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ISDN HOLDINGS LIMITED

億仕登控股有限公司*

(Incorporated in Singapore with limited liability)

(Company Registration No.: 200416788Z)

(Singapore Stock Code: I07.SI) (Hong Kong Stock Code: 1656)

INSIDE INFORMATION

DIVIDEND POLICY

This announcement is made by ISDN Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board of Directors of the Company (the “**Board**”) resolved on 20 June 2017 to adopt a dividend policy that aims to provide shareholders of the Company (“**Shareholders**”) with a target annual dividend payout of 25% of the net profit attributable to Shareholders in any financial year, whether as interim and/or final dividends. Such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board.

In proposing any dividend payout, the Board shall also take into account, inter alia:-

- a) the Company's actual and expected financial performance;
- b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- d) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- e) the Group's expected working capital requirements and future expansion plans;

- f) general economic conditions, business cycle of the Group's motion control business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- g) any other factors that the Board deem appropriate.

This dividend policy and the declaration and/or payment of future dividends under this policy are subject to the Board's continuing determination that this dividend policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders, and are in compliance with all applicable laws and regulations. The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and this dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Any dividends declared by the Company must be approved by an ordinary resolution of Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim dividends as appear to the directors to be justified by the profits of the Group.

By order of the Board
ISDN Holdings Limited
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Joint Company Secretary

Singapore, 20 June 2017

As at the date of this announcement, the Board comprises two executive directors, being Mr Teo Cher Koon and Mr Kong Deyang; and three independent non-executive directors, being Mr Lim Siang Kai (Chairman), Mr Soh Beng Keng and Mr Tan Soon Liang.

** For identification purpose only*