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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

**RESPONSE TO SGX REGCO'S QUERIES IN RELATION TO
THE MEDIA RELEASE DATED 5 AUGUST 2024**

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 7 August 2024.

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

Hong Kong, 7 August 2024

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. Tan Soon Liang (Chairman), Mr. Sho Kian Hin and Ms. Heng Su-Ling Mae as independent non-executive directors of the Company.

ISDN HOLDINGS LIMITED

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RESPONSE TO SGX REGCO'S QUERIES IN RELATION TO THE MEDIA RELEASE DATED 5 AUGUST 2024

The Board of Directors (the "**Board**") of ISDN Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") sets out its responses to the queries of 6 August 2024 raised by the Singapore Exchange Regulation ("**SGX RegCo**") in relation to the Company's media release dated 5 August 2024 titled "ISDN Holdings to increase its stake in a laser technology solutions company to address rising demand from key target industries" ("**Media Release**").

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

Q1. It is noted that ISDN "intends to increase its effective shareholding in IDI Laser from 33.33% to 70.00% through its wholly owned subsidiary, Motion Control Group Pte Ltd for a modest capital outlay" (the "Proposed Transaction").

In this regard, please provide the relative figures and underlying computations pursuant to Listing Rule 1006. Please also clarify how the Company has complied with Listing Rule 1008(2), 1010(3) and 1010(5), for which the Company must announce the details of the consideration and the value of the assets acquired.

Company's Response:

Background information

The Company's wholly owned subsidiary, Motion Control Group Pte Ltd ("**MCG**") intends to enter into a Sales and Purchase Agreement to acquire 444,994 ordinary shares for S\$600,000 (the "**Acquisition**"). Following the Acquisition, MCG intends to enter into a subscription agreement (the "**Subscription**") to subscribe for 595,008 ordinary shares for S\$130,000. Following the Acquisition and Subscription, MCG's effective shareholding in IDI Laser will increase from 33.33% to 70.00% for a total purchase consideration of S\$730,000 (the "**Purchase Consideration**").

Chapter 10 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual

1. Listing Rule 1006 – Relative Figures and Computations:

The relative figures in relation to the Proposed Transaction pursuant to Rule 1006 of the SGX-ST, using the latest audited accounts of the Company and its subsidiaries (the "**Group**") as at 31 December 2023, are as follows:

Rule	Base	Relative Figure (%)
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
1006(b)	Net profit or net loss attributable to the assets acquired or disposed of, compared with the Group's net profit ⁽¹⁾	-0.4% ⁽²⁾

Rule	Base	Relative Figure (%)
1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	0.6% ⁽³⁾
1006(d)	The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) For the purpose of computation of these figures, "**net profit**" or "**net loss**" means profit or loss (as the case may be) including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (2) The relative figure computed on the basis in Rule 1006(b) in respect of the Proposed Transaction is derived by computing (a) the net loss of approximately S\$66,719 attributable to the increase of shareholding interests in IDI Laser based on 36.67% of the IDI Laser's net loss of S\$181,944 based on its unaudited financial statement for financial year ended 31 December 2023 ("**FY2023**"), and (b) the Group's net profit of approximately S\$18,873,000 based on audited financial statement for FY2023.
- (3) The relative figure computed on the basis of Rule 1006(c) in respect of the Proposed Transaction is derived by computing (a) the aggregate value of the Purchase Consideration of S\$730,000 and (b) the Company's market capitalisation of approximately S\$127,110,060 derived by multiplying the number of shares in issue of the Company as at 2 August 2024 of 446,000,209 by the weighted average share price of S\$0.285 of such shares transaction on 2 August 2024, being the market day preceding the date of the sale and purchase and subscription agreements. The Company does not have any treasury shares.
- (4) The Proposed Transaction does not involve any issue of equity securities by the Company as consideration.

As the absolute relative figures under Rule 1006 of the SGX-ST Listing Manual do not exceed 5%, the Proposed Transaction constitutes a non-discloseable transaction under Chapter 10 of the SGX-ST.

2. Compliance with Listing Rules 1008(2), 1010(3), and 1010(5):

As the absolute relative figures under Rule 1006 of the SGX-ST Listing Manual do not exceed 5%, the Proposed Transaction constitutes a non-discloseable transaction under Chapter 10 of the SGX-ST. Consequently, no formal announcement has been made to SGX under Rule 1010 of the SGX-ST Listing Manual.

The Company is of the view that the media release made on 5 August 2024 was intended for informational purposes and does not constitute a formal disclosure under the SGX-ST Listing Manual. The required disclosure under Rule 1008(2) of the SGX-ST Listing Manual has since been disclosed above in this announcement.

Q2. It is stated that “the investment is expected to bring significant value to the Group’s ISDN Systems Solutions pillar by expanding its solutions portfolio and market reach”. As such, please also clarify whether the Proposed Transaction will have a material impact on the Group’s financial position and financial performance.

Company’s Response:

The Company has five pillars of excellence, which comprises ISDN Motion Control, ISDN Systems, ISDN Software, ISDN Precision Manufacturing, and ISDN Renewable Energy. The Proposed Transaction will bring significant value to the Group’s ISDN Systems Solutions pillar, which accounts for approximately 13% of the Group’s revenue from this pillar. However, the Proposed Transaction only account for approximately 1% of the Group’s FY2023 revenue and it will not have an immediate material impact on the Group’s overall financial position and financial performance.

By Order of the Board

ISDN Holdings Limited
Teo Cher Koon
President and Managing Director
7 August 2024