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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

**RESPONSES TO QUESTIONS RECEIVED FOR
ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2023**

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 21 April 2023.

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

Hong Kong, 21 April 2023

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.

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RESPONSES TO QUESTIONS RECEIVED FOR ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2023

The Board of Directors (the “**Board**”) of ISDN Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcements dated 28 March 2023 in relation to the Company’s annual report for the financial year ended 31 December 2022 and its annual general meeting to be held on 28 April 2023.

The Company would like to thank all shareholders for their active participation in the upcoming AGM by submitting their questions in advance.

The Company has consolidated the questions submitted by shareholders and have set out responses to the questions at Annex A of this announcement.

By Order of the Board
ISDN Holdings Limited

Teo Cher Koon
President and Managing Director
21 April 2023

Annex A

Responses to Questions from Shareholders

Query 1:

ISDN has more than 10,000 enterprise customers in Asia with the top 5 customers accounting for less than 30% of its revenue for at least the past 5 years. A diversified customer base is good but may also signal more cost and effort to maintain while capturing a small quantum of revenue per customer. What is the Board's view on this statement, specifically, to also address the constraints and potentials of raising revenue quantum per customer?

Company's Response:

The Board considers broad customer base a highly strategic asset for ISDN. The benefits of the broad customer base include:

- **Unrivaled market intelligence.** We are able to listen to real customer feedback on market trends, technology needs, and automation opportunities across many customers and industries throughout Asia. This gives us truly proprietary perspective on Asia's automation needs, helping to inform our strategy and allocation of resources to make sure we remain relevant to the growing industrial needs of Asia.
- **The benefit of risk diversification** across many customers and industries. This has helped generate resilience in ISDN's performance through difficult periods including, most recently, COVID-19, the economic downcycle in China, and the electronics and semiconductor downcycle underway today.
- **Attractive upside possibilities** — as China and Southeast Asia are both growing economies, a broader network of customers allows ISDN to capture solid spend upside. Simply put, it's possible to lose a maximum of 1x revenue for a single customer over time. But a growing customer can increase spend by 5x or 10x over time. A large customer base creates a larger base to capture the upside possibilities more reliably.
- **Economies of scale and scope** — It's correct to note that it is not easy to serve thousands of customers. However, ISDN's ability to execute at this scale and scope over time creates a competitive "moat" for smaller companies looking to compete with ISDN. We are able to deploy our innovation, sales offices, and technical capabilities over a broader set of customers to realise cost economies, innovation economies, and operating leverage over time as we grow.

Query 2:

Revenue from 'other specialised engineering solutions' and 'industrial computing solutions' are much smaller compared to 'motion control'. What are the potentials for the smaller operating segments to scale up independently or do they exist to complement the core business in 'motion control'?

Company's Response:

Although we segment our revenues, ISDN offers a solution-based approach to meeting customer automation needs. Therefore, we tend to view the core automation business as a unified group rather than considering the industrial computing and specialised engineering segments as different businesses with different growth vectors.

ISDN has advanced considerably in its abilities to offer full solutions (and not just components) to customers in recent years. However, our capabilities form a continuum from components to full solutions, and it is not easy for us to segment our business by distinct capabilities as they are often combined and delivered together to meet a given customer's needs.

We continue to examine approaches to providing better meaningful segmentation of the core business for investors over time.