 98.5% of the Group's total revenue for the nine months ended 30 September 2019. In 3Q2019, the Group recognised construction revenue of approximately S\$0.5 million arising from the construction of mini-hydropower plants in Indonesia.

Overall reported revenue for the Group was lower due to a general market slowdown arising from global trade tensions and a depreciation in the Renminbi currency.

As part of management's measures to manage counterparty risk in the slowing economic environment, certain sales accounts were deliberately not renewed resulting in a decrease of S\$5.0 million sales in 9M2019 as compared to the corresponding period in 2018.

From May 2019 to September 2019, the Renminbi had also depreciated by 4.8%. As a result, the revenue from our China operations was translated at a lower exchange rate for 9M2019 as compared to 9M2018. Based on the 9M2018 exchange rate for the same period, revenue would have increased by approximately S\$5.0 million.

The decrease in sales of our core industrial engineering business has narrowed down from 11.0% in 1H2019 to 9.7% in 9M2019. The Group remains cautiously optimistic in the fundamental demand for industrial automation across its key markets.

Gross profit of S\$55.8 million was S\$5.2 million, or 8.6% lower in 9M2019 as compared to 9M2018. For 3Q2019, gross profit decreased by S\$0.9 million, or 4.8% as compared to the corresponding quarter last year.

Overall gross profit margins for the Group were maintained at 26.4% in 9M2019 which was the same as 9M2018. Excluding the gross profit arising from the construction of mini-hydropower plants under the service concession arrangement, the gross profit margin would have inched up by 0.5 percentage point and 0.2 percentage point in 3Q2019 and 9M2019 respectively.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on. (Cont'd)

#### **STATEMENT OF COMPREHENSIVE INCOME ITEMS (CONT'D)**

##### **Other operating income**

Other operating income increased by S\$0.4 million, or 39.7% to S\$1.5 million in 3Q2019 mainly due to a foreign exchange gain of S\$1.1 million; partially offset by decreased technical consultancy fees of S\$0.5 million and decreased rental incomes of S\$0.2 million.

For 9M2019, other operating income decreased by S\$0.7 million, or 17.4% to S\$3.2 million. The decrease was mainly due to the absence of one-off gain on disposal of subsidiaries of S\$0.2 million, decrease in gain on disposal of property, plant and equipment of S\$0.2 million, decrease in government grants of S\$0.1 million, decrease in commission income of S\$0.1 million and decrease in technical consultancy fees of S\$0.7 million; partially offset by increase in foreign exchange gain of S\$0.7 million.

##### **Distribution costs**

Distribution costs increased by S\$0.2 million, or 2.7% to S\$6.2 million, and S\$0.5 million, or 2.5% to S\$18.5 million for 3Q2019 and 9M2019 respectively as compared to the corresponding periods in 2018. The increase was mainly due to increased investment in regional marketing efforts, effectively funded by a reduction in administrative expenses described below.

##### **Administrative expenses**

Administrative expenses decreased by S\$1.2 million, or 16.6% to S\$6.2 million, and S\$1.4 million, or 6.0% to S\$21.4 million for 3Q2019 and 9M2019 respectively.

For 3Q2019, the decrease was mainly due to decrease in staff cost and overprovision of bonus of S\$1.8 million; partially offset by the increase in office and administrative expenses of S\$0.5 million and increase in professional fees of S\$0.1 million.

For 9M2019, the decrease was mainly due to decrease in staff cost and over provision of bonus of S\$1.6 million, partially offset by the increase in professional fees of S\$0.2 million.

##### **Other operating expenses**

Other operating expenses decreased by S\$1.0 million, or 84.0% to S\$0.2 million and S\$0.2 million, or 31.6% to S\$0.4 million for 3Q2019 and 9M2019 respectively.

For 3Q2019, the decrease was mainly due to absence of foreign exchange loss of S\$0.8 million and decrease in allowance for inventory obsolescence S\$0.3 million, partially offset by increase in inventories written off of S\$0.1 million.

For 9M2019, the decrease was mainly due the decrease in allowance for inventory obsolescence of S\$0.1 million and inventories written off of S\$ 0.1 million.

##### **Finance costs**

Finance costs increased by S\$0.3 million and S\$0.7 million for 3Q2019 and 9M2019 respectively, which was mainly due to an increase in average bank borrowings as compared to corresponding periods.

##### **Income tax expense**

Income tax expense increased by S\$0.7 million, or 75.3% to S\$1.6 million for 3Q2019. The increase was mainly due to higher taxable profits in 3Q2019.

For 9M2019, income tax expenses decreased by S\$1.2 million in tandem with lower taxable profits for 9M2019.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on. (Cont'd)

#### **STATEMENT OF FINANCIAL POSITION ITEMS**

##### **Associates**

Interests in associates decreased by S\$0.2 million, or 2.8% as at 30 September 2019 mainly due to declaration of dividends from associates of S\$0.7 million of which S\$0.5 million was received as at 30 September 2019. This was partially mitigated by share of associates' profit of S\$0.4 million in 9M2019.

##### **Service concession receivables**

Service concession receivables increased by S\$2.3 million, or 7.6% to S\$32.5 million as at 30 September 2019. This was mainly due to recognition of construction revenue of S\$3.2 million from the construction of mini-hydropower plants under the service concession arrangement offset by foreign exchange revaluation losses of S\$0.9 million. Service concessions receivables are classified as long-term assets which will be collected across the tenure of the various operational concessions in tandem with agreed power supply agreements.

##### **Other financial assets**

As an addition to the renewable energy portfolio, an S\$0.9 million investment was made to obtain a 10% stake in a company which specialises in the design, development, integration and sales of lithium battery management systems.

##### **Inventories**

Inventories decreased by S\$2.3 million or 4.1% to S\$52.9 million as at 30 September 2019 primarily due to the fulfilment of customer orders during the financial period.

##### **Trade and other receivables**

Trade and other receivables increased by S\$7.8 million or 8.1% to S\$104.0 million as at 30 September 2019 mainly due to an increase in notes receivables of S\$3.3 million, coupled with an increase in advance payment to suppliers of S\$3.6 million, increase in trade receivables from related parties of S\$1.6 million and increase in other receivables of S\$4.2 million. This was partly offset by the decrease in trade receivables from third parties of S\$4.5 million and decrease in rental and sundry deposit of S\$0.3 million.

Subsequent receipt of about S\$15.9 million was received from customers as at 31 October 2019. The collection represents approximately 25% of trade receivables as at 30 September 2019.

##### **Trade and other payables**

Trade and other payables decreased by S\$4.4 million or 6.3% to S\$65.0 million as at 30 September 2019, which was mainly due to decrease in trade payables to third parties of S\$6.0 million arose from payment to trade suppliers as they became due, and decrease in accrued operating expenses of S\$1.8 million. This was offset by the increase in trade payables to related parties of S\$1.1 million and increase in dividend payables of S\$2.1 million.



8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on. (Cont'd)**

#### **STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)**

##### **Bank borrowings (current and non-current)**

Bank borrowings decreased by S\$0.8 million to S\$27.4 million as at 30 September 2019. The decrease was primarily due to repayment of bank borrowings amounting to S\$16.5 million offset by proceeds of bank borrowings of S\$15.7 million.

#### **CASH FLOW STATEMENT**

##### **Changes in Cash Flow from Operating Activities**

For 3Q2019, net cash generated from operating activities of S\$3.7 million arose from operating cash flow before working capital changes of S\$6.2 million offset by (i) decrease in working capital including change in receivables from service concession arrangements of S\$1.3 million; (ii) net interest paid of S\$0.5 million; and (iii) income tax paid of S\$0.7 million.

For 9M2019, net cash used in operating activities of S\$1.6 million arose from operating cash flow before working capital changes of S\$20.0 million offset by (i) decrease in working capital including change in receivables from service concession arrangements of S\$16.2 million; (ii) net interest paid of S\$1.1 million; and (iii) income tax paid of S\$4.3 million.

##### **Changes in Cash Flow from Investing Activities**

For 3Q2019, net cash used in investing activities of S\$0.4 million was primarily attributed to purchase of property, plant and equipment of S\$0.7 million offset by dividends from associates of S\$0.3 million.

For 9M2019, net cash used in investing activities of S\$2.6 million was primarily attributed to (i) purchase of property, plant and equipment of S\$2.3 million; (ii) acquisition of other financial assets of S\$0.9 million offset by (iii) dividends from associates of S\$0.5 million; and (iv) proceeds from disposal of property, plant and equipment of S\$0.1 million.

##### **Changes in Cash Flow from Financing Activities**

For 3Q2019, net cash used in financing activities amounted to S\$5.9 million was primarily attributed to dividend paid to equity holders of the Company and non-controlling interests amounted to S\$3.7 million, and net repayment of bank borrowings (inclusive of trust receipts and finance lease) of S\$2.1 million.

For 9M2019, net cash used in financing activities amounted to S\$1.5 million was primarily attributed to dividend paid to equity holders of the Company and non-controlling interests amounted to S\$4.0 million, net repayment of bank borrowings (inclusive of trust receipts and finance lease) of S\$0.8 million and increase in fixed deposits pledged of S\$2.3 million, offset by proceeds from issue of shares of S\$5.4 million.

As at 30 September 2019, the Group maintained a healthy cash and cash equivalents balance of S\$31.6 million.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No specific forecast statement was previously disclosed to shareholders.



**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The Group remains confident in the longer-term prospects of its industrial automation business, building on the fundamental rising demand for industrial automation solutions in Asia, particularly in the People's Republic of China (PRC) where such engineering solutions are required for advanced manufacturing industries including semiconductors, medical devices etc. To date more than 530 smart manufacturing industrial parks have been built<sup>1</sup>. Additionally, China has recently announced the establishment of a multi-billion state-backed fund which will invest in the semiconductor industry to nurture its domestic chip industry and close the technology gap with the U.S<sup>2</sup>. In the PRC, Robots which are another segment of the industrial automation market grew at an average of 21% over the past 4 years to reach a market size of US\$8.7 billion in 2019.

In the short to medium term, the ongoing trade tensions and the cyclical headwinds in the semiconductor business are challenges to overcome for the Group. To manage its cyclical headwinds while remaining focus on building long-term growth, the Group continues to (1) broaden its customer base, end-markets, geographies and solutions; (2) capitalise on ISDN's strong position for Industry 4.0 automation by building ISDN's technology roadmap, including software, cloud, and big data investments to deepen the value-add of the Group's offerings; (3) collaborate with global technology leaders through joint-ventures and close partnerships to bring ISDN's customers the best possible solutions in the Group's core markets; and (4) optimise organisational structures and operations to streamline business activities, drive economies of scale, and improve the customer intelligence and engagements across the Group.

In addition to ISDN's core engineering business, the Group has three notable hydropower investments which may be monetised at the right opportunity. Two of the abovementioned investments are nearing construction completion. A third hydropower plant is slated for construction in FY2020. The total capacity of the three plants is expected to be 24.2 megawatts of power. All three plants are located in Sumatra, Indonesia. According to the 2019 Hydropower Status Report, Indonesia aims to have renewable energy source account for at least 23% and 31% of the national energy mix in 2025 and 2050 respectively<sup>3</sup>. Currently, the share of renewables in Indonesia stands at 12%<sup>4</sup>.

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<sup>1</sup> Evolving Made in China 2025  
<http://en.people.cn/n3/2019/0821/c90000-9608063.html>

<sup>2</sup> China sets up 204b yuan fund to invest in chip industry  
<https://www.businesstimes.com.sg/technology/china-sets-up-204b-yuan-fund-to-invest-in-chip-industry>

<sup>3</sup> International Hydropower Association: 2019 Hydropower Status Report  
[https://www.hydropower.org/sites/default/files/publications-docs/2019\\_hydropower\\_status\\_report.pdf](https://www.hydropower.org/sites/default/files/publications-docs/2019_hydropower_status_report.pdf)

<sup>4</sup> Singapore Business Review: Coal to account for 67.8% of Indonesia's energy mix by 2022  
<https://sbr.com.sg/energy-offshore/asia/coal-account-678-indonesias-energy-mix-2022>

**11. Dividend**

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended); and**  
(b) **(i) Amount per share; (ii) Previous corresponding period;**  
(c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

- (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No

- (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

- (d) The date the dividend is payable**

Not applicable.

- (e) The date on which Registrable Transfers received by the Company (up to 5.00p.m.) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the financial period.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained.

**14. Statement by Directors Pursuant to SGX Listing Rule 705(5)**

We, Teo Cher Koon and Kong Deyang, being Directors of ISDN Holdings Limited, hereby confirm on behalf of the Board of Directors that to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited quarterly financial results (comprising the comprehensive income statement, statement of financial position, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material aspect.

**15. Use of proceeds**

**(a) Use of Net Proceeds from the Second Placement**

There has been no material usage till to the date of this announcement after the last announcement made on 13 May 2019. The Company will make further announcements when the remaining net proceeds from Second Placements are materially disbursed.

**(b) Use of Net Proceeds from the issuance of new shares under general mandate**

There has been no material usage till to the date of this announcement after the last announcement made on 13 May 2019. The Company will make further announcements on the utilisation of proceeds from the subscription as and when the funds are materially disbursed.

**16. Issuer to confirm in the announcement that it has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

Yes.

By Order of the Board

Gwendolyn Gn  
Joint Company Secretary  
ISDN Holdings Limited  
8 November 2019