



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: ISDN Holdings Limited

Stock code: I07

Meeting details:

Date: 29 June 2020

Time: 9.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the message to shareholders, the president emphasised that the diversification has always been the foundational core of the group's business. In FY2019, the group penetrated new markets in the Chinese medical equipment, telecommunication, and transportation sectors.

The president had also stated that the core industrial automation business continued to be the key revenue generator, accounting for approximately 98.3% of the total revenue

- (i) **Can the company help shareholders understand the success of its decade-long diversification efforts if the core industrial automation business still accounts for over 98% of the group's revenue in 2019?**
- (ii) **Would the group have benefitted more if management focused on the core industrial automation business and expand into adjacent industries?**

Q2. In the 2018 annual report, based on feedback from some shareholders that the company's stock trades at a deep discount to the net asset value, the president attributed the stock's underperformance to the market's lack of understanding of the group's business and attempted to explain with the A-B-Cs of ISDN: Automation | Blockchain | China | Debt | Energy | Funding (page 5, 2018 annual report).

- (i) **Blockchain: Can management update shareholders on the progress made by the group in blockchain technology?**
- (ii) **China:** Revenue from the Greater China region slipped from \$210.8 million to \$194.8 million, which was attributed to a 3.8% depreciation in the RMB. **Would the board help shareholders understand the major growth opportunities in China? Were the operations in China affected by the group's restructuring efforts?**
- (iii) **Debt:** The gearing ratio of the group improved to 18% as at 31 December 2019, from 19.9% a year ago. **Has the board set a limit to the gearing for the group?**
- (iv) **Funding: Can the board also update shareholders on the progress made by Emmett Capital at launching its fund?** The group has a 50% stake in the Singapore-based corporate finance advisory firm which aimed to launch a fund to invest in promising renewable energy projects.

- (v) **SPHP:** In addition, on 4 November 2019, the company announced that the group will inject US\$500,000 as equity into SPHP Co Pte Ltd to support the initial development phase to build an 80MW hydroelectric power plant in Cambodia (page 158). Then on 3 June 2020, the group announced the disposal of the entire 33% stake to SPHP and one of the partners. **How does this affect the group's appointment as the technical project lead and the partnership with eREX Co. Ltd?**

Q3. As disclosed in the Corporate Governance report, the company outsourced its internal audit function to Wensen Consulting Asia (S) Pte. Ltd. ("WCA") (page 37). WCA conducted an internal audit in FY2019 and reports directly to the AC and AC chairman and administratively to the managing director and president. WCA has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

- (i) **Can the company/audit committee elaborate further on the scope of the internal audit carried out in FY2019? Specifically, how comprehensive was the internal audit given that the group has 81 subsidiaries with 74 sales offices in Hong Kong, Malaysia, the PRC, Singapore and other Asian countries and region (including Vietnam, Thailand, Taiwan and Indonesia as at 31 December 2019)?**
- (ii) **Do the internal auditors comply with the standards set by nationally or internationally recognised professional bodies for internal audit?**

[^]Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)



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