

ISDN HOLDINGS LIMITED

(Company Registration Number 200416788Z)
(Incorporated in the Republic of Singapore)

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Annual Report for the financial year ended 31 December 2020 Responses to queries raised by the Singapore Exchange Securities Trading Limited

The Board of Directors (the “**Board**”) of ISDN Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s annual report for the financial year ended 31 December 2020 released on 29 March 2021 (“**FY2020 Annual Report**”).

Unless otherwise defined or the context otherwise requires, all capitalized terms shall bear the same meaning as ascribed to them in the FY2020 Annual Report.

The Company sets out below its responses to queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

Q1. Listing Rule 704 provides, inter alia, that an issuer must announce any material adjustments to its preliminary full-year results made subsequently by auditors.

We note that there has been a material variance between the value of the net cash used in financing activities in FY2020 disclosed in the Company’s full-year financial statements announced on 1 March 2021 and the Annual Report. Please explain the reason for the material variance and why the Company has not made an announcement in this regard.

Company’s Response:

Consolidated Statement of Cash Flows for the financial year ended 31 December 2020			
	Group		
	Unaudited	Audited	Variance
S\$’000	2020	2020	
Net cash used in financing activities	(3,559)	(4,040)	(481)

The variance between the net cash used in financing activities in FY2020 as disclosed in the Company’s full-year financial statements announced on 1 March 2021 and the Annual Report was resulted from the reclassification of cash and bank balance to restricted bank deposit. Consequently, this was accounted as the changes in restricted bank deposit for the presentation in consolidated statement of cash flows. This reclassification does not have any impact to the Group’s cash and bank balance of S\$58,473,000 as at 31 December 2020.

Q2. Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.

Company's Response:

The Company currently outsources its internal audit function to Wensen Consulting Asia (S) Pte. Ltd. ("WCA"). WCA is headed by the Managing Director Mr. Edward Yap, who is a member of Malaysian Institute of Accountants (MIA), member of Institute of Singapore Chartered Accountants (ISCA), Fellow Member of the Association of Certified Chartered Accountants (FCCA) and Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). Further, assisted by engagement Director who has more than 10 years of experience in risk management and risk-based internal audit services. The engagement Director is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) of the United Kingdom.

The internal audit function and its activities are carried out in accordance with the Internal Auditing Standards set forth in the International Professional Practices Framework issued by the Institute of Internal Auditors. The appointed internal auditor reports directly to the Audit Committee with an independent assessment on the adequacy and effectiveness of the Group's internal control system.

The Audit Committee has reviewed the adequacy and effectiveness of the internal audit function performed by WCA and ensured that the internal audit function is independent, effective and adequately resourced.

By Order of the Board

ISDN Holdings Limited
Teo Cher Koon
President and Managing Director
9 April 2021