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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)

(Stock code: 1656)

(Singapore stock code: I07.SI)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER SUPPLY AGREEMENT

REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Announcement in relation to the Master Supply Agreement entered into between the Company and Dirak Holding on 2 January 2020.

Based on the information currently available to the Board, the Board anticipates that the total purchase price payable by the Dirak Group to the Group in respect of Product A for the financial years ending 31 December 2021 and 31 December 2022 will exceed the Existing Annual Caps of S\$9.0 million and S\$10.0 million as set out in the Master Supply Agreement. The Company has therefore proposed to revise the Existing Annual Caps for both financial years ending 31 December 2021 and 31 December 2022 from S\$9.0 million to S\$10.0 million and from S\$10.0 million to S\$12.0 million, respectively.

LISTING RULES IMPLICATIONS

According to Rule 14A.54 of the Listing Rules, as the Company has proposed to revise the annual caps for continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction. Dirak Holding is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. As a result, the transactions as contemplated under the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, annual review and announcement requirements, but are exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to the Master Supply Agreement entered into between the Company and Dirak Holding on 3 January 2020. The principal terms of the Master Supply Agreement and information on the historical transaction amount between the Company and Dirak Holding were set out in the Announcement.

The principal terms (including the pricing policy) of the Master Supply Agreement, details of which are set out in the Announcement, have remained unchanged.

For the ten months ended 31 October 2021, the transaction amount in respect of Product A was approximately S\$7.9 million. The Company also confirms that as at the date of this announcement, the transaction amount of Product A under the Master Supply Agreement has not exceeded the Existing Annual Caps.

Based on the information currently available to the Board, the Board anticipates that the total purchase price payable by the Dirak Group to the Group in respect of Product A for the financial years ending 31 December 2021 and 31 December 2022 will exceed the Existing Annual Caps. The Company has therefore proposed to revise the Existing Annual Caps for both financial years ending 31 December 2021 and 31 December 2022.

THE EXISTING AND REVISED ANNUAL CAPS

Due to the increase in demand of Product A, the Board anticipates that the total purchase price payable by the Dirak Group to the Group in respect of Product A under the Master Supply Agreement for the financial years ending 31 December 2021 and 31 December 2022 will exceed the Existing Annual Caps of S\$9.0 million and S\$10.0 million as set out in the Master Supply Agreement. Based on the preliminary assessment of information currently available to the Board, the Company has proposed to revise the Existing Annual Caps for the financial years ending 31 December 2021 and 31 December 2022 as follows:

<u>Financial year ending</u>	<u>Existing Annual Cap (S\$)</u>	<u>Revised Annual Cap (S\$)</u>
31 December 2021	9.0 million	10.0 million
31 December 2022	10.0 million	12.0 million

The Revised Annual Caps are determined with reference to following factors:

1. the historical transaction amount in respect of the transactions under the Master Supply Agreement; and
2. the most up-to-date estimation of the demand of Product A from the Dirak Group and the anticipated increase in the sales of Product A in line with the business cooperation between the Group and Dirak Holding.

The Company will continue to closely monitor the transactions to be incurred between the Group and the Dirak Group in respect of the purchase and sale of the Products prior to the expiry of the Master Supply

Agreement. If any of the Revised Annual Caps stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAPS

The Board has been closely monitoring the demands of the Products. Based on the total sales of Product A during the period from 1 January to 31 October 2021, the Directors anticipated that there will be an increase in the total sales of Product A. By the adoption of the Revised Annual Caps, the Group will be able to fulfil the expected increase in demand of Product A from Dirak Group in the remaining period in the year ending 31 December 2021 and the financial year ending 31 December 2022. The Directors believe that Dirak Holding, a company principally engaged in developing and manufacturing of innovative engineering components broadly including hinges, locks, latches, fasteners and other industrial hardware, has been purchasing Product A from the Group mainly because of its quality and reliability. Hence, the Directors are of the view that the Group will benefit from the adoption of the Revised Annual Cap which allows the Group to generate more revenue from the sale of Product A.

CONFIRMATION FROM THE DIRECTORS IN RELATION TO REVISED ANNUAL CAPS

The Revised Annual Caps have been approved by the Board. The Directors (including the independent non-executive Directors) confirmed that the Revised Annual Cap is on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Since Mr. Teo Cher Koon, the executive Director of the Company, being the connected person of the Company, who owns 1% of the total issued shares in Dirak Asia, has material interest in the transactions contemplated thereunder, Mr. Teo has abstained from voting at the Board meeting to approve the Revised Annual Caps. Save for Mr. Teo, none of the other Directors is or is deemed to have a material interest in the transactions contemplated under the Master Supply Agreement.

INFORMATION OF THE COMPANY

The Company is an integrated engineering solution provider principally focusing on industrial computing and other specialised engineering solutions.

INFORMATION OF THE PARTIES AND RELATIONSHIPS OF THE PARTIES

Dirak Holding is a private limited company incorporated in Germany and is owned as to 75% by Mr. Lukas Ramsauer and 25% by Mr. Michael Ramsauer as at the date of this announcement. Dirak Holding is a company principally engaged in developing and manufacturing of innovative engineering components broadly including hinges, locks, latches, fasteners and other industrial hardware. Dirak Holding owns 50% shareholding interest in Dirak Asia, which is an indirect non-wholly owned subsidiary of the Company. Hence, Dirak Holding is a connected person of the Company at the subsidiary level.

IMPLICATIONS UNDER THE LISTING RULES

According to Rule 14A.54 of the Listing Rules, as the Company has proposed to revise the annual caps for continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction. Dirak Holding owns 50% shareholding interest in Dirak Asia, which is an indirect non-wholly owned subsidiary of the Company. Therefore, Dirak Holding is a connected person of the Company at the subsidiary level under

Rule 14A.07(1) of the Listing Rules. As a result, the transactions as contemplated under the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, annual review and announcement requirements, but are exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

“Announcement”	the announcement of the Company dated 3 January 2020
“Board”	the board of Directors
“Company”	ISDN Holdings Limited, a company incorporated in Singapore with limited liability, the Shares of which are listed on the Main Board of the Singapore Stock Exchange Securities Trading Limited and the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Master Supply Agreement
“Dirak Holding”	Dirak Holding GmbH, a private limited company incorporated under the laws of Germany
“Dirak Asia”	Dirak Asia Pte Ltd, a private limited company incorporated in Singapore under the Companies Act on 30 September 1997 and an indirect non-wholly owned subsidiary of our Company
“Dirak Group”	Dirak Holding, together with its subsidiaries
“Director(s)”	the director(s) of the Company
“Existing Annual Caps”	the existing annual caps for the sale of Product A for the financial years ending 31 December 2021 and 31 December 2022, respectively as stated in this announcement and in the Announcement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply Agreement”	The agreement dated 2 January 2020 and entered into between the Company and Dirak Holding for the sale of Product A from the Group to the Dirak Group and purchase of Product B from the Dirak Group to the Group
“Product A”	the hinges and locks products and the related knowhow being made in China (subject to revision to be agreed between the Company and Dirak Holding), as set out in the Master Supply

	Agreement, sold or to be sold by the Group to the Dirak Group
“Product B”	the hinges and locks products and the related knowhow being made in Germany (subject to revision to be agreed between the Company and Dirak Holding), as set out in the Master Supply Agreement, sold or to be sold by the Dirak Group to the Group
“Products”	Product A and Product B
“Revised Annual Caps”	the revised annual caps for the sale of Product A for the financial years ending 31 December 2021 and 31 December 2022, respectively as stated in this announcement
“Shareholder(s)”	shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“S\$” or “SGD”	Singapore dollar(s), the lawful currency of Singapore

By Order of the Board

ISDN HOLDINGS LIMITED

Mr. Teo Cher Koon

President and Managing Director

Hong Kong, 3 December 2021

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.