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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached announcement which has been published by ISDN Holdings Limited (the “**Company**”) on the website of the Singapore Exchange Securities Trading Limited on 28 February 2020.

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

Hong Kong, 28 February 2020

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.



MEDIA RELEASE

ISDN delivers growth in revenue and net profit for 4Q2019

- Revenue grew 11.5% year-on-year to S\$79.3 million for 4Q2019, driven by rebounding demand for high-tech precision control systems in the medical device industry.
- Gross profit was up 10.8% year-on-year to S\$21.6 million for 4Q2019, in line with revenue growth.
- Despite impacted costs due to the general market slowdown, ISDN turned a profit of S\$0.9 million for 4Q2019, as compared with the S\$1.2 million loss in 4Q2018.
- ISDN has active initiatives underway to further centralise its engineering and administrative operations. These initiatives should increase productivity and cost efficiency, while also helping to realise scale economies as ISDN continues to grow its Industry 4.0 capabilities and commercial opportunities.

Singapore, 28 February 2020 – ISDN Holdings Limited (“ISDN”, and with its subsidiaries, the “Group”), a leading industrial automation firm, today announced its financial results for the fourth quarter (“4Q2019”) and financial year (“FY2019”) ended 31 December 2019:

(S\$'000)	4Q2019	4Q2018	YoY Change (%)	FY2019	FY2018	YoY Change (%)
Revenue	79,303	71,147	11.5	290,985	301,990	(3.6)
Gross Profit	21,646	19,539	10.8	77,425	80,549	(3.9)
Gross Margin (%)	27.3	27.5	(0.2ppt)	26.6	26.7	(0.1ppt)
Operating Expenses[#]	16,656	15,712	6.0	56,581	56,531	0.1
Profit Before Tax	2,642	475	n.m.	20,222	23,696	(14.7)
Net Profit After Tax (NPAT)	853	(1,195)	n.m.	14,192	16,578	(14.4)
Profit for the period attributable to equity holders of the Company	(283)	(1,521)	(81.4)	7,047	10,946	(35.6)

ppt – percentage points

– Operating expenses comprise distribution costs and administrative expenses

n.m. – not meaningful

Capitalising on the Group's broader diversification strategy, ISDN's 4Q2019 revenue was up 11.5% year-on-year ("YoY") to S\$79.3 million in 4Q2019 due primarily to the growing demands for motion control system in the Chinese medical device industry. The Group also recognised approximately S\$1.7 million in construction revenue this quarter from the construction of mini-hydropower plants in Indonesia.

As a result of strong motion control system sales in the People Republic of China, gross profit grew 10.8% YoY to S\$21.6 million for 4Q2019, with relatively steady margins in a challenging market environment.

Operating expenses for 4Q2019 increased 6.0% YoY to S\$16.7 million owing to additional administrative expenses relating to the reversal of over provision of withholding tax of \$1.2 million in 4Q2018 and the increase in professional fees of S\$0.3 million. Overall, the boost in revenue led to a net profit of S\$0.9 million for 4Q2019, as compared with the S\$1.2 million loss for 4Q2018.

Review for FY2019

During FY2019, the core industrial automation business continued to be the key revenue generator accounting for approximately 98.3% of the Group's total revenue. The Group maintained a vigilant stance on risk in response to the soft macro-economic environment, and proactively chose not to renew certain higher-risk sales accounts resulting in a decrease of S\$5.0 million in sales in FY2019 as compared to the corresponding period in 2018. Additionally, the Group notes that without the 3.8% depreciation in Renminbi for the period May to December 2019, revenue for the year would have increased by approximately S\$7.0 million when based on the FY2018 exchange rate for the same period. The Group stayed resilient amidst these softer market conditions, posting S\$291.0 million in revenues for FY2019, compared with S\$302.0 million in FY2018.

For the FY2019 period, gross profit margins ("**GPM**") for the Group dipped slightly to 26.6%. If gross profit from constructing the mini-hydropower plants under the service concession arrangement were excluded, GPM would have increased by 0.2 percentage point.

Operating expenses for FY2019 inched up by 0.1% YoY to S\$56.6 million as the increase in administrative expenses in 4Q2019 was partially offset by the over provision of bonus of S\$1.5 million.

Softness in the electronics and semiconductor sector, especially in Hong Kong have impacted our wholly-owned subsidiaries' businesses. Our partially-owned subsidiaries, however, benefited from the increase in demand from the healthcare and medical device manufacturing and transportation sectors.

Consequently, ISDN recorded S\$14.2 million in net profits for FY2019, as compared with FY2018's net profit of S\$16.6 million.

Mr Teo Cher Koon, ISDN's Managing Director and President, said, "Despite the difficult environment in 2019, we made great progress in transforming the business, from improving our operational efficiency via major consolidation efforts, upgrading our operating capabilities through the pooling of the strongest engineering capabilities to moving up the value chain towards commercial software. By staying diversified and agile, the impact from the softness in the industrial automation sector has been cushioned by our better performing partially-owned subsidiaries to bring the company into another reasonably profitable year.

While global concerns remain, we have observed a rebound in market activity around semiconductors, 5G, interest in energy independence, and Industry 4.0. Looking ahead into 2020, we aim to strengthen our operations and market position to take advantage of the long-term Industrial 4.0 opportunities."

- End -

This news release is to be read in conjunction with the Group's announcement concurrently posted on SGXNET.

About ISDN Holdings Limited

Founded on its precision and motion control engineering capabilities in 1986 and listed on the Main Board of the Singapore Exchange Securities Trading Limited since 2005, ISDN Holdings Limited has today transformed into a multi-industry corporation with more than 60 offices spanning key Asian growth markets. ISDN is also listed on the Main Board of the Stock Exchange of Hong Kong Limited since 12 January 2017.

ISDN is dominant in the niche areas of motion control, other engineering solutions and industrial computing. ISDN's customised engineering solutions cater to different industrial sectors including medical, robotics, factory automation, energy, manufacturing, hard disk and semiconductor industries. By leveraging its alliances with strategic partners in Europe and Asia, ISDN is able to combine and thereupon benefit from the best-in-class technology and business systems these collaborations have to offer.

For more information, please visit www.isdnholdings.com

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