



ISDN Holdings
LIMITED

Incorporated in Singapore with limited liability
Singapore Stock code : I07.SI
Hong Kong Stock code : 1656

POWERING ASIA'S INDUSTRIAL FUTURE

ANNUAL REPORT 2025

MOTION CONTROL

SYSTEM SOLUTIONS

SOFTWARE

PRECISION MANUFACTURING

RENEWABLE ENERGY

TABLE OF CONTENTS

01	Our Vision, Our Business, Our Values
02	ISDN at a Glance
03	5-Year Financial Highlights
04	ISDN - Powering Asia's Industrial Future
05	A Business Model Fit for a Changing Global Industry
06	President's Message
08	Our Five Pillars of Excellence
10	Board of Directors
12	Key Management
13	Management Discussion and Analysis
24	Corporate Information
25	Corporate Governance Report
69	Environmental, Social and Governance Report
133	Directors' Statement
156	Independent Auditor's Report
162	Financial Statements
276	Directorship



POWERING SMART OPERATIONS FOR SUSTAINABLE GROWTH

Our Vision

We're building Asia's smart industrial future.

Our solutions help customers unlock new industrial capability, productivity, and sustainability to support the next generation of Asia's industrial growth. We partner closely with customers to deliver clear business value, while growing our business sustainably for all ISDN shareholders and stakeholders.

Our Business

ISDN Holdings Limited (“**ISDN**” or the “**Company**”), and together with its subsidiaries, the “**Group**” offers a full range of advanced automation solutions and services, ranging from precision components and engineering services to full machine and cloud solutions.

ISDN is committed to sustainable industrial growth, and is helping to build Asia's sustainable future through its dedicated clean industry solutions and its clean energy portfolio.

ISDN was founded in 1987 and was listed on the Mainboard of The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, Singapore Stock code : I07.SI) on 24 November 2005, and subsequently listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”, Hong Kong Stock code : 1656) on 12 January 2017. ISDN employs over 1,366 employees in over 75 locations throughout Asia-Pacific.

Our Values

Our values reflect a comprehensive stakeholder approach to building our vision.

We seek:

- To be a recognised leader in all the markets we serve.
- To build lasting relationships with customers and partners.
- To be an employer of choice that inspires and rewards excellence.
- To build value for shareholders through business, financial and earnings growth.
- To grow sustainably for all business and community stakeholders.

ISDN AT A GLANCE

OUR SCALE AND GROWTH

FY2025 revenue

S\$440.2m

FY2025 profit to shareholders

S\$6.8m

YoY growth in cash and cash equivalent

21%+

OUR REACH

enterprise customers throughout Asia

10,000+

locations throughout Asia

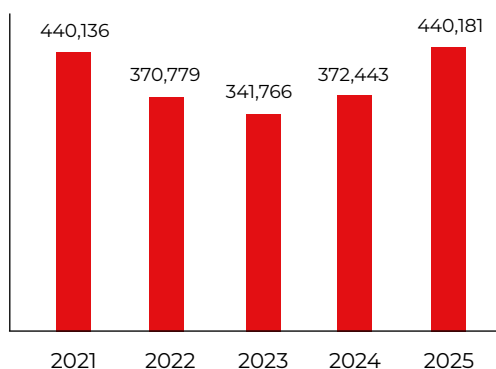
75+

employees of whom over 40% are engineers

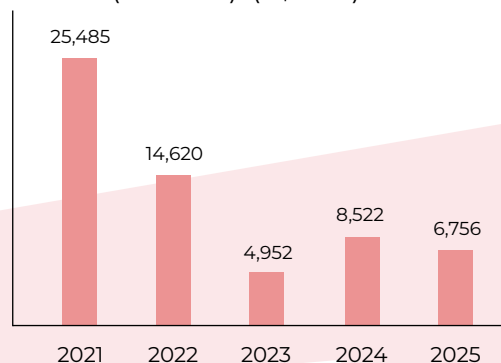
1,360+

BUILDING SHAREHOLDER GROWTH

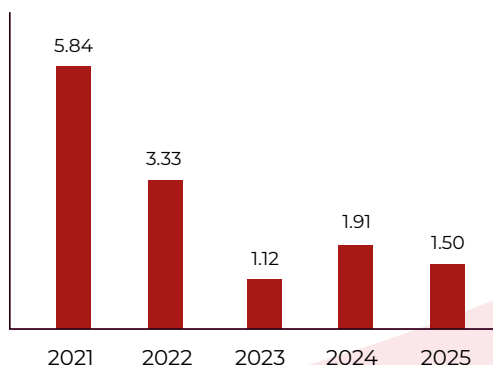
Revenue (S\$'000)



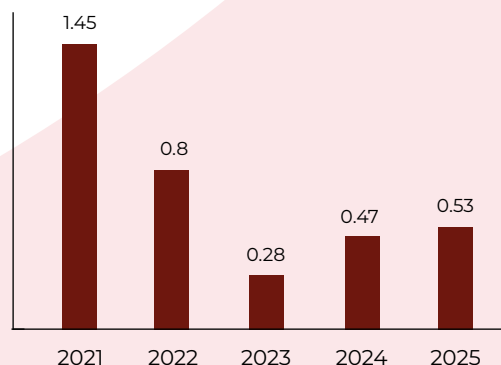
Profit Attributable to Equity Holders ("PATMI") (S\$'000)



Basic Earnings Per Share (S\$ Cents)



Dividend Trend (S\$ Cents)

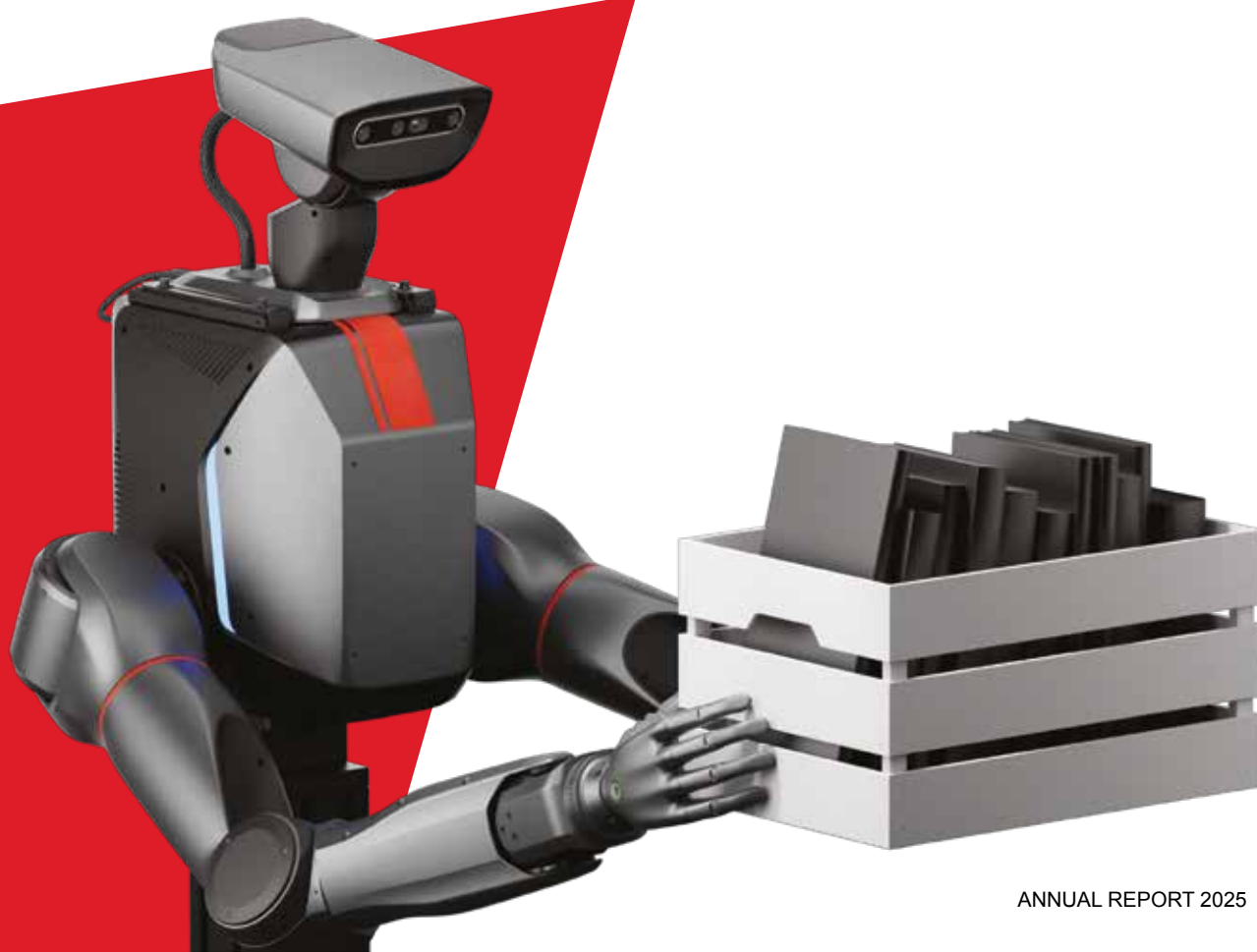


5-YEAR FINANCIAL HIGHLIGHTS

	2025 S\$'000	2024 S\$'000	2023 S\$'000	2022 S\$'000	2021 S\$'000
Revenue	440,181	372,443	341,766	370,779	440,136
Gross profit	105,212	94,915	91,134	105,888	120,384
Profit before income tax	21,073	19,654	18,873	32,027	52,473
PATMI	6,756	8,522	4,952	14,620	25,485
Equity attributable to owners of the Company	209,908	206,731	198,622	197,829	197,136
Non current assets	214,649	169,395	153,766	161,519	157,546
Current assets	245,113	246,378	246,673	238,851	257,719
Current liabilities	156,333	113,174	98,146	142,168	150,180
Non current liabilities	49,966	55,387	61,628	15,602	18,110
Cash and cash equivalents	68,122	56,129	59,262	54,128	59,021

Financial Ratios

Net Assets per Share (Singapore cents)	46.30	46.08	44.53	45.10	44.94
Basic Earnings per Share (Singapore cents)	1.50	1.91	1.12	3.33	5.84





ISDN delivers solutions that power Asia's industrial future. Today, our components and systems power semiconductor factories, advanced medical devices, clean energy plants, electric vehicles and more across Asia.

Our customers count on us to deliver when it matters: Mission-critical, on-location, and with disruptive capability. Over 10,000+ businesses throughout Asia have trusted ISDN to deliver advanced automation.

We have the **right:**



Technology

Cloud
Software
Hardware
Components



Customers

10,000+ Customers
All Industrial Verticals
Presence in China
Presence in Southeast Asia



Experience

30+ Years of Automation
Best-of-Breed Approach
75+ Locations



Strategy

Growing Market Share
Growing Market Size
Competitive Moats
Diversified Growth

ISDN - POWERING ASIA'S INDUSTRIAL FUTURE

Our automation and sustainability solutions help thousands of Companies build a more productive and sustainable future for Asia.

A BUSINESS MODEL FIT FOR A CHANGING GLOBAL INDUSTRY

Our business model is built for growing resilience over time, as it capitalises on industrial growth trends.

PRESENT STRATEGIC POSITION

GEOPOLITICAL

- Minimal US-China Tariff Impact
- Beneficiary of Asia-for-Asia Shift
- Beneficiary of China+1 Evolution

TECHNOLOGY

- Beneficiary of Industrial Automation
- Beneficiary of Global & AI Buildout
- Beneficiary of Tech→Industry Diffusion

DEMOGRAPHICS

- Beneficiary of Ageing Population
- Beneficiary of Rising Labour Skill Mix

INDUSTRIALISATION

- Beneficiary of Sustainable Industry
- Beneficiary of Asia-Native Supply Chain

A RESILIENT BUSINESS MODEL

INDUSTRIAL AUTOMATION BUSINESS

- Clear Long-Term Growth
- Full Stack of Technology Solutions
- Differentiated Ability to Serve Market (60 Geographies)



SUSTAINABLE ENERGY BUSINESS

- Recurring, Cash-Rich, Non-Cyclical Earnings
- Repeatable, Proven and Growing Growth Formula

FUTURE READINESS

Taiwan & Malaysia Expansion

Strategic Locations Where ISDN has Competitive Proposition

Uniquely Positioned to Help Implement AI into Industrial Tech Stack to Accelerate Automation

Steady Improvement of In-House vs. Best-of-Breed Brands Over Time

Proven High-Quality Earnings from Hydropower Business, with more Plants already Being Built



PRESIDENT'S MESSAGE

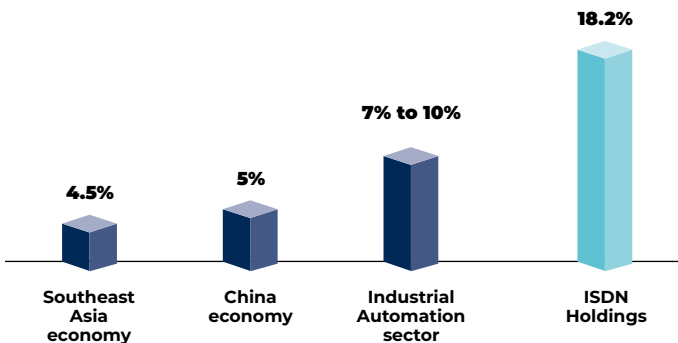
Dear Shareholders,

On behalf of the Board of Directors of ISDN Holdings Limited (“ISDN”, or together with its subsidiaries, the “Group”), I am pleased to present our annual report for the financial year ended 31 December 2025 (“FY2025”).

ISDN continues to outperform the economy and its sector.

We are pleased that ISDN delivered +18.2% revenue growth in FY2025, far outpacing growth in its core sector, key regions, and the global economy.

FY2025 growth
2025 growth over 2024 (%)



We are pleased that growth occurred in all major sectors and geographies for the Group.

In our core industrial automation business (increased by 8.9% as compared to 2024), Asia continued to advance its industrial and manufacturing capabilities with automation, and ISDN continued to grow its addressable market by expanding into new geographies (Malaysia and Taiwan), and growing the depth and breadth of its technology solutions.

In our clean energy business (increased by 164.1% as compared to 2024), we realised full-year earnings from our three operational clean energy hydropower plants, and made good progress on our next two hydropower plants, which are already delivering construction revenue.

Core profit¹, a key measure of profitability for the Group, rose 25.9% in 2025, reflecting growth in revenues and continued margin discipline for ISDN. However, foreign exchange (“FX”) revaluation of long-dated clean energy contracts added non-cash, non-recurring costs, primarily driving net income to post a slight year-on-year (“YoY”) decline of 20.7%.

Due to the non-cash, non-recurring, and long-dated nature of FX revaluations for ISDN’s clean energy business, ISDN maintains a focus on core profits as a fundamental measure of core earnings in the Group’s business.

Building long-term growth for the Group

The Group continued to make consistent progress across our five strategic pillars of growth. We note the following key trends and developments:

ISDN Motion Control Pillar

Motion control continues to grow as a fundamental technology powering almost all industrial automation. ISDN continues to hold its market share and grow from its technology in motion control. The Group is encouraged by the growth of artificial intelligence (“AI”) and semiconductor spending, which drives the demand for high-precision, advanced motion control that powers manufacturing for semiconductor chips.



The emerging use of AI to control automation provides significant opportunities in motion control as machine control requires a range of different features in our products, ranging from fine motor control to force and other sensing, real-time data capabilities, and AI-compatible control software and firmware.

ISDN Precision Manufacturing Pillar

Our investments in Metal Injection Moulding (“MIM”) production lines and intellectual property in Huzhou, Zhejiang, a ISO Class 8 of clean room facility (ISO 14644-1:2015) in our Suzhou industrial park, and the manufacturing facility in Taiwan for linear and rotary direct-drive and precision stages are beginning to yield tangible results. Our MIM investment began during the COVID-19 pandemic in 2021 and achieved a five-year compound annual growth rate (“CAGR”) of 73%, with momentum set to continue in 2026. Notably, our MIM products have been used in volume by the world-renowned luggage manufacturer. During the year, we developed an Original Design Manufacturer (“ODM”) locking system for the world-renowned data centre operator to safeguard the data racks, which will be deployed worldwide, as well as an ODM locking system for the energy storage containers with explosion-proof specifications. In the Electric Vehicle (“EV”) battery market, we began producing parts in small volume late in the year and expect significant positive revenue contribution in 2026, as progress continues as planned. Meanwhile, our precision stages and direct-drive systems are ready to scale for semiconductor backend equipment.

ISDN Software Pillars

Our successful entry into the smart factory and smart warehouse segments began with the launch of our Industrial 4.0 software suite in 2024, and we are continuing to build on that foundation through 2026. Our team has become more confident in riding this momentum to expand our business in these rapidly growing sectors. These segments are among the fastest-growing sectors in Southeast Asia, boasting a CAGR of over 15%. Backed by the Group’s in-house design systems and software solutions, we have recently upgraded and expanded our capabilities to better meet the evolving needs of the data centre market. Our software team has developed an AI-enabled solution that improves efficiency, reduces staffing requirements, and helps operators achieve a Power Usage Effectiveness target of no more than 1.25 in data centres. We are making good progress in discussions with data centre contractors across Singapore, Southeast Asia, and the Gulf Cooperation Council, with the goal of supporting their multi-year expansion plans.

ISDN System Solutions Pillars

To strengthen our capabilities in the data center sector, we invested in a mechanical and electrical engineering company in 2025, with over 15 years of experience serving data center clients, positioning the Group to expand its footprint and business opportunities.

In anticipation of a rebound in the semiconductor back-end equipment segment, we doubled down on our investment in IDI Laser Services Pte Ltd (“IDI Laser”) establishing a new entity, IDI Dynamics Pte Ltd (“IDI Dynamics”), in partnership with SIMTech A*STAR to broaden our semiconductor offerings.

Our incubated entities, IRSS Pte. Ltd. (“IRSS”) and NovaPeak Pte. Ltd. (“NovaPeak”), have grown more than 2.5 times since their inception in 2024 and 2023, respectively. IRSS has been selected as the contract manufacturer for dedicated medical equipment over

¹ Core attributable profit, or core profit attributable to equity holders, excluded the impact from unrealised foreign exchange losses/gains and non-recurring items.

the next three years. NovaPeak has established its presence in the built environment sector, transforming manual inspection workflows through AI-driven analytics and drone-based façade inspections. Their efforts led to a million-dollar contract with the Housing and Development Board (“HDB”) of Singapore, which will commence in 2026.

Additionally, together with Dafang AI Pte. Ltd. (“Dafang AI”), we secured a three-year contract to supply and lease approximately 15 Dafang painting robots to HDB or its contractors, with commencement expected by early 2028.

ISDN Renewable Energy Pillar

During the year, the Group further strengthened its renewable energy capabilities through the acquisition of a 51% interest in PT Funda Konstruksi Engineering (“PT Funda”), which provides end-to-end hydropower services spanning upstream engineering, procurement, and construction (“EPC”), as well as downstream operations and maintenance (“O&M”). The acquisition complements ISDN’s existing renewable energy operations and enabling the Group to capture value across the hydropower project lifecycle in Indonesia. More importantly, having an in-house EPC team provides a competitive edge by enabling proactive identification of project opportunities, supporting our long-term goal to focus on engineering services, reduce capex, and become asset-light in the mid-term.

Construction of the Group’s fourth and fifth hydropower plants in Indonesia remains on track, with completion expected in 2026. Upon commencement of operations, these facilities are expected to increase the Group’s total installed hydropower capacity by an additional 20 megawatts (“MW”) to 44.6 MW, generating projected recurring tariff income of approximately S\$25 million per annum.

Indonesia’s energy transition agenda continues to provide a supportive backdrop. The launch of the Electricity Supply Business Plan (“RUPTL”) 2025 – 2034 underscores the Indonesian government’s commitment to renewable energy as a central pillar of the national electricity system, with hydropower positioned among the top three sources of renewable energy capacity additions².

The Group continues to develop additional mini-hydropower projects to expand its renewable energy portfolio, enhancing the resilience of its earnings with recurring inflows.

Continuing to Invest in Core Capabilities

ISDN remains committed to adopting and advancing new and high technology. By integrating them into our core capabilities, we strengthen our competitive edge, expand our product offering to cater to evolving industrial demand, and enable smarter manufacturing for our customers.

A key new market for the Group lies in the manufacturing of components for EVs. ISDN has successfully delivered a proof of concept for electric trucks, laying the groundwork for potential commercial applications. At the same time, the electrification of marine transport is gaining traction, with the Group securing initial orders and commencing delivery of control systems, batteries, and motors to boat manufacturers serving coastal operations.

During the year, the Group also deepened strategic partnerships to strengthen its solutions offerings and market reach. ISDN collaborated with Harmonic Drive Systems to strengthen our precision manufacturing and motion control capabilities, supporting

“ISDN continues to outperform the economy and its sector, delivering 18% revenue growth and 26% core profit growth in FY2025, driven by broad-based strength across our five strategic pillars of motion control, precision manufacturing, software, system solutions, and renewable energy.”

² *Institute of Energy Economics and Financial Analysis: The risks of fossil fuel dependence in Indonesia’s Electricity Supply Business Plan (RUPTL) 2025–2034, June 2025.*

demand from high-tech sectors such as automation, aerospace, and medical. In addition, the Group broadened its partnership with Schneider Electric and deployed smart warehouse solutions, enabling advanced automation and delivering measurable efficiency gains.

Advancing Sustainable and Responsible Growth

Sustainability remained an integral part of ISDN’s long-term strategy, embedded across the key Environmental, Social and Governance (“ESG”) pillars. The Group continued to strengthen its environmental stewardship by expanding its renewable energy portfolio, with total installed capacity reaching an expected 44.6 MW upon completion, supporting Asia’s transition toward low-carbon energy solutions. Our broader solutions ecosystems also span solar energy, energy storage, building energy management, and smart-grid technologies.

On the social front, ISDN invested in advanced automation, robotics and AI-enabled solutions to enhance workplace safety, operational efficiency and service capabilities across its regional operations, while maintaining community partnerships through renewable energy projects that create jobs and infrastructure in local communities. Governance remained a key focus, with the Group upholding transparent reporting, regulatory compliance and Board oversight to ensure responsible growth.

Looking Ahead

The Group remains cautiously confident about the continued growth of its business. Industrial Automation is a long-term secular growth trend that should accelerate as AI unlocks capabilities beyond what most imagined for automation. This leading edge of innovation should drive positive spend for components, systems, and software that ISDN supplies. Outside of AI, the continued pressures of labour and materials price increases, as well as ageing workforces, are driving continued multi-year demand for industrial automation.

The Group’s clean energy business continues to grow. Our three hydropower plants deliver recurring, long-term profits, and we are making good progress on our next two plants, slated for completion in 2026.

Appreciation

In closing, I would like to express my earnest gratitude to our stakeholders for their continued support. My heartfelt appreciation goes to our dedicated team for their invaluable contributions and hard work. I also thank our Board for their steadfast guidance and stewardship. Most of all, I extend profound thanks to our shareholders for their continued trust and support.

Thank you for your continued support and confidence in ISDN.

TEO CHER KOON
Managing Director and President
ISDN Holdings Limited



OUR FIVE PILLARS OF EXCELLENCE



Our five pillars of excellence represent over thirty (30) years of accumulated experience for ISDN. Each pillar represents a powerful platform consolidating ISDN's best capabilities and talent to build thought leadership, drive innovation, and unlock economies of scale as we deliver our solutions to customers.

Our pillars drive the reliable execution of our vision. By concentrating our best experience into these global centres of excellence, we're able to translate the strategic promises of Industry 4.0 and Asia's sustainable industrial future into concrete technologies, solutions, and services that help customers build their industrial future.

ISDN Motion Control



Motion control is a foundation technology for virtually all forms of industrial automation. Industries rely on motion control technologies to manufacture and move products with ever greater precision, quality, and production scale over time. ISDN offers the full gamut of motion control solutions from the conceptualisation, design and prototyping to production, installation, testing, and aftersales service. Our global supply, service and engineering network provides engineering and commercial support for our solutions throughout their lifecycle.

Our customers typically approach us with their expectations for design, functionality, technical specifications, compatibility and/or budget, and rely on ISDN to recommend and procure the necessary combinations of engineering parts, systems, and components to deliver a solution tailored to each customer's specific industrial application.

ISDN System Solutions



As our customer needs have grown over time, we have expanded our capabilities to include full systems engineering and production. ISDN can provide design, engineering, production, integration and lifecycle services for complete systems that integrate hardware, software, networking and intelligence.

Today, ISDN has delivered systems across diverse industries from manufacturing to advanced agriculture, renewable energy, and civil transportation.



ISDN **Software**

As industrial automation advances towards Industry 4.0, ISDN has seen growing demand for software to provide connectivity, intelligence, and analysis to support industrial processes. Examples of software applications include machine connectivity, supervisory control and data acquisition (SCADA) systems, manufacturing execution systems (MES), and advanced industrial analytics and cloud-based intelligent systems.

ISDN's Software pillar of excellence utilises proven industrial software platforms to provide a full range of automation, intelligence, analytics, and control software offerings tailored to the specific needs of industrial customers. Our capabilities include full edge-to-cloud integration, advanced visualisation tools, wide area industrial connectivity, and machine analytics and intelligence.

ISDN **Precision Manufacturing**



ISDN's precision manufacturing capabilities provide attractive vertical integration capabilities for the Group. Today, ISDN manufactures a range of in-house products for its Motion Control business including linear motors, positioning stages, precision gearboxes, and transmission elements.

Additionally, ISDN produces high-specification hinge and lock products under the Dirak brand, for mission-critical applications, including data centers, telecommunications, transportation, and the global 3C market.

ISDN also provides specialised MIM manufacturing capabilities for industrial customers in the computing, telecommunications and electronics industries.

Our manufacturing capabilities are concentrated on our industrial campuses in Suzhou and Huzhou, Zhejiang, allowing ISDN to share manufacturing resources and improve economies of scale. ISDN's manufacturing platforms include in-house precision machining, metal injection, stamping, die casting, and product assembly.



ISDN **Renewable Energy**

ISDN seeks to build Asia's clean industrial future, and has developed a portfolio of renewable energy solutions to help customers shift to or expand sustainable industrial practices.

ISDN offers engineering and technology solutions for solar energy, energy storage, advanced agriculture, industrial disinfectants, building energy management, and energy smart grids.

In addition to its growing solutions portfolio, ISDN has invested in five (5) mini hydropower plants in Southeast Asia to embody a corporate commitment to a sustainable future for Asia's industry. Today, ISDN provides renewable hydroelectric energy, jobs, and infrastructure in collaboration with the Anggoci, Sisira and Lau Biang communities in Indonesia.

BOARD OF DIRECTORS



Mr. Tan Soon Liang (陳順亮)
Chairman and Independent Non-Executive Director

Mr. Tan Soon Liang (陳順亮), aged 53, is Chairman and Independent Non-Executive Director of the Company. Mr. Tan was appointed as an Independent Non-Executive Director of the Company on 18 August 2016. Since May 2009, he has served as the Managing Director of Ti Ventures Pte. Ltd., which invests in growing businesses and leads M&A and corporate development advisory services in respect of company growth and transformation. He has also served as a director of Ti Investment Holdings Pte. Ltd., which invests in growth companies, since June 2010 and a managing director of Omnibridge Capital Pte. Ltd., a company which focuses on early-stage angel and venture capital investments in startups and fast-growing companies and is involved in corporate development and advisory services, since December 2014.

Mr. Tan has further served as an independent director in Catalyst-listed Choo Chiang Holdings Limited (42E), a leading retailer and distributor of electrical products and accessories in Singapore, since August 2018. He is an independent director in ValueMax Group Limited, a company listed on the Mainboard of the SGX-ST under stock code T6I, which provides pawnbroking and secured moneylending services and the retailing and trading of pre-owned jewellery and gold, having been appointed in January 2022.

Mr. Tan is also an independent director in Catalyst-listed Far East Group Limited (5TJ), a leading regional distributor of commercial and light industrial refrigeration systems and products with more than 70 years of experience in the heating, ventilation, air-conditioning and refrigeration industry in South East Asia and the People's Republic of China, since May 2024. Mr. Tan has further served as an independent non-executive director of MainBoard-listed Stamford Land Corporation Ltd (H07), an independent owner-operator of luxury hotels in Australia, and an established real estate developer and investor, since July 2024 and as an independent non-executive director in Catalyst-listed Eurosports Global Limited (5G1), a leading luxury lifestyle company specialising in the business of distribution of ultra-luxury automobiles, electric motorcycles and the provision of after-sales services, since October 2024. Mr. Tan served as an independent director in Catalyst-listed GDS Global Limited (5VP), a leading specialist provider of commercial and industrial door and shutter solutions in Singapore and the South East Asia region from March 2020 to November 2023, an independent director in Catalyst-listed Colex Holdings Limited (567), an investment holding company, provides waste management services in Singapore, since April 2021 to March 2023. Mr. Tan served as an independent director in Catalyst-listed Clearbridge Health Limited (1H3), a healthcare company with a focus on the delivery of precision medicine in Asia and its vision to empower clinicians and healthcare professionals to make more reliable and accurate diagnoses, from November 2017 to June 2023. Mr. Tan served as an independent director in Catalyst-listed Wong Fong Industries Limited (1A1), a provider of land transport engineering solutions from June 2016 to April 2019.

Mr. Tan has been a director of Spectra Secondary School since January 2022 and has served as the President of Nanyang Business School Alumni Association at Nanyang Technological University since January 2022. He has also served as a member of the School Advisory Committee at Bukit Panjang Government High School since January 2025.

Mr. Tan holds a Bachelor of Business (Honours) Degree from Nanyang Technological University, which he obtained in July 1997. Mr. Tan also holds a Master of Business Administration Degree from the University of Hull, United Kingdom, which he obtained in February 2001. Mr. Tan is also a CFA charterholder since September 2000, as well as a member of the Singapore Institute of Directors since June 2022.



Mr. Teo Cher Koon (張子鈞)
Managing Director and President

Mr. Teo Cher Koon (張子鈞), aged 67, is the President, Managing Director and Controlling Shareholder of the Company, and was appointed to the Board of ISDN on 28 December 2004. Mr. Teo joined Servo Dynamics Pte Ltd ("**Servo Singapore**") as a sales administration manager in July 1987. In November 1989, he was appointed as a Director of Servo Singapore. He has amassed more than 30 years of experience in the motion control and industrial computing industries and is experienced in all aspects of our business. Under Mr. Teo's leadership, our Group grew steadily from a local start-up supplier of servo motors to our Group as it is today, with 98 subsidiaries and 75 sales offices all over Singapore, China, Hong Kong, Malaysia and a few other Asian countries, including Vietnam, Thailand, Taiwan and Indonesia as at 31 December 2025. Mr. Teo is responsible for formulating our corporate strategy, general management and providing technical advice to our Group, and is particularly active in the procurement and marketing activities of our Group.

Mr. Teo obtained a Bachelor of Engineering (Mechanical) from the National University of Singapore in June 1987 and a Technician Diploma in Mechanical Engineering from Ngee Ann Technical College in April 1978.

Mr. Teo is the sole director of Assetraise Holdings Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**").



Mr. Kong Deyang (孔德揚)
Executive Director and Senior Vice President – China Operations

Mr. Kong Deyang (孔德揚), aged 65, is an Executive Director of the Company, and was appointed to the Board of ISDN on 26 September 2005. Mr. Kong is in charge of all aspects of our business operations in China, from charting and developing growth policies for our China businesses to managing the day-to-day operations of our subsidiaries in China. Mr. Kong joined Maxon Suzhou as its vice general manager in June 1995, and he has been serving as director since August 2001, in charge of the day-to-day operations of some of our subsidiaries in China, which are involved in the motion control and other specialised engineering solutions businesses.

Mr. Kong graduated from the Beijing Technical University in July 1982 with a Degree in Optical Engineering and was awarded the "Young and Middle-aged State-ranking Experts with Outstanding Contribution" award by the China State Council in January 1994.



Mr. Toh Hsiang-Wen Keith
Non-Executive Director

Mr. Toh Hsiang-Wen Keith, aged 51, is a Non-Executive Director of the Company, and was appointed to the Board of ISDN on 10 May 2019. Mr. Toh is a Partner and Director at Novo Tellus Capital Partners, an investment firm focused on technology and industrials investments globally. Mr. Toh has held numerous board positions with technology companies worldwide over the last two decades. Mr. Toh serves as Chair of SP Manufacturing Pte. Ltd., Chair of TDConnex Global Pte. Ltd. In addition, Mr. Toh is a Director on the boards of several other private companies, including NT Thor Pte. Ltd. and NT Thor Holdings Pte. Ltd.. Mr. Toh was formerly a Principal at Francisco Partners, a global technology-focused private equity firm, where he focused on investments in global technology sectors, including advanced manufacturing, industrial automation, software and cloud infrastructure, semiconductors, and optical

communications. Earlier in his career, Mr. Toh was a product lead at Trilogy Enterprise Inc, an enterprise software company, and held engineering research roles at Stanford University and at the Ministry of Defence of Singapore.

Mr. Toh holds a Bachelor of Science in Electrical Engineering from Stanford University.



Ms. Heng Su-Ling Mae (王素玲)
Independent Non-Executive Director

Ms. Heng Su-Ling Mae (王素玲), aged 55, is an Independent Non-Executive Director of the Company and was appointed to the Board of ISDN on 30 April 2024. Ms. Heng has over 16 years of experience working at Ernst & Young Singapore. She has served as an independent non-executive director of Rex International Holding Limited (5WH) since May 2022, a multinational oil exploration and production company which is listed on the Mainboard of the SGX-ST. Ms. Heng has been an independent non-executive director of Chuan Hup Holdings Limited (C33) since April 2018, an investment company with a diversified portfolio of strategic investments listed on the Mainboard of the SGX-ST. She has also been a lead independent non-executive director of HRnetGroup Limited (CHZ) since May 2017, a recruitment and consulting company based in Singapore, which is listed on the Mainboard of the SGX-ST. Ms. Heng served as an independent non-executive director of Ossia International Limited (O08) from April 2010 to July 2024 and transitioned to become a non-independent, non-executive director. Ossia International Limited is a regional distributor and retailer of lifestyle, outdoors, and accessories products, a company listed on the Mainboard of the SGX-ST. She also serves as an independent non-executive director of Progen Holdings Ltd (583) since May 2024, a one-stop service provider to a wide variety of cooling systems providers on the Catalist of the SGX-ST. She also holds directorships in the Drew & Lee group of family-owned investment holding companies.

Ms. Heng was an independent non-executive director of Apex Healthcare Berhad (delisted from Bursa Malaysia since 27 January 2026) from November 2008 to May 2023. She also served as an independent non-executive director at Novo Tellus Alpha Acquisition (NTAA) from January 2022 to February 2024, a SGX listed acquisition company (delisted from SGX-ST since 22 February 2024) as well as an independent non-executive director of Grand Venture Technology Limited (JLB) from January 2019 to November 2025, a manufacturing solutions and service provider for the semiconductor, analytical life sciences, electronics, aerospace, medical and other industries, which was listed on the Mainboard of the SGX-ST (delisted from SGX-ST since 4 November 2025).

Ms. Heng holds a Bachelor of Accountancy from the Nanyang Technological University of Singapore. She is a fellow member of the Institute of Singapore Chartered Accountants (ISCA) and a member of the ASEAN Chartered Professional Accountant (ASEAN CPA).



Mr. Sho Kian Hin (蘇健興)
Independent Non-Executive Director

Mr. Sho Kian Hin (蘇健興), aged 56, is an Independent Non-Executive Director of the Company and was appointed to the Board of ISDN on 30 April 2024. Mr. Sho has over 20 years of experience in financial reporting and regulatory compliance and was involved in various financial related activities such as equity and pre-IPO fund raising, mergers and acquisitions, restructuring and group tax optimisation. Mr. Sho started off his professional training with Victor & Company in 1990. From 1995 to 2002, Mr. Sho was with Ernst & Young as an Assurance and Advisory Business Service Manager.

From 2007 to 2013, Mr. Sho was appointed as executive director and chief financial officer of China Farm Equipment Pte. Ltd. (previously known as China Farm Equipment Limited, delisted from SGX-ST since 22 February 2013) ("**China Farm Equipment**"), a company principally engaged in designs, develops, produces and distributes farming equipments. He was responsible for, amongst other things, the planning and management of China Farm Equipment's financial and taxation matters. He acted as the key liaison person with the SGX-ST, supervised compliance with corporate governance, and handled investor relations, regional roadshows, as well as funding options for China Farm Equipment. Mr. Sho remains as the director of China Farm Equipment from February 2013 to October 2024. After China Farm Equipment was privatised in 2013, Mr. Sho was appointed as a corporate development director in Hunan Longzhou Farm Equipment Holdings Co., Ltd, a subsidiary of China Farm Equipment. He was involved in the corporate exercise to list its assets in China until 2017.

Mr. Sho has served as an independent director of Brook Crompton Holdings Ltd. (AWC), a world leader in high-efficiency electric motors, a company listed on the Mainboard of SGX-ST, since May 2025. He is also serving as an independent director in Catalist-listed Figtree Holdings Limited (5F4), a company that designs and builds commercial and industrial facilities in Singapore, Australia and China since August 2024. Mr. Sho has served as an independent director in Mainboard-listed JB Food Limited (BEW), one of the major cocoa ingredients, namely cocoa mass, cocoa butter and cocoa powder producers in the world, since July 2024. Mr. Sho has been an independent director in Catalist-listed Choo Chiang Holdings Limited (42E), a leading retailer and distributor of electrical products and accessories in Singapore, since November 2018. Mr. Sho has also served as an independent non-executive director in Catalist-listed OUE Healthcare Limited (5WA), a Pan-Asian healthcare group that owns, operates and invests in quality healthcare assets and operations in high-growth Asian markets, since January 2017. Mr. Sho has further served as a director in Hartanah Kencana Sdn Bhd., an investment holding company in Malaysia since August 2013.

Mr. Sho served as an independent director in Catalist-listed Quantum Healthcare Ltd (V8Y), a healthcare company that strategically leverages resources and experiences in dental services, medical equipment, and wellness, to research and development from September 2015 to November 2024. Mr. Sho served as an independent director in Catalist-listed Sim Leisure Group Ltd, a well-established designer, developer and operator of theme parks from June 2022 to April 2023, and as an independent director in Versalink Holdings Ltd., Malaysia's leading office furniture manufacturer and exporter from September 2021 to July 2023.

Mr. Sho is a Fellow of the Association of Chartered Certified Accountants (FCCA), and a member of the Singapore Institute of Directors.

JOINT COMPANY SECRETARIES

Ms. Gn Jong Yuh Gwendolyn and Ms. Tung Wing Yee Winnie are the joint company secretaries of our Company during the year.

Ms. Gn Jong Yuh Gwendolyn (鄧鐘毓), aged 54, was appointed as our company secretary on 5 February 2007. She is currently a partner of Shook Lin & Bok LLP and specialises in the areas of corporate finance, capital markets, corporate and commercial law, as well as mergers and acquisitions. She has been responsible for our Company's compliance with all relevant statutory and regulatory requirements in Singapore since her appointment. Ms. Gn joined Shook Lin & Bok LLP in October 2006 and has been active in acting for both listed and unlisted corporations in regional mergers and acquisitions, takeovers and reverse takeovers. She also regularly advises clients and financial institutions on corporate governance, regulatory and corporate compliance issues. Ms. Gn was admitted as an Advocate & Solicitor, Singapore in April 1995 and obtained an LLB (Hons) from the National University of Singapore in July 1994.

Ms. Tung Wing Yee Winnie (董穎怡), was appointed as one of our joint company secretaries on 28 February 2020. She is a senior corporate secretarial manager of Boardroom Corporate Services (HK) Limited. Ms. Tung is currently a fellow member of The Hong Kong Institute of Certified Public Accountants and a Fellow Certified Practising Accountant of the CPA Australia. Ms. Tung also has over 20 years' experience in the fields of company secretarial, financial management and corporate finance.

KEY MANAGEMENT*



MR. LAU CHOON GUAN
(劉俊源), 61
Group Vice President – Sales
(Motion Control)

Mr. Lau is responsible for analysing market demand, sales and marketing of our Group's products and executing business plans effectively. In September 1990, he was appointed as a foreman in Matsushita Electronics Components (S) Pte Ltd, a manufacturer of electrical components. In August 1991, he joined our Group as a sales engineer where he was in charge of sales and marketing before eventually being promoted to Vice President in our Group in November 2005. Given his years of experience with our Group, Mr. Lau is experienced in all areas of the motion control business. From 2014 to 2016, Mr. Lau was a committee member of the Smart Automation Technology Industry Group (formerly known as Automation Technology Industry Group, a division of the Singapore Manufacturing Federation). Mr. Lau obtained a Technician Diploma in Electrical Engineering from the Singapore Polytechnic in June 1985.



MR. WONG KWOK WHYE PETER
(黃國偉), 58
Vice President

Mr. Wong is responsible for developing the corporate growth strategies of Leaptron Engineering Pte. Ltd. and leads a team of engineering staff to support customers. Mr. Wong is also responsible for conducting training both to internal staff and customers, such as organising workshops and training seminars. He has more than 20 years of experience in the areas of marketing, sales, product development, technical support and training in the motion control industry. Mr. Wong joined our subsidiary, Servo Singapore as an application manager in July 1996, where he was in charge of the development of the technical and training team for our "Wonderware" software program. Mr. Wong obtained a Master of Technology (Software Engineering) from the National University of Singapore in June 2009, a Degree of Bachelor of Engineering (Electrical) from the Nanyang Technological University in June 1995 and a Diploma in Electronic Engineering from Ngee Ann Polytechnic Singapore, where he was also awarded a Certificate of Merit for Outstanding Performance in the Electronic Engineering Course, in August 1989.



MR. TAY GEOK KEE
(鄭業基), 63
Group Chief Technology Officer

Mr. Tay joined our Group as a General Manager of ISDN Software Business Pte. Ltd. in May 2019 and was subsequently promoted to Chief Technology Officer of our Group in January 2022. He is responsible for growing opportunities to grow ISDN's thought leadership and capability in Industry 4.0 technologies; deepen integration of ISDN's many technology offerings throughout Asia and extend ISDN's market presence in software, cloud, and systems as the Group continues to expand its core business.

From 2009 to 2019, Mr. Tay was the Technical Director of Aveva Software Singapore Pte. Ltd., lead a team of domain experts who were based across the region, responsible for working with regional sales leadership to support and contribute during the sales process through domain knowledge and expertise. In 2000, he joined Wonderware Singapore as a Technical Manager in charge of all pre-sales and post-sales technical activities. Mr. Tay obtained a Master of Science in Electrical Engineering from the National University of Singapore in April 1994 and a Bachelor of Science in Electrical Engineering from Ohio Northern University in March 1990.



MS. HO TING WAI CHRISTINE
(何靈蔚), 51
Group Chief Financial Officer

Ms. Ho joined our Group in June 2016, and she has been responsible for the financial management, financial reporting and internal control functions of the Group since then. She was also involved in the coordination, preparation of financial information and investor relations activities, such as attending road shows and conferences in the preparation of the listing of the Company's shares on the Main Board of SEHK in January 2017.

Ms. Ho has been promoted to Chief Financial Officer of the Group and will be responsible for the Group's accounting, finance, compliance, internal control, taxation and other related matters. She has more than 15 years of experience in auditing, accounting and corporate finance in private and listed companies in Singapore. Prior to joining the Group, she was formerly a financial controller of Hysendal Enterprises Pte. Ltd.. From 2011 to 2013, she was the group financial manager of Weiye Holdings Limited (delisted from SGX-ST since 24 August 2018), a company listed on the Main Board of the SGX-ST and SEHK. In 2006, she joined KPMG LLP, Singapore, as an audit senior associate, where she was eventually promoted to audit manager, and she specialised in US GAAP, SOX and US GAAS. She graduated from the University of Essex in the United Kingdom with first-class Honours Degree in Accounting in 2000. She has been a member of the Institute of Singapore Chartered Accountants since 2018.

*Reference to "Key Management" in this annual report shall include persons referred to as "Senior Management" under the Rules Governing the Listing of Securities on the SEHK ("SEHK Listing Rules").

MANAGEMENT DISCUSSION AND ANALYSIS



in FY2025, driven by revenue growth and solid price and margin performance across its businesses. ISDN continues to benefit from:

- **Favourable exposure to secular growth in industrial automation in Asia**, as the continent continues to advance economically as a global manufacturing powerhouse.
- **Long-term returns from its disciplined technology investments**, including investments during the recent downcycle aimed at expanding the Group's geographical presence and range of technology solutions.
- **Growing contribution from renewable energy**, which provides stable recurring income and, with the planned capacity expansion, is expected to expand the Group's recurring revenue base and enhance earnings resilience.

Review of FY2025 Revenue Performance

China Industrial Automation Business (63.7% of total revenue)

Revenue contribution from China's industrial automation business grew 5.4% YoY to S\$280.4 million in FY2025. Adjusting for foreign exchange fluctuations, China's revenue would have increased by 6.9% YoY on a constant currency basis, surpassing China's GDP growth of 5% and manufacturing value-added growth of 6.4%².

Growth was driven by continued adoption of Industry 4.0, the Internet of Things ("IoT") and AI, which are enabling smarter, more connected and data-driven operations. As both the public and private sectors accelerate smart manufacturing to address labour shortages and demographic challenges, ISDN remains cautiously optimistic on the long-term demand outlook for automation tools and is staying ahead of the technology curve to deliver more advanced solutions to support the newly released 15th Five-Year Plan.



BUSINESS REVIEW

In FY2025, ISDN continued to realise the benefits of its disciplined investments during the past downcycle, delivering a +18.2% YoY revenue growth. On a constant currency basis, revenue would have increased by 21.1% YoY.

Growth in the Group is driven by stronger performance across all business segments and geographies as ISDN continues to capitalise on long-term growth in industrial automation throughout Asia, as well as recurring profits from its renewable energy business:

- **Core industrial automation continues its long-term growth momentum:** ISDN reported +8.9% YoY revenue growth in industrial automation (+10.4% on a constant currency basis), supported by solid demand in both China and Southeast Asia. ISDN continued to grow its addressable market in industrial automation in FY2025, inaugurating new geographical expansions into Malaysia and Taiwan.
- **Growing contribution from the renewable energy segment (13.4% of total revenue):** In FY2025, revenue from the renewable energy segment rose +164.1% from S\$22.3 million in the financial year ended 2024 ("FY2024") to S\$58.9 million in FY2025. Growth was driven by the progressive recognition of construction revenue from S\$12.0 million in FY2024 to S\$49.3 million in FY2025 as ISDN advanced two new mini-hydropower projects in Indonesia (Lau Biang 2 and Lau Biang 3) towards projected completion in the financial year ending 2026 ("FY2026").

Excluding unrealised foreign exchange losses and non-recurring income, the Group's core shareholder profits¹ grew 25.9% YoY

¹ Core profit attributable to equity holders, excluded the impact from unrealised foreign exchange losses/gains and non-recurring items. ISDN focuses on core profit as a key driver of shareholder growth, because its long-term, recurring clean energy contracts are subject to periodic FX revaluations which cause non-cash, non-recurring accounting adjustments to net profit.

² National Bureau of Statistics of China: National Economy Pushed Forward with Innovation-led and High-quality Development and Expected Targets Achieved Successfully in 2025

MANAGEMENT DISCUSSION AND ANALYSIS



Review of FY2025 Profitability

The Group's gross profit increased by 10.8% YoY to S\$105.2 million in FY2025, mainly attributable to profitability growth across both industrial automation and renewable energy segments.

- **Steady profitability growth in industrial automation:** Gross profit and gross profit margin for the industrial automation segment rose by 9.5% YoY and 0.1 percentage point ("ppt") YoY respectively, in FY2025. Growth was primarily driven by an improved sales mix comprised of a larger proportion of higher-margin products and solutions, as well as the Group's improved project execution efficiencies.
- **Growing profitability base in the renewable energy segment:** Gross profit for the renewable energy segment increased by 22.3% YoY to S\$12.6 million, while gross profit margin declined by 24.8 ppts YoY. This was mainly attributable to the recognition of construction revenue from Lau Biang 2 and Lau Biang 3, which typically carries a lower margin profile. Excluding construction-related revenue, the gross margin from the three operating plants would have remained high at 91.5% in FY2025.

Distribution costs increased by 10.1% YoY to S\$32.8 million in FY2025, mainly attributed to higher staff-related costs of S\$2.2 million following the consolidation of new subsidiaries acquired and incorporated during the period.

Other operating expenses increased by S\$5.9 million to S\$7.7 million, largely driven by a net foreign exchange loss of S\$5.1 million, of which S\$4.5 million comprised unrealised exchange losses mainly arising from long-term contracts in the renewable energy business.

Finance costs decreased by 3.9% YoY to S\$5.3 million, primarily due to lower bank interest rates.

Share of loss from associates narrowed by 56.3% YoY, mainly due to the absence of losses from IDI Laser following the Group's stake increase from 33.3% to 70.0% and its reclassification from an associate to a subsidiary.

Consequently, ISDN registered net profit attributable to shareholders of S\$6.8 million in FY2025, compared to S\$8.5 million in FY2024. Excluding the unrealised foreign exchange losses primarily from the renewable energy business, the Group achieved a 25.9% growth in core shareholder profit in FY2025.

BUSINESS REVIEW (CONTINUED)

Southeast Asia Industrial Automation Business (20.3% of total revenue)

Revenue from Southeast Asia industrial automation business grew by 18.3% YoY to S\$89.4 million, primarily driven by Singapore (+22.4% YoY) and Malaysia (+9.6% YoY). Supported by its strategic regional presence, ISDN continued to bring advanced in-house industrial automation solutions to meet demand from newly built and upgraded industrial and manufacturing facilities across the region. Leveraging its established sales network, the Group also entered into several collaboration agreements with global leading technology partners to launch and scale regional sales, further enhancing ISDN's sales product portfolio.

The Group believes that ISDN is gaining market share in Southeast Asia and remains confident in the region's growth prospects, as global supply chain diversification continues to advance.

Renewable Energy Business (13.4% of total revenue)

In FY2025, renewable energy revenue more than doubled to S\$58.9 million. The three operational mini-hydropower plants continued to generate stable, recurring income streams for the Group. With two additional projects expected to complete construction and commence commercial operations in 2026, the Group's total hydropower capacity is projected to increase by a further 20 MW to 44.6 MW, materially expanding its recurring income base. While foreign exchange movements may continue to weigh on reported performance, ISDN views these impacts as non-cash accounting impacts and remains confident in the segment's long-term strategic value to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK

ISDN's Growth Strategy

In FY2025, the Group continued to realise growth from its favourable exposures to industrial automation and renewable energy in Asia. Both markets have solid, long-term growth momentum as Asia continues to expand economically. In FY2026, the Group remains focused on:

- **Continuing to extend its market presence in industrial automation** as it capitalises on long-term growth in its core geographies and offerings; continues building its new markets in Malaysia and Taiwan; and continues to grow its broad portfolio of technology solutions.
- **Continuing to scale its renewable energy business** with the targeted commercialisation of its next 2 mini hydropower plants in FY2026. The completion of these new plants is expected to increase total power output by +81.3% to 44.6 MW per year, creating meaningful growth in recurring profits from the Group's renewable energy business.

While the Group anticipates growth conditions for the year, it remains vigilant to systemic risks in the global economy and global supply chain. Persistent geopolitical tensions, trade and tariff volatility, and inflationary risks can create headwinds for the macro-economy. ISDN does not have direct exposure to US tariffs, as it does not have meaningful business in the United States, but we remain cautious on expense growth as Asia navigates a cautious industrial growth trajectory in 2026.

Therefore, the Group will remain prudent in capital management, aiming to advance its disciplined investment and business incubation strategy while prioritising the delivery of sustainable value to shareholders.



Key Addressable Markets Outlook China Industrial Automation Business

In 2025, China's total value added of industrial enterprises above the designated size increased by 5.9% YoY. In terms of sectors, manufacturing value added rose 6.4% YoY, while equipment manufacturing and high-tech manufacturing expanded by 9.2% and 9.4% YoY, respectively³. These figures reflect resilient industrial output and sustained momentum in equipment and high-tech manufacturing in China.

Building on this momentum, China released the official recommendations for the 15th Five-Year Plan in October 2025, outlining the country's strategy for high-quality, innovation-driven growth, focusing on industrial upgrading, technological self-reliance, increased domestic demand, and expanded openness⁴.

In addition, in early 2025, China announced it would set up a state-backed venture capital fund focused on robotics, AI and cutting-edge innovation. The long-term fund is expected to attract nearly 1 trillion yuan (approximately US\$138 billion) in capital from local governments and the private sector over 20 years, focusing on advancing China's technology-driven success in manufacturing⁵.

Capitalising on both government and private sector-led industrial growth momentum, the Group will remain focused on technological advancement and delivering solutions that support the expansion of high-end industries, while meeting rising automation demand across the broader private sector. The Group continues to expand its customer base and market share in China and expects this momentum to continue.

³ National Bureau of Statistics of China: *National Economy Pushed Forward with Innovation-led and High-quality Development and Expected Targets Achieved Successfully in 2025*

⁴ China Briefing: *China's 15th Five-Year Plan Recommendations – Key Takeaways for Foreign Businesses*

⁵ IFR International Federation of Robotics: *China to Invest 1 Trillion Yuan in Robotics and High-Tech Industries*

MANAGEMENT DISCUSSION AND ANALYSIS



SISIRA



ANGOCCI

As a Singapore-headquartered company, ISDN believes that it is well-positioned to ride this broad-based industrial growth and further strengthen its regional footprint across Asia.

Renewable Energy Business Outlook

Indonesia recently announced its latest RUPTL 2025 – 2035, which aims to add around 50,000 MW of renewable energy capacity over the next 10 years, primarily from hydro, solar, and other renewables, with an estimated total investment of around Indonesia Rupiah (“IDR”) 1,650 trillion (approximately US\$98 billion).⁸

As a forerunner in Indonesia’s renewable energy ambitions, ISDN has successfully commercialised three mini-hydropower plants with a total installed capacity of 24.6 MW. With two additional mini-hydropower projects expected to be completed, with construction and commercialisation in 2026, the Group’s total installed capacity is expected to be boosted to 44.6 MW.

On the back of the supportive government policies, the Group is proactively exploring opportunities to expand its renewable energy portfolio. The Group believes that renewable energy will be the key to power growth of advanced industries such as AI datacenters and remains dedicated to scaling this business to expand a long-term recurring income base.

BUSINESS OUTLOOK (CONTINUED)

Non-China Industrial Automation Business

Amidst continued geopolitical tensions worldwide, broad-based industrial relocations have pushed globalisation forward, focusing on cross-border integration while assigning distinct roles to different regions. In particular, Asia is evolving beyond its traditional role as the world’s workshop, moving towards building a more integrated industrial value chain and ecosystem. This shift reflects a transition from fragmented, multi-chain competition to stronger single-chain leadership, and from homogeneous rivalry to more complementary and collaborative specialisation.⁶

Many companies have expanded their presence in markets such as Malaysia, Indonesia, Cambodia, India, and Vietnam. As such, the Asian Development Bank has raised its growth forecasts for Southeast Asia to 4.5% in 2025 and 4.4% in 2026 from 4.3% for both years in December 2025, following the stronger-than-expected third-quarter performance in Indonesia, Malaysia, Singapore, and Vietnam. Growth is projected to be largely driven by expansion in electronics exports, robust AI-related demand, and increased foreign direct investment.⁷



LAU BIANG



LAU BIANG 2

LAU BIANG 3

⁶ Roland Berger: *Asia’s supply chain reconfiguration*

⁷ BIMP-EAGA: *ADB Sees Higher Growth for Southeast Asia in 2025 and 2026*

⁸ Indonesia Business Post: *Indonesia targets 50GW of renewable energy, IDR1,650T investment sought*

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit margin

	FY2025 S\$'000	FY2024 S\$'000	% change +/(-)
Revenue			
Industrial Automation Solutions	381,325	350,149	8.9%
Renewable Energy	58,856	22,294	n.m.
- Operating and finance income	9,524	10,287	-7.4%
- Construction income	49,332	12,007	n.m.
Total Revenue	440,181	372,443	18.2%
Gross Profit			
Industrial Automation Solutions	92,607	84,607	9.5%
Renewable Energy	12,605	10,308	22.3%
- Operating and finance income	8,718	9,418	-7.4%
- Construction income	3,887	890	n.m.
Total Gross Profit	105,212	94,915	10.8%
Gross Profit Margin			
Industrial Automation Solutions	24.3%	24.2%	0.1 ppt
Renewable Energy	21.4%	46.2%	-24.8 ppt
- Operating and finance income	91.5%	91.6%	-0.1 ppt
- Construction income	7.9%	7.4%	0.5 ppt
Total Gross Profit Margin	23.9%	25.5%	-1.6 ppt

n.m.: Not meaningful

The Group's revenue increased in FY2025 compared to the same year in 2024. For FY2025, the Group's revenue increased by approximately S\$67.7 million or 18.2% from S\$372.4 million in FY2024 to S\$440.2 million in FY2025.

Revenue from our industrial automation solutions segment was higher, mainly driven by the strong demand in both China and Southeast Asia. The industrial automation market continues to expand as demand for efficiency, productivity, and precision in production and business processes grows. Key drivers of this

growth include advancements in Industry 4.0, the IoT, and AI, enabling more intelligent, data-driven processes. China remained the largest contributor to the industrial automation solutions segment, accounting for approximately 71% to the Group's revenue in this segment. The long-term growth prospects in China remain strong, supported by both government and private-sector initiatives to address labour shortages and demographic challenges through smart manufacturing and the adoption of advanced technologies.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Revenue and gross profit margin (continued)

Revenue from renewable energy in Indonesia increased by S\$36.6 million in FY2025. This increase was primarily driven by construction revenue from two mini-hydropower plants, Lau Biang 2 and Lau Biang 3, which contributed increases of S\$37.3 million in FY2025. In contrast, revenue from the Group's three operating hydropower plants decreased slightly by S\$0.8 million in FY2025, mainly due to the depreciation of IDR currency against the Group's reporting currency, S\$. The IDR depreciated by approximately 8.3% in FY2025 compared to FY2024. A total of S\$12.5 million was billed to PT PLN (Persero) ("PLN") for FY2025 and was received as of February 2026.

Gross profit for FY2025 increased by S\$10.3 million or 10.8%, as compared to FY2024. Gross profit margin of the Group in FY2025 decreased by 1.6 pts from 25.5% to 23.9%. In FY2025, the gross profit and gross profit margin for the industrial automation solutions segment rose by S\$8.0 million or 0.1 ppt. This was primarily driven by a higher proportion of sales from higher-margin products and solutions, as well as improved project execution efficiencies. The growth reflects the continued expansion of the industrial automation market, supported by rising demand for efficiency, productivity, and precision across various production and business processes. In contrast, gross profit for renewable energy declined by 22.3% in FY2025, despite higher segment revenue. This was due to a significant increase in lower margin construction income, which diluted overall segment margins. As a result, the renewable energy gross profit margin fell sharply by 24.8 pts in FY2025. Excluding the gross profit arising from the construction revenue of mini-hydropower plants under the service concession arrangement, gross profit margin would have remained at 91.5% in FY2025.

Other operating income

For FY2025, other operating income decreased by S\$0.4 million, or 9.3% to S\$3.8 million. The decrease was mainly due to the absence of net foreign exchange gains of S\$0.3 million, absence of gain on disposal of property, plant and equipment of S\$0.2 million, decrease in government grant of S\$0.2 million, decrease in interest income of S\$0.1 million and decrease in technical service income of S\$0.1 million; partially offset by increase in miscellaneous income of S\$0.2 million, increase in rental income of S\$0.1 million, increase in commission income of S\$0.1 million and increase in write back of allowance for inventories obsolescence of S\$0.1 million.

Distribution costs

For FY2025, distribution costs increased by \$3.0 million, or 10.1% to S\$32.8 million. The increase was primarily attributed to an increase in staff and related costs of S\$2.2 million, which was mainly due to higher sales commissions to sales personnel in line with the increase in revenue, as well as the consolidation of new subsidiaries acquired and incorporated during FY2025 and subsidiaries that commenced business activities in FY2025, increase in sales and marketing expenses of S\$0.4 million, increase in travelling and accommodation of S\$0.3 million and increase in office and other expenses of S\$0.1 million.

Administrative expenses

For FY2025, administrative expenses increased by S\$0.1 million, or 0.1% to S\$41.8 million. The increase was mainly due to increase in staff and related costs of S\$1.2 million mainly arising from the consolidation of new subsidiaries incorporated during FY2025, increase in travelling and accommodation of S\$0.1 million; partially offset by the decrease in office and other expenses of S\$0.8 million, decrease in performance bonus for executive Directors of S\$0.2 million and decrease in professional fees of S\$0.2 million.

Net impairment losses on financial assets

Net impairment losses on financial assets increased by S\$0.1 million in FY2025, primarily due to increase in provision of impairment loss which following expected credit loss assessment.

Other operating expenses

In FY2025, other operating expenses increased by S\$5.9 million to S\$7.7 million, mainly due to foreign exchange loss arising from currency movement during the year. These losses amounted to S\$5.1 million, of which S\$4.5 million was unrealised, and were primarily related to long-term energy contracts in the Group's renewable energy business. The unrealised foreign currency losses were mainly due to the weakening of the United States Dollar ("USD") against S\$ and strengthening of USD against IDR, which affected the valuation of certain financial assets and financial liabilities. The unrealised foreign exchange losses are non-cash in nature, and the Group continues to closely monitor its foreign currency exposure. In addition, there was an increase in allowance for inventories obsolescence of S\$0.9 million. These increases were partially offset by the decrease in other operating expenses of S\$0.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Finance costs

Finance costs decreased by S\$0.2 million, or 3.9% to S\$5.3 million for FY2025, primarily due to lower bank interest rates.

Share of loss of associates, net

Share of loss of associates, net decreased by S\$0.3 million, or 56.3% in FY2025. This was primarily due to absence of the share of loss from IDI Laser. In August 2024, the Group increased its equity interest in IDI Laser from 33.3% to 70.0% which led to a change from an associate to a subsidiary of the Group.

Income tax expense

Income tax expense increased by S\$1.8 million, or 31.7% to S\$7.5 million in FY2025. The increase was mainly due to higher taxable profits.

Property, plant and equipment

Property, plant and equipment increased by S\$0.2 million, or 0.3% as at 31 December 2025. The increase was mainly due to the purchase of plant and equipment of S\$3.6 million, recognition of right-of use assets of S\$2.3 million, addition of property, plant and equipment of S\$1.7 million via acquisition through business combination, purchase of furniture and fittings of S\$1.0 million, renovation of leasehold properties of S\$0.9 million, purchase of motor vehicles of S\$0.3 million, and increase in capital expenditure of S\$0.3 million for the construction of our Jiangxi office in China. This was partially offset by the depreciation charge of S\$7.2 million, translation loss of S\$2.5 million, mainly arising from the weakening of the IDR and Renminbi (“RMB”) against S\$ in FY2025, and disposal of property, plant and equipment with net book value of S\$0.2 million.

Associates

Interests in associates decreased by S\$0.3 million, or 4.8% to S\$6.4 million as at 31 December 2025, due to share of loss of associates of S\$0.3 million and dividends from associates of S\$0.1 million.

Service concession receivables (current and non-current)

Service concession receivables increased by S\$42.2 million, or 51.8% to S\$126.9 million as at 31 December 2025. Service concessions receivables are classified as long-term assets, which will be collected across the tenure of the various operational concessions in tandem with agreed power supply agreements. In FY2025, the Group recognised construction income of S\$18.4 million and S\$30.9 million from the construction of mini-hydropower plants, Lau Biang 2 and Lau Biang 3, respectively. Additionally, a foreign exchange revaluation gain of S\$2.9 million was recognised due to the appreciation of the USD against the IDR. This was partially offset by a total of S\$2.9 million in service concession receivables being derecognised upon invoicing to PLN for Lau Biang 1 and Anggoci, as well as a translation loss of S\$7.1 million resulting from the weakening of IDR against the S\$.

Inventories

Inventories decreased by S\$1.8 million, or 2.7% to S\$65.6 million as at 31 December 2025 primarily due to fulfilment of customer orders in FY2025.

Trade and other receivables and contract assets

Trade and other receivables and contract assets decreased by S\$11.1 million, or 9.3% to S\$108.4 million as at 31 December 2025, mainly due to decrease in advances to trade suppliers of S\$8.8 million, decrease in trade receivables of S\$2.7 million, loan repayment of S\$1.4 million from the EPC of Lau Biang 3, absence of contract assets of S\$0.5 million and decrease in tax receivables of S\$0.6 million; partially offset by the increase in amount owing from non-controlling interests (“NCI”) of S\$1.7 million, increase in prepayment of S\$0.4 million, increase in deposits of S\$0.4 million, increase on loans to associates of S\$0.2 million and increase in sundry receivables of S\$0.2 million.

Subsequent receipt of about S\$24.6 million was received from customers as at 31 January 2026. The collection represented approximately 27.0% of trade receivables as at 31 December 2025.

Trade and other payables

Trade and other payables increased by S\$28.5 million, or 38.2% to S\$103.3 million as at 31 December 2025. The increase was primarily due to increase in accrued construction cost of S\$22.2 million relating to the construction of mini-hydropower plants, Lau Biang 2 and Lau Biang 3. In addition, increase in trade payables of S\$3.5 million arose from increase in trade purchases during the financial year, increase in dividend payable to NCI of S\$1.2 million, increase in accrued salaries and bonuses of S\$1.0 million, increase in accrued operating expenses of S\$0.6 million and increase in amount owing to NCI of S\$0.3 million. This was partially offset by the decrease in other payables and taxes payable of S\$0.2 million and S\$0.1 million, respectively.

Contract liabilities

The increase in contract liabilities of S\$2.9 million, or 20.7% to S\$16.6 million as at 31 December 2025 was mainly due to an increase in advances received from customers for the sale of goods, largely from our China subsidiaries, to mitigate credit risk exposure on sales. Contract liabilities are recognised as revenue when the performance obligation of transferring the goods is satisfied at a point in time.

Bank borrowings (current and non-current)

Bank borrowings increased by S\$6.5 million, or 9.3% to S\$76.7 million as at 31 December 2025. The increase was primarily due to proceeds from bank borrowings (inclusive of trust receipts) of S\$28.4 million and the consolidation of bank borrowings of S\$0.4 million following the acquisition of a new subsidiary during the year, offset by repayment of bank borrowings of S\$22.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS



METAL INJECTION MOLDING CAPABILITIES
SUBSIDIARY: ISDN ZJ

On 28 February 2025, the Company's direct wholly-owned subsidiary, ISDN Energy Pte. Ltd. ("**ISDN Energy**") intended to acquire an aggregate amount of 25,500 common shares at a nominal value of IDR1,000,000 (equivalent to approximately S\$84) from the following shareholders: (a) 250 common shares from Zhang Jitao, (b) 10,500 common shares from Chen Dong, and (c) 14,750 common shares from Wu Lei (collectively, the "**Acquisition from PT Funda Shareholders**"). Following the Acquisition from the PT Funda Shareholders, ISDN Energy will hold 25,500 common shares in PT Funda Konstruksi and its effective shareholding in PT Funda will be 51.0%. PT Funda is principally engaged in the construction and installation of electrical power installations, power generation, and hydroelectric power plants. The Acquisition from PT Funda Shareholders was completed on 13 August 2025.

On 20 March 2025, the Company's direct wholly-owned subsidiary, ISDN Investments Pte. Ltd. ("**ISDN Investments**") incorporated a wholly owned subsidiary, ISDN Jiangxi Management Co Ltd. ("**ISDN Jiangxi Management**"), with a total registered capital of US\$15 million. ISDN Jiangxi Management is wholly owned by ISDN Investments and principally engaged in the business of management services and properties holding.

On 24 March 2025, the Company's direct wholly-owned subsidiary, Motion Control Group Pte. Ltd. ("**MCG**") made a further capital injection into its 75.5% effective-owned subsidiary, Fuji Master (Penang) Sdn. Bhd. ("**FM Penang**") by increasing FM Penang's paid-up share capital from Malaysia Ringgit ("**MYR**") 455,000 to MYR650,000 (equivalent to approximately S\$138,000 to S\$198,000) through the subscription for an additional 195,000 ordinary shares at the subscription price of MYR1 per share in the capital of FM Penang ("**March 2025 Additional Subscription**"). Following the March 2025 Additional Subscription, the Group's effective interest in FM Penang remains unchanged at 75.5%.

On 29 April 2025, the Company's direct wholly-owned subsidiary, MCG capitalised a dividend payment of US\$290,000 (equivalent to approximately S\$375,000) declared by its wholly-owned subsidiary, Gateway Motion (Shanghai) Co., Ltd ("**Gateway**"). Following the capitalisation of the dividend, the total paid-up

share capital of Gateway increased from US\$210,000 (equivalent to approximately S\$293,000) to US\$500,000 (equivalent to approximately S\$668,000). Upon the completion of capitalisation, the Group's effective interest in Gateway remains unchanged at 100.0%.

On 15 May 2025, the Company's direct wholly-owned subsidiary, MCG acquired 79,102 ordinary shares in IFME Works Pte. Ltd. ("**IFME Works**"), representing 51.0% of the entire issued and paid up capital at a consideration of S\$2,500,000 (the "**Acquisition**"). Following the Acquisition, IFME Works became a subsidiary of MCG and the Group with an effective interest of 51.0%.

On 18 June 2025, the Company's indirect 49.0%-owned subsidiary, Suzhou Dirak Co., Ltd ("**Suzhou Dirak**") increased its registered share capital from US\$1,000,000 (equivalent to approximately RMB7,407,000) to RMB10,000,000 (the "**Increase in Share Capital**") Suzhou Dirak is a wholly-owned subsidiary of Dirak Asia. Following the completion of the Increase in Share Capital, the Group's effective interest rate in Suzhou Dirak remains unchanged at 49.0%.

On 3 July 2025, the Company's indirect wholly-owned subsidiary, ISDN (Zhejiang) Precision Technology Co., Ltd., ("**ISDN ZJ**") effected a reduction in its registered share capital from US\$20,000,000 to US\$1,500,000 (the "**Decrease in Share Capital**"). Following the Decrease in Share Capital, the Group's effective interest in ISDN ZJ remains unchanged at 100.0%.

On 7 July 2025, the Company's direct wholly-owned subsidiary, MCG made a further capital injection into its 75.5% effective-owned subsidiary FM Penang, by increasing FM Penang's



DUAL-HEAD SUBSTRATE MARKING LASER
SUBSIDIARY: IDI DYNAMICS

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS (CONTINUED)

paid-up share capital from MYR650,000 to MYR975,000 (equivalent to approximately S\$198,000 to S\$297,000) through the subscription of an additional 325,000 ordinary shares at the subscription price of MYR1 per share (the **“July 2025 Additional Subscription”**). Following the July 2025 Additional Subscription, the Group’s effective interest in FM Penang remains unchanged at 75.5%.

On 18 July 2025, the Company’s indirect 70.0%-owned subsidiary, IDI Laser entered a joint venture with Accelerate Technologies Pte. Ltd. (**“Accelerate”**) to subscribe additional shares in the capital of IDI Dynamics. IDI Laser has agreed to subscribe for an additional 189,999 ordinary shares in IDI Dynamics (together with the existing 1 ordinary share held by IDI Laser), (representing 95.0% of the total issued shares capital of IDI Dynamics) for a total consideration of S\$189,999 (the **“Subscription”**) and Accelerate agreed to subscribe for 10,000 ordinary shares in IDI Dynamics for a total consideration of S\$10,000. Following the Subscription, the Group’s effective interest in IDI Dynamics is 66.5%.

On 12 August 2025, the Company’s indirect 49.0%-owned subsidiary, Dirak Asia Pte. Ltd. (**“Dirak Asia”**) capitalised a dividend payment of RMB8,262,000 (equivalent to approximately S\$1,485,000) declared by its wholly-owned subsidiary, Suzhou Dirak. Upon the capitalisation of the dividend payment, Suzhou Dirak’s total paid-up share capital increased from RMB1,738,000 (equivalent to approximately S\$376,000) to RMB10,000,000 (equivalent to approximately S\$1,861,000). Upon the completion of the capitalisation of dividend payment, the Group’s effective interest in Suzhou Dirak remains unchanged at 49.0%.

On 15 August 2025, the Company’s indirect wholly-owned subsidiary, ISDN (Jiangxi) Technologies Co., Ltd (**“ISDN**



MOULD REMEDIATION WORKS (SINGHEALTH)
SUBSIDIARY: ERST ASIA PACIFIC PTE. LTD.

Jiangxi”) effected a reduction in its registered share capital from US\$20,000,000 to US\$5,000,000 (the **“Decrease in Share Capital of ISDN Jiangxi”**) Following the completion of the Decrease in Share Capital of ISDN Jiangxi, the Group’s effective interest in ISDN Jiangxi remains unchanged at 100.0%.

On 3 September 2025, the Company’s indirect wholly-owned subsidiary, ISDN Advanced Manufacturing Pte. Ltd. (**“ISDN Advanced”**) acquired 51.0% of the share capital of Singpilot Holding Pte. Ltd. (**“Singpilot Holding”**) for a purchase consideration of S\$300,000 (the **“Singpilot Acquisition”**). Singpilot Holding owns 100.0% of Singpilot Pte. Ltd. (**“Singpilot”**). Following the completion of the Singpilot Acquisition, ISDN Advanced holds 10,409 ordinary shares in the share capital of Singpilot Holding, representing 51.0% of its total issued and paid-up capital. As a result, the Group has an effective interest of 51.0% in both Singpilot Holding and Singpilot. Subsequently, ISDN Advanced changed its Company name to ISDN Green Energy Pte. Ltd. on 3 October 2025.

On 9 October 2025, the Company’s wholly-owned subsidiary, MCG entered into an agreement (the **“Share Transfer Agreement”**) with Shanghai Junkong Trading Co., Ltd* to acquire the remaining 49.0% shareholding in the share capital of Weiyi M&E Equipment (Shanghai) Co., Ltd (**“Weiyi”**) at a consideration price of RMB1 (the **“Weiyi Acquisition”**). Upon completion of the Weiyi Acquisition, Weiyi became a wholly-owned subsidiary of MCG and an indirect wholly-owned subsidiary of the Company.

* The English name is for identification purpose only



DAFANG AI PAINTER ROBOT

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS (CONTINUED)

On 15 October 2025, the Company's wholly-owned subsidiary, Servo Singapore invested 15,000 ordinary shares, representing 30.0% of the issued share capital of Dafang AI for a total consideration of S\$15,000 (the "Investment"). Following the completion of the Investment in Dafang AI, the Group's effective interest in Dafang AI is 30.0%, which is accordingly accounted for as an associate of the Company. The principal activities of Dafang AI are (i) engineering design and consultancy activities N.E.C.; and (ii) renting of other machinery, equipment and tangible goods N.E.C.

On 1 December 2025, the Company's direct wholly-owned subsidiary, MCG further financed the working capital of its 70.0%-owned subsidiary, ISDN Precision System Co Ltd ("ISDN Taiwan") by increasing its capital injection from Taiwan New Dollars ("TWD") 14,000,000 to TWD28,000,000 (equivalent to approximately S\$572,000 to S\$1,152,000) by subscription for an additional 1,400,000 ordinary shares at the subscription price of TWD10 per share in the capital of ISDN Taiwan (the "Further Investment in ISDN Taiwan"). Following the Further Investment in ISDN Taiwan, MCG shall hold a total of 2,800,000 ordinary shares at TWD10 per share in the capital of ISDN Taiwan, representing 70.0% of the issued and paid-up share capital of ISDN Taiwan.

On 3 December 2025, the Company's indirect 80.0%-owned subsidiary, ISDN Energy Storage Solutions Co Ltd ("ISDN Solutions") incorporated a 70.0%-owned subsidiary namely, ISDN Renewable Energy Co Ltd (億仕登新能源科技(江西)有限公司) ("ISDN Renewable") in China (the "Incorporation"). Upon the Incorporation, the total registered capital is RMB16,000,000 (equivalent to approximately S\$2,930,000) ("Registered Capital"). ISDN Renewable is principally engaged in the business of providing technical services, technology development and consulting, technology transfer and technology promotion, and research and development of new energy technologies. Following the Incorporation, ISDN Solutions makes a capital injection of RMB3,500,000 (equivalent to approximately S\$641,000) in ISDN Renewable for working capital purposes (the "ISDN Renewable Capital Injection"). Following the ISDN Renewable Capital Injection and a separate capital injection of RMB1,000,000 (equivalent to S\$183,000) by a NCI, the paid-up capital of ISDN Renewable is RMB4,500,000 (equivalent to approximately S\$824,000).

On 18 December 2025, the Company's indirect wholly-owned subsidiary, ISDN Jiangxi made a capital injection of RMB3,500,000 (equivalent to approximately S\$641,000) to its 80.0%-owned subsidiary, ISDN Solutions (the "ISDN Solution Capital Injection"). Following the ISDN Solution Capital Injection, the paid-up capital of ISDN Solutions increased from RMB1,000,000 to RMB4,500,000 (equivalent to approximately S\$187,000 to S\$828,000). Upon the completion of the ISDN Solution Capital Injection, the Group's effective interest in ISDN Solutions remains unchanged at 80.0%.

LIQUIDITY AND FINANCIAL RESOURCES

During FY2025, the Group's working capital was financed by both internal resources and bank borrowings. As at 31 December 2025, cash and bank balances amounted to approximately S\$68.1 million increased by approximately 20.5% as compared to S\$56.5 million as at 31 December 2024. The quick ratio of the Group was approximately 1.1 times (31 December 2024: 1.6 times).

As at 31 December 2025, the Group has long and short-term bank borrowings of approximately S\$76.7 million. Among the borrowings, the bank borrowings due within one year amounted to approximately S\$32.6 million (31 December 2024: S\$21.2 million) while the bank borrowings due after one year amounted to approximately S\$44.0 million (31 December 2024: S\$48.9 million).

As at 31 December 2025, the weighted average effective interest rates on bank borrowings is 4.9% (31 December 2024: 5.0%) per annum. The Group obtained the Temporary Bridge Loan (the "TBL") of S\$5.0 million in financial year ended 2021, which was initiated by the Singapore government to help local companies' working capital needs. The term of the TBL is 5 years with fixed interest rate at 2.65% per annum. Other than the above, the Group does not have fixed-rate bank borrowings as at 31 December 2025 and 31 December 2024. Together with the obligation under finance leases of approximately S\$0.2 million (31 December 2024: S\$0.2 million), the Group's total borrowings amounted to S\$76.7 million (31 December 2024: S\$70.1 million).

GEARING RATIO

During FY2025, the gearing ratio of the Group was about 36.6% (31 December 2024: 34.0%) which was calculated on the Group's total borrowings (including total borrowings and finance lease but excluding trade and other payables) to total Shareholders' equity (excluding NCI).

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the FY2025. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. In the event of capital need, the Group may borrow funds from banks in the currency that is coincident with the functional currency of the subsidiary as a natural hedge against foreign exchange fluctuation. During FY2025, the Group did not enter into any hedges in respect of the interest rate risk we are exposed to.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in RMB and USD. The Group has currency exposure as certain sourced parts and components from China were denominated in RMB. Certain of the Company's subsidiaries have their assets and liabilities denominated in RMB and other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and from recognised assets and liabilities which are denominated in RMB. During FY2025, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CAPITAL EXPENDITURES

During FY2025, the Group's capital expenditure consists of additions to property, plant and equipment and construction in progress amounting to approximately S\$5.8 million (2024: S\$7.5 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, there were 1,366 (2024: 1,283) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits, including medical and life insurance.

On 31 January 2023, the Company adopted a new share incentive scheme, namely, the ISDN PSP 2022. The purpose of the ISDN PSP 2022 is to (a) foster a culture of ownership within the Group to align the interests of Group Employees and Group Non-Executive Directors with the interests of Shareholders; (b) motivate participants to strive towards excellence and to maintain high level of performance to contribute to the Group and to achieve key financial and operational goals of the Company and/or their respective business units; and (c) make total employee remuneration sufficiently competitive to recruit and retain staff whose contributions are important to the long-term growth and profitability of the Group.

On 13 March 2023, an aggregate of 2,830,000 New Shares were granted and vested under ISDN PSP 2022 to selected employees of the Group who are not related to any Directors, chief executives and substantial Shareholders (and each of their associates). The awards were granted without any performance or vesting conditions attached, but were subject to a six (6)-month selling moratorium.

There are no outstanding share awards issued under the ISDN PSP 2022.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interest in any other company during FY2025.

RISK MANAGEMENT

Contingent Liabilities

The Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties as at FY2025.

Charge on the Group's Assets

As at 31 December 2025, the Group's bank deposits, service concession receivables, net book value of property, plant and equipment and land use rights of approximately nil, S\$126.9 million, S\$22.6 million and S\$1.0 million, respectively (31 December 2024: S\$0.4 million, S\$84.6 million, S\$23.6 million and S\$1.0 million) were pledged to banks to secure banking facilities granted to the Group.

PROPOSED FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of 0.53 Singapore cents (equivalent to 3.28 Hong Kong cents) per ordinary share for FY2025. The proposed dividend payment is subject to approval by the Shareholders at the annual general meeting to be held on Thursday, 30 April 2026 (the "AGM") at 9:30 a.m. (Singapore Time). Upon Shareholders' approval at the upcoming AGM, the proposed final dividend will be paid on or about Tuesday, 25 August 2026, to the Shareholders whose names shall appear on the register of members of the Company on Tuesday, 7 July 2026.

The Directors propose that the Shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the AGM; and (2) SGX-ST and the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to the Shareholders together with the form of election for scrip dividend on or about Wednesday, 15 July 2026. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to the Shareholders on or about Tuesday, 25 August 2026.

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER

200416788Z

BOARD OF DIRECTORS

Tan Soon Liang (*Chairman*)
Teo Cher Koon
Kong Deyang
Toh Hsiang-Wen Keith
Sho Kian Hin
Heng Su-Ling Mae

REGISTERED OFFICE

101 Defu Lane 10
Singapore 539222

JOINT COMPANY SECRETARIES

Gn Jong Yuh Gwendolyn
LLB (*Hons*)
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

Tung Wing Yee Winnie
(*FCPA, CPA (Aust.)*)
31/F., 148 Electric Road
North Point
Hong Kong

AUDIT COMMITTEE

Heng Su-Ling Mae (*Chairlady*)
Sho Kian Hin
Tan Soon Liang

REMUNERATION COMMITTEE

Sho Kian Hin (*Chairman*)
Heng Su-Ling Mae
Tan Soon Liang

NOMINATING COMMITTEE

Sho Kian Hin (*Chairman*)
Heng Su-Ling Mae
Teo Cher Koon

RISK MANAGEMENT COMMITTEE

Heng Su-Ling Mae (*Chairlady*)
Sho Kian Hin
Tan Soon Liang

SINGAPORE PRINCIPAL SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower, #14-07
Singapore 098632

HONG KONG BRANCH SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

AUDITOR

Moore Stephens LLP
10 Anson Road
#29-15, International Plaza
Singapore 079903
Partner-in-charge: Mr. Neo Keng Jin
Appointment since the financial year ended 31 December 2024
Number of Years in-charge: 2

CORPORATE GOVERNANCE REPORT

The Board is committed to ensure that the highest standards of corporate governance are practiced throughout the Company and the Group as a fundamental part of its responsibilities to protect and enhance Shareholders' value and the financial performance of the Group.

The Monetary Authority of Singapore (“**MAS**”) issued the revised Code of Corporate Governance on 6 August 2018 and last amended on 11 January 2023 (the “**2018 Code**”) and the 2018 Code applies to annual reports covering financial years with effect from 1 January 2019. The Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST Listing Manual**”) requires listed companies to describe in its annual report its corporate governance practices with specific reference to the principles and the provisions of the 2018 Code. The Company must comply with the principles of the 2018 Code. Where the Company's practices vary from any provisions of the 2018 Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

This report outlines the Company's corporate governance framework in place throughout FY2025 with specific references made to each of the principles and the accompanying provisions to each principle of the 2018 Code and the relevant Practice Guidance of the SGX-ST (the “**Practice Guidance**”). The Company has complied with the principles set out in the 2018 Code. Where there are deviations, appropriate explanations have been set out on how our practices are consistent with the aim and philosophy of the principle in question.

The Company's ordinary shares have been listed (the “**Listing**”) on the Main Board of the SEHK since 12 January 2017. From the date of Listing, the Company is required to comply with, among others, the applicable code provisions of the Corporate Governance Code (the “**HK CG Code**”) as set out in Appendix C1 to the SEHK Listing Rules. The Group has complied with the HK CG Code for the FY2025.

CORPORATE CULTURE AND VALUES

The Board endeavours to continually reinforce the desired corporate culture which is aligned with the Company's purpose, values and strategy and promote the corporate culture throughout the Company.

Details of the Company's vision, business and values are set out in the sections headed “*Our Vision, Our Business, Our Values*” of this Annual Report.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Company is headed by an effective Board which is collectively responsible and works with the Management for the long-term success of the Company.

The primary functions of the Board are to provide entrepreneurial leadership for the Company and its subsidiaries, to establish and promulgate the Group's values and standards, and to enhance and protect long-term returns and value for Shareholders. In addition to carrying out its statutory responsibilities, the Board oversees the formulation of the Group's long-term strategic objectives and directions, reviews and approves the Group's business and strategic plans, and monitors the achievement of the Group's corporate objectives. It also reviews the performance of the management of the Group (the “**Management**”), oversees the management of the Group's business affairs, conducts periodic reviews of the Group's financial performance, and implements policies relating to financial matters, which include risk management, internal controls, sustainability issues and compliance.

CORPORATE GOVERNANCE REPORT

In accordance with D.1.3 of the HK CG Code, the Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. As of the date of the independent auditor's report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

All Directors must objectively make decisions in the interests of the Group as fiduciaries, and hold the Management accountable for performance. The Board has established a code of conduct and ethics, expressed appropriate tone-from-the-top and desired organisational culture, and ensured proper accountability within the Company. Directors facing a conflict of interest must recuse themselves from discussions and decisions involving the issue of conflict.

The Directors of the Company are as follows:

Name of Director	Age	Date of first appointment	Date of last re-election	Designation
Teo Cher Koon	67	28/12/2004	30/04/2025	Executive Director, Managing Director and President
Kong Deyang	65	26/09/2005	30/04/2024	Executive Director
Toh Hsiang-Wen Keith	51	10/05/2019	28/04/2023	Non-Executive Director
Tan Soon Liang	53	18/08/2016	30/04/2025	Chairman and Independent Non-Executive Director
Heng Su-Ling Mae	55	30/04/2024	-	Independent Non-Executive Director
Sho Kian Hin	56	30/04/2024	-	Independent Non-Executive Director

Newly appointed Directors

The Board ensures that newly appointed Directors are familiar with their duties, obligations and the Group's businesses and corporate governance practices to facilitate the effective discharge of their duties. The Board seeks to appoint Directors with accounting, legal, or industry-specific skills required to work effectively with the Management and advance the interests of Shareholders. The Board makes training courses and seminars available to all Directors, both upon appointment and as a matter of continuing education. Upon appointment, Directors are provided with formal letters setting out their duties and obligations, including matters reserved for the Board's decision. Newly appointed Directors are given guidance and orientation (which includes management presentations) to allow them to understand the Group's business operations, strategic directions and policies, corporate functions and corporate governance practices. Trainings will be provided to Directors who have no prior experience as a director of a listed company, among other things, (1) the roles and responsibilities of a listed company director; (2) issuer's obligations and directors' duties; (3) corporate governance and ESG matters; (4) risk management and internal controls; and (5) updates on industry-specific developments, business trends and strategies.

Following the retirement of Mr. Tan Soon Liang as the Independent Non-Executive Director and Chairman at the forthcoming AGM of the Company, Mr. Lim Teck Chai, Danny ("**Mr. Lim**") is proposed to be appointed as an Independent Non-Executive Director at the AGM.

CORPORATE GOVERNANCE REPORT

Proposed Independent Non-Executive Director: Mr. Lim Teck Chai, Danny

Mr. Lim, aged 52, is proposed to be appointed as an Independent Non-Executive Director at the AGM. Subject to the passing of the relevant resolution by the Shareholders at the AGM, Mr. Lim shall become an Independent Non-Executive Director with effect from the date of passing of the relevant resolution at the AGM.

Mr. Lim has more than 26 years of experience in the legal industry and is currently an equity partner in Rajah & Tann Singapore LLP. He joined the law firm in May 1998, became a partner in January 2006 and has since been practising and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructuring, amongst others, and his clients include multi-national corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others. Mr. Lim has served as an independent non-executive director in Catalist-listed Kimly Limited (1D0), one of the largest traditional coffee shop operators in Singapore, since February 2017. He has also served as an independent non-executive director of Stamford Land Corporation Ltd (H07), an independent owner-operator of luxury hotels in Australia, and an established real estate developer and investor listed on the Mainboard of the SGX-ST, since May 2017. Mr. Lim has further served as an independent non-executive director in Catalist-listed Choo Chiang Holdings Ltd (42E), a leading retailer and distributor of electrical products and accessories in Singapore, since August 2018. He is an independent non-executive director in Catalist-listed Advancer Global Limited (43Q), a leading integrated solutions provider that specialises in providing workforce solutions and facilities management services, which position he has held since December 2019. Mr. Lim is also an independent non-executive director in ValueMax Group Limited (T6I), a company listed on the Mainboard of the SGX-ST, which provides pawnbroking and secured moneylending services and engages in retailing and trading of pre-owned jewellery and gold, having been appointed in January 2022.

Mr. Lim graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1998 and a Master of Science (Applied Finance) degree from the Nanyang Technological University in 2006. He has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1999 and is a member of the Law Society of Singapore and Singapore Academy of Law.

Mr. Lim has confirmed that (i) he meets the independence criteria as set out in Rule 3.13 of the SEHK Listing Rules as well as the independence criteria as set out in Rule 210(5)(d) of the SGX-ST Listing Manual; (ii) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as defined under the SEHK Listing Rules) of the Company; and (iii) there are no other factors that may affect his independence at the time of his appointment.

As at the date of this annual report, Mr. Lim did not have any interest in the Shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lim does not (i) hold any directorships in the last three years in any other public companies, the securities of which are listed on any securities in Hong Kong or overseas; (ii) have any other major appointments or professional qualifications; (iii) hold any position in the Company or any of its subsidiaries; and (iv) does not have any other relationship with any directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As far as the Directors are aware, save as disclosed above, there is no other information relating to Mr. Lim which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the SEHK Listing Rules, nor are there any other matters concerning Mr. Lim that need to be brought to the attention of Shareholders.

CORPORATE GOVERNANCE REPORT

Existing Directors

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities at the Company's expense. Changes to regulations and accounting standards are monitored closely by the Management and by the Company's advisers. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and provisions from the SGX-ST Listing Manual and the SEHK Listing Rules that affect the Company and/or the Directors in discharging their duties. During FY2025, the Directors were provided information and updates on the 2018 Code and the Practice Guidance.

The shares of the Company have been dual listed on the SEHK for trading on 12 January 2017, and the Company is required to fully comply with the SEHK Listing Rules. In order to comply with Rule 3.09F of the SEHK Listing Rules after the dual listing of the Company on the SEHK, the Company has arranged for sufficient training of continuous professional development to the Directors to develop and refresh their knowledge and skills in relation to the SEHK Listing Rules during FY2025. All the Directors have provided their training records for FY2025 to the Company.

In FY2022, all the Directors have completed the mandated sustainability training courses organised by the Singapore Institute of Directors as required by the enhanced SGX sustainability reporting rules.

According to the records maintained by the Company, the Directors received the following training regarding roles, functions and duties of a director of a listed company or professional skills in compliance with the requirement of the HK CG Code on continuous professional development during FY2025:

Executive Directors

Teo Cher Koon	Reading materials
Kong Deyang	Reading materials

Non-Executive Director

Toh Hsiang-Wen Keith	Reading materials
----------------------	-------------------

Independent Non-Executive Directors

Tan Soon Liang (Chairman)	Reading materials
Heng Su-Ling Mae	Reading materials
Sho Kian Hin	Reading materials

The Board's approval is required in matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends and major corporate policies on key areas of operations, the release of the Group's half-year and full year results and interested person transactions of a material nature. The Board also has guidelines setting forth clear directions to the Management on matters that must be approved by the Board. These guidelines have been clearly communicated to the Management in writing. Further, matters requiring the Board's approval are disclosed in the annual report.

CORPORATE GOVERNANCE REPORT

Board Committees

To assist the Board in the discharge of its responsibilities, the Board has established four (4) Board Committees, namely the Audit Committee (the “**AC**”), the Nominating Committee (the “**NC**”), the Remuneration Committee (the “**RC**”) and the Risk Management Committee (the “**RMC**”) (collectively, the “**Board Committees**”). These Board Committees function within clearly defined terms of reference (which sets out the compositions, authorities and duties of each committee) and operating procedures, which are reviewed on a regular basis.

The details of the Board Committees are set out below:

- (i) Nominating Committee (Principle 4);
- (ii) Remuneration Committee (Principle 6);
- (iii) Audit Committee (Principle 10); and
- (iv) Risk Management Committee (Principle 9).

The attendance of the Directors at the formal Board and Board Committees meetings held during FY2025 are as follows:

Name of Director	Board Committees									
	Board		Audit Committee		Nominating Committee		Remuneration Committee		Risk Management Committee	
	No. of meetings held during the tenure of the Directors	No. of meetings attended during the tenure of the Directors	No. of meetings held during the tenure of the Directors	No. of meetings attended during the tenure of the Directors	No. of meetings held during the tenure of the Directors	No. of meetings attended during the tenure of the Directors	No. of meetings held during the tenure of the Directors	No. of meetings attended during the tenure of the Directors	No. of meetings held during the tenure of the Directors	No. of meetings attended during the tenure of the Directors
Teo Cher Koon	5	5	4	4	3	3	1	1	1	1
Kong Deyang	5	4	4	3	3	2	1	-	1	-
Toh Hsiang-Wen Keith	5	5	4	4	3	3	1	1	1	1
Tan Soon Liang	5	5	4	4	3	3	1	1	1	1
Heng Su-Ling Mae	5	5	4	4	3	3	1	1	1	1
Sho Kian Hin	5	5	4	4	3	3	1	1	1	1

Directors with multiple board representations would ensure that sufficient time and attention are given to the affairs of the Company by actively participating in the Board meetings and Board Committees meetings. The NC conducts an annual review on whether a Director with multiple Board representations adequately carried out his/her duties as a Director of the Company, based on internal guidelines. Further details are set out in the disclosure under Provision 4.5 of the 2018 Code below.

CORPORATE GOVERNANCE REPORT

Board meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance. In addition to the above, notice of at least fourteen (14) days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given. The Board meets at least four (4) times a year to oversee the business affairs of the Group, and to approve, if applicable, any financial and business objectives and strategies. The notice and schedule of all the regular Board and Board Committees meetings for the calendar year is usually given to all Directors well in advance in accordance with the terms of references of the respective Board Committees, the 2018 Code and the SEHK Listing Rules. Ad-hoc meetings will be held when circumstances require. The Company's Constitution also provides for telephone conference and video conference meetings.

During the year under review, the Company held five (5) regular Board meetings. Pursuant to code provision of the HK CG Code, the board should meet regularly, and board meetings should be held at least four (4) times a year at approximately quarterly intervals. Board meetings were held to consider and approve, among other things, the annual results and interim results of the Group.

The draft agenda of each Board meeting is provided in advance to all Directors, together with the notice of each Board meeting. The Directors may then contribute any additional agenda items for discussion at each upcoming Board meeting. Board papers together with all appropriate, complete and reliable information including materials relating to the transactions to be discussed in the Board meeting are provided to all Directors at least three (3) days before each Board meeting to enable them to make informed decisions at the Board meeting. The Board papers include minutes of the previous meetings to be tabled and confirmed at the Board meeting, financial results announcements, reports from the internal auditors and external auditors, reports from the Board Committees, and related materials, background or explanatory information relating to the matters to be raised at the Board meeting.

The Directors are regularly updated by the Management on the developments within the Group and are supplied with such other information so that they are equipped to participate fully at the Board meetings.

The Management has taken a pro-active approach of informing the Directors on a timely basis of important corporate actions to be taken by the Company and events that will affect the Company, even if such developments may not require the approval of the Board.

The Directors have separate and independent access to the Management, the joint company secretaries and external advisers (where necessary) at the Company's expense.

The appointment and removal of the joint company secretaries is a matter for the Board to decide as a whole. The joint company secretaries or his/her representative administers, attends and prepares minutes of the Board and Board Committees meetings and assists the Chairman of the Board, AC, NC, RC and RMC in ensuring proper procedures at such meetings are complied with so that the Board and the Board Committees function effectively.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board comprises of the following Directors:

Name of Directors	Board	Date of First Appointment	Date of Last Re-Election	AC	NC	RC	RMC
Teo Cher Koon	Executive Director	28/12/2004	30/04/2025	-	Member	-	-
Kong Deyang	Executive Director	26/09/2005	30/04/2024	-	-	-	-
Toh Hsiang-Wen Keith	Non-Executive Director	10/05/2019	28/04/2023	-	-	-	-
Tan Soon Liang	Chairman and Independent Non-Executive Director	18/08/2016	30/04/2025	Member	-	Member	Member
Sho Kian Hin	Independent Non-Executive Director	30/04/2024	-	Member	Chairman	Chairman	Member
Heng Su-Ling Mae	Independent Non-Executive Director	30/04/2024	-	Chairlady	Member	Member	Chairlady

There has been no financial, business, family or other material relationship amongst the Directors.

1. Independence

The independence of each Director is reviewed annually by the NC, in accordance with Rule 210(5)(d) of the SGX-ST Listing Manual (where applicable), Provision 2.1 of the 2018 Code and Rule 3.13 of the SEHK Listing Rules. Pursuant to Provision 2.1 of the 2018 Code, the Board considers an “independent” Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial Shareholders (a shareholder who has an interest in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the Company, in line with the definition set out in section 2 of the Securities and Futures Act 2001 of Singapore) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment in the best interests of the Company. No individual or small group of individuals is allowed to dominate the Board’s decision-making.

Pursuant to Rules 210(5)(d)(i) and (ii) of the SGX-ST Listing Manual, the Board and the NC consider that a director is not independent under any of the following circumstances:

- (i) if he/she is employed or has been employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and
- (ii) if he/she has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC.

Rule 210(5)(d)(iv) of the SGX-ST Listing Manual provides that a Director will not be independent if he/she has been a director of the Company for an aggregate period of more than nine (9) years (whether before or after listing), such Director may continue to be considered independent until the conclusion of the next AGM of the Company.

CORPORATE GOVERNANCE REPORT

Pursuant to B.2.3 of the HK CG Code, if an Independent Non-Executive Director has served more than nine (9) years, such Director's further appointment should be subject to a separate resolution to be approved by Shareholders. The papers to Shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the Director is still independent and should be re-elected, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination.

As Mr. Tan Soon Liang was appointed as Independent Non-Executive Director on 18 August 2016, he has served more than nine (9) years from 18 August 2025. Further to Rule 210(5)(d)(iv), if a person has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing), such director will not be independent but may continue to be considered independent until the conclusion of the next AGM of the Company. Accordingly, Mr. Tan Soon Liang would be required to step down from the Board or be designated as a Non-Independent Director no later than at the forthcoming AGM.

Pursuant to Code Provision B.1.3 of the HK CG Code, the Board is required to establish mechanism(s) to ensure independent views and input are available to the Board. The Company recognises that Board independence is pivotal in good corporate governance and Board effectiveness. The Board has established mechanisms to ensure independent views and input from any Director of the Company are conveyed to the Board for enhancing objective and effective decision-making. The Board has reviewed and considered the implementation of the mechanism to be effective during the year and will review the implementation and effectiveness of the mechanisms annually.

The following mechanisms are reviewed annually by the Board, through its NC, to ensure its effectiveness:

1. The Board must have at least two (2) Non-Executive Directors who are independent and free of any material business or financial connection with the Company. The Board shall ensure that at least one-third of its members being Independent Non-Executive Directors.
2. The NC will assess the independence, qualification and time commitment of a candidate who is nominated to be a new Independent Non-Executive Director before appointment and also the continued independence of existing Independent Non-Executive Directors. On an annual basis, all Independent Non-Executive Directors are required to complete a Director's independence checklist to confirm his/her independence, in accordance with Rule 210(5)(d) of the SGX-ST Listing Manual (where applicable), Provision 2.1 of the 2018 Code and Rule 3.13 of the SEHK Listing Rules, and disclose the number and nature of offices held by them in public companies or organisations and other significant commitments.
3. The NC will conduct the performance evaluation of the Independent Non-Executive Directors annually to assess their contributions.
4. All Directors are encouraged to express freely their independent views and constructive challenges during the Board meetings.

In addition, no individual or small group of individuals is allowed to dominate the Board's decision-making. The Company has received a written annual confirmation from each Independent Non-Executive Director of his/her independence pursuant to the SGX-ST Listing Manual, Provision 2.1 of the 2018 Code and Rule 3.13 of the SEHK Listing Rules. The Company considers all Independent Non-Executive Directors to be independent in accordance with the independence guidelines set out in the SEHK Listing Rules, the SGX-ST Listing Manual and the 2018 Code. The Company does not have any alternate Directors on the Board and did not appoint any alternate Directors during FY2025. The Company will avoid the appointment of alternate Directors, unless for limited periods in exceptional cases such as when a Director has a medical emergency.

The Board has complied with Rule 3.10A of the SEHK Listing Rules that requires at least one-third of the Board to be comprised of Independent Non-Executive Directors, and in accordance with Rule 3.10 of the SEHK Listing Rules that at least three (3) Independent Non-Executive Directors and at least one (1) of the Independent Non-Executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

In addition, pursuant to the new requirements of Rule 210(5)(c) of the SGX-ST Listing Manual which came into effect on 1 January 2022, the Board must have at least two (2) Non-Executive Directors who are independent and free of any material business or financial connection with the Company. Independent Directors must comprise at least one-third of the Board. In the event of any retirement or resignation which renders the issuer unable to meet any of the foregoing requirements, the Company should endeavour to fill the vacancy within two (2) months, but in any case not later than three (3) months.

As at the date of the independent auditor's report, half of the Board is independent. The Chairman of the Board, Mr. Tan Soon Liang, is independent. The Independent Non-Executive Directors chair all the Board Committees, which play a pivotal role in supporting the Board. Key information on the Directors can be found in the section headed "*Board of Directors*" of this annual report.

As at the date of the independent auditor's report, the Board comprises two (2) Executive Directors, one (1) Non-Executive Director and three (3) Independent Non-Executive Directors. Presently, there is a good balance between the Executive Directors, Non-Executive Director and Independent Non-Executive Directors. The Non-Executive Directors make up a majority of the Board.

Following the conclusion of the forthcoming AGM, Mr. Tan Soon Liang will step down from the Board as the Independent Non-Executive Director and Chairman. In order to fulfil the requirement of Rule 3.10 and Rule 3.10A of the SEHK Listing Rules and Rule 210(5)(c) of the SGX-ST Listing Manual as mentioned above, one individual will be nominated as a new Independent Non-Executive Director for election at the forthcoming AGM. The information required to be disclosed under the SEHK Listing Rules and SGX-ST Listing Manual will be set out in the AGM Circular which will be published later.

2. Diversity

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in technology, business, finance and management skills critical to the Group's business to enable the Board to make sound and well-considered decisions. The NC would ensure that the Board comprises of Directors with competencies in areas which are relevant and valuable to the Group, such as accounting, corporate finance, business development, management, sales and strategic planning. In addition to the above factors, the Board would also take into consideration the appropriate balance and mix of skills, knowledge and experience and diversity of skills, age, experience, gender and education background to avoid groupthink and to foster constructive debate. The ultimate decision will be made upon the merits and contribution of the selected candidates.

The Company recognises and embraces the benefits of diversity of Board members. Therefore, the Company has established the board diversity policy to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard to the benefits of diversity of the Board members. The NC was satisfied with its implementation and effectiveness during the year and will review it annually to ensure that its continued effectiveness.

The Company adopted a Workforce Diversity Policy on 11 November 2025, which promotes a working environment where individual differences are respected, and all employees are treated dignity. It enhances recruitment, supports retention, and encourages innovation and growth by leveraging diverse perspectives. Key components include adhering to non-discriminatory employment practices.

In general, male talents with industrial automation and engineering solutions as well as renewable energy industries are outnumbered females. However, the Company still managed to attract female talents and maintained an approximately workforce gender ratio of 2:1 (male: female) in FY2025. Details of employees' diversity is disclosed in the section headed "*B.1 Employment*" of the ESG Report (the "**ESG Report**"). For FY2025, the Company successfully achieved its target for gender diversity at Board level.

CORPORATE GOVERNANCE REPORT

The Independent Non-Executive Directors and the Non-Executive Director constructively challenge and help to develop proposals on strategy, review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on the Management, the Independent Non-Executive Directors and the Non-Executive Director have met once without the presence of the Management during FY2025. The chairperson of such meetings provides feedback to the Board and/or Chairman as appropriate.

The Company complied with Code Provision C.1.7 of the HK CG Code by arranging appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and the Management and no one individual has unfettered powers of decision-making.

The Chairman and the Managing Director and President of the Group are separate persons. Mr. Tan Soon Liang is the Independent Non-Executive Director and Chairman while Mr. Teo Cher Koon is the Managing Director and President. This ensures that there is an appropriate balance of power between the Chairman of the Board and the Managing Director and President, thereby allowing increased accountability and greater capacity of the Board for independent decision-making.

The Board has established and set out in writing the division of responsibilities between Mr. Tan Soon Liang (the Independent Non-Executive Director and Chairman) and Mr. Teo Cher Koon (the Managing Director and President).

Mr. Tan Soon Liang, the Independent Non-Executive Director and Chairman, is consulted on the business of the Board and the Board Committees. Whereas the Group's strategic direction, formulation of policies and day-to-day operations of the Group are entrusted to the Managing Director and President, Mr. Teo Cher Koon. Mr. Teo Cher Koon is assisted by an experienced and qualified team of executive officers of the Group.

The Company does not have a lead Independent Director as (i) the Chairman is independent and (ii) the Chairman and the Managing Director and President of the Group are separate persons. The Chairman is available to Shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The Board has established a NC with terms of reference which clearly sets out the authorities and duties of the NC. The NC makes recommendations to the Board on relevant matters relating to the following:

- (i) to review the succession plans of the Directors, in particular for the appointment and/or replacement of the Chairman, the Managing Director and President and key management personnel, being persons having authority and responsibility for planning, directing and controlling the activities of the Company;
- (ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- (iii) the review of training and professional development programmes for the Board and its Directors; and
- (iv) the appointment and re-appointment of Directors (including alternate Directors, if any).

CORPORATE GOVERNANCE REPORT

Nominating Committee

The NC comprises one (1) Executive Director and two (2) Independent Non-Executive Directors, one (1) of whom is also the Chairman of the NC, namely:

Sho Kian Hin (Chairman)	Independent Non-Executive Director
Heng Su-Ling Mae (Member)	Independent Non-Executive Director
Teo Cher Koon (Member)	Executive Director

During FY2025, the NC held three (3) meetings and has, among other matters, (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the Independent Non-Executive Directors; (iii) recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming AGM; and (iv) evaluated the qualifications and work experience of the new proposed Independent Non-Executive Directors.

Nomination Policy

The NC has in place a selection and nomination process for the appointment of new Directors. For appointment of new Directors to the Board the NC would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC does so by first evaluating the existing strengths and capabilities of the Board, before it proceeds to assess the likely future needs of the Board, and assesses whether this need can be fulfilled by the appointment of one (1) person and if not, then to consult the Board with respect to the appointment of two (2) persons.

The NC will then source through their network or engage external professional assistance for potential candidates and resumes for review, undertake background checks on the resumes received, narrow this list of resumes and finally to invite the shortlisted candidates to an interview. This interview may include a briefing of the duties required to ensure that there is no expectations gap, and to ensure that any new Director appointed has the ability and capacity to adequately carry out his/her duties as a Director of the Company, taking into consideration the number of listed company board representations he/she holds and other principal commitments he/she may have. The NC will take an open view in sourcing for candidates and does not solely rely on current Directors' recommendations or contacts, and is empowered to engage professional search firms. The NC will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval.

The NC, in considering the re-appointment of any Director, had considered, *inter alia*, the attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, and the quality of contributions to the development of strategy, the degree of preparedness, industry and business knowledge and experience each Director possesses which are crucial to the Group's business.

Appointments, Re-election and Removal of Directors

The Board has the authority from time to time and at any time to appoint a person as a Director to fill a casual vacancy or as an addition to the Board. Any new Directors appointed during the year shall only hold office until the next AGM and they shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Regulation 89 of the Company's Constitution requires one third of the Board, including the Managing Director to retire by rotation at every AGM. The Directors must present themselves for re-nomination and re-election at regular intervals of at least once every three (3) years.

Each Executive Director has entered into a service contract with the Company for a term of three (3) years, while each Non-Executive Director and Independent Non-Executive Director is engaged for three (3) years.

CORPORATE GOVERNANCE REPORT

In accordance with Regulation 89 of the Company's Constitution, Mr. Tan Soon Liang and Mr. Toh Hsiang-Wen Keith (collectively, the **"Retiring Directors"**) shall retire at the forthcoming AGM. Mr. Toh Hsiang-Wen Keith will be seeking re-election at the forthcoming AGM.

The NC recommended that Mr. Toh Hsiang-Wen Keith be nominated for re-election at the forthcoming AGM. In reviewing the nomination of Mr. Toh Hsiang-Wen Keith, the NC evaluated his performance and contributions during FY2025, having considered his attendance and participation at Board and Board Committees meetings as well as time and effort devoted to the Group's business and affairs.

The Board has accepted the NC's recommendation; and Mr. Toh Hsiang-Wen Keith, being eligible, offers himself for re-election at the forthcoming AGM. For good corporate governance, Mr. Toh Hsiang-Wen Keith has abstained from voting at the relevant Board meeting on the respective resolutions in relation to his re-election as Director.

Please refer to pages 57 to 62 of this annual report for the detailed information as required under Appendix 7.4.1 of the SGX-ST Listing Manual on Mr. Toh Hsiang-Wen Keith who will be standing for re-election at the AGM.

Independence of a Director

The NC reviews and affirms the independence of the Company's Independent Non-Executive Directors annually. Each Director is required to complete a Director's independence checklist on an annual basis to confirm his/her independence. The Director's independence checklist is drawn up based on the provisions provided in the 2018 Code and the SGX-ST Listing Manual and Rule 3.13 of the SEHK Listing Rules, and requires each Director to assess whether he/she considers himself/herself independent despite being involved in any of the relationships identified in the 2018 Code, the SGX-ST Listing Manual and Rule 3.13 of the SEHK Listing Rules. The NC then reviews the Director's independence checklist to determine whether each Director is independent.

The NC has reviewed and received the annual confirmation of independence of Mr. Tan Soon Liang, Ms. Heng Su-Ling Mae and Mr. Sho Kian Hin for FY2025 and has confirmed that these Independent Non-Executive Directors are independent in accordance with the 2018 Code, the SGX-ST Listing Manual and Rule 3.13 of the SEHK Listing Rules and they do not have any relationships with the Company, its related corporations, its substantial Shareholders or its officers which may affect their independence.

The NC has reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board during the FY2025.

The NC determines annually in relation to whether the Director is independent in accordance with Rule 3.13 of the SEHK Listing Rules as well.

When a Director has multiple board representations, he or she ensures that sufficient time and attention is given to the affairs of each company. The Board does not prescribe a fixed number of listed company board representations for each Director because the main consideration in a Director's effectiveness is his/her performance as a Director of the Company, and not the number of board representations he/she has. All Directors are required to declare their board representations in other listed companies and other principal commitments. Please refer to the section headed *"Directorship"* of this annual report for a list of the listed company directorships and principal commitments of each Director of the Company.

The NC ensures that new Directors are aware of their duties and obligations. The NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out his/her duties as a Director of the Company based on internal guidelines. The NC takes into account the results of the assessment of the effectiveness of each individual Director and the respective Directors' actual conduct on the Board in making the determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties, notwithstanding their multiple board representations in other listed companies.

CORPORATE GOVERNANCE REPORT

Company Secretaries

The joint company secretaries of the Company (the “**Joint Company Secretaries**”) are Ms. Gn Jong Yuh Gwendolyn (“**Ms. Gn**”) and Ms. Tung Wing Yee Winnie (“**Ms. Tung**”) during FY2025. Ms. Gn, a qualified advocate and solicitor in Singapore specialising in corporate finance, capital markets, corporate and commercial law as well as mergers and acquisitions, has been working as our Company Secretary since 2007. Ms. Tung, a fellow member of The Hong Kong Institute of Certified Public Accountants and a Fellow Certified Practising Accountant of the CPA Australia, was nominated by Boardroom Corporate Services (HK) Limited (“**Boardroom**”) to act as one of the Joint Company Secretaries with effect from 28 February 2020. Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom.

For FY2025, Ms. Tung and Ms. Gn have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the SEHK Listing Rules. Ms. Gn’s professional and continuing training are in relation to Singapore laws. The primary person at the Company with whom the Joint Company Secretaries have been contacting in respect of company secretarial matters is Ms. Ho Ting Wai Christine, chief financial officer of the Company.

The Joint Company Secretaries are responsible for keeping the minutes of all Board and Board Committees meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each Board and Board Committees meeting and the final version is open for Directors’ inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company’s Constitution contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at Board meetings for approving transactions in which such Directors or any of their associates have a material interest.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that each of its Board Committees and individual Directors.

The Board has established a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution of the individual Directors to the effectiveness of the Board.

The NC decides and recommends for the Board’s approval a set of objective performance criteria and its evaluation in relation to the Board and Board Committees’ performance as well as the contribution by the Chairman and each individual Director to the Board.

The objective performance criteria taken into consideration in the process of evaluation are as follows:

- (i) Timely guidance to the Management;
- (ii) Attendance at Board/Board Committees meetings;
- (iii) Participation at Board/Board Committees meetings;
- (iv) Commitment to Board activities;
- (v) Board performance in discharging principle functions including enhancing long-term Shareholder value;
- (vi) Board Committees performance;
- (vii) Independence of Independent Non-Executive Directors;

CORPORATE GOVERNANCE REPORT

- (viii) Appropriate complement of skill, experience and expertise on the Board;
- (ix) Return on assets/equity;
- (x) Return on investment; and
- (xi) Company's share price and performance over a five-year period.

A Board evaluation and individual Director evaluation is conducted annually whereby Directors complete a self assessment checklist based on various areas of assessment to assess their views on various aspects of Board performance. These areas include Board composition, information, process and accountability and the overall effectiveness of the Board. Factors considered include the suitability of the size of the Board for effective debate and decision-making, competency mix of Directors and regularity of meetings. The results of these checklists are reviewed and discussed by the NC. The NC Chairman acts on the results of the performance evaluation, and in consultation with the NC, will propose to the Board, where appropriate, to appoint new Director(s) to the Board or to seek the resignation of existing Directors.

The NC has assessed the overall performance of the current Board, Board Committees and each individual Director and is of the view that the performance of the Board as a whole, each Board Committee and each individual Director has been satisfactory and met its performance objectives for FY2025. No external facilitator was used in the evaluation process.

Remuneration Matters

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policy on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

The role of the RC is to review and recommend remuneration policies and packages for Directors and key management personnel and to disseminate proper information on transparency and accountability to Shareholders on issues of remuneration of the Executive Directors of the Group and employees related to the Executive Directors and controlling Shareholders of the Group.

Their role covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, long-term incentive schemes, including share schemes and benefits in-kind. Recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No Director or any of his/her associates is involved in deciding his/her own remuneration.

Primary functions to be performed by the RC:

- (i) review and recommend to the Board, a formal and transparent framework of remuneration for the Board and key management personnel;
- (ii) review and recommend to the Board the specific remuneration packages for each Director as well as for the key management personnel;
- (iii) review the level of remuneration that are appropriate to attract, retain and motivate the Directors and key management personnel whilst linking rewards to the Group or corporate and individual performance;
- (iv) ensure adequate disclosure on Directors' remuneration;

CORPORATE GOVERNANCE REPORT

- (v) review and administer the ISDN ESOS and employee performance share plan (collectively, the “Schemes”) adopted by the Group and decides on the allocations and grants of options and/or share awards to eligible participants under the Schemes;
- (vi) review and approve the Company’s obligations arising in the event of termination of the Executive Directors’ and key management personnel’s contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- (vii) recommend to the Board any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith.

Pursuant to the Code Provision E.1.5 of the HK CG Code, the remuneration of the executive officers/senior management by band for the FY2025 is set out below:

	2025	2024
	Number of Individual	
S\$100,001 to S\$200,000	1	1
S\$200,001 to S\$300,000	1	2
S\$300,001 to S\$400,000	2	1
	4	4

Details of the remuneration of each Director and the five (5) individuals with the highest emoluments in the Group for FY2025 are set out in Note 9 of the financial statements.

The RC comprises three (3) Independent Non-Executive Directors, one (1) of whom is also the Chairman of the RC, namely:

Sho Kian Hin (Chairman)	Independent Non-Executive Director
Heng Su-Ling Mae (Member)	Independent Non-Executive Director
Tan Soon Liang (Member)	Independent Non-Executive Director

During FY2025, the RC held one (1) meeting and has reviewed all aspects of remuneration, including but not limited to termination terms, Directors’ fees, salaries, allowances, bonuses, options, long-term incentive schemes, including the Schemes and benefits-in-kind. Recommendations of remuneration packages for each Director as well as for the key management personnel were made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No Director or any of his/her associates was involved in deciding his/her own remuneration.

In setting the remuneration packages, the RC considers the remuneration and employment conditions within the industry. If necessary, the RC will seek expert advice inside and/or outside the Company on remuneration of all Directors. The expenses arising from external professional advice (if any) shall be borne by the Company. No remuneration consultants were engaged by the Company during FY2025.

CORPORATE GOVERNANCE REPORT

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

The Executive Directors, Mr. Teo Cher Koon and Mr. Kong Deyang have entered into separate service agreements with the Company which can be terminated by either party giving not less than six (6) months' notice to each other. There are no long-term incentive schemes for any of the Directors. The remuneration package of the Executive Directors and the key management personnel comprises a basic salary component and a variable component which is the bonus, based on the performance of the Group as a whole and their individual performance.

The Non-Executive Director and Independent Non-Executive Directors receive Directors' fees, in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised. The Directors' fees for FY2025 were recommended by the Board for approval at the last AGM of the Company.

The Company sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate Directors and executive officers of required experience and expertise to run the Group successfully.

Principle 8: Disclosure on Remuneration

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Policy and criteria for setting remuneration

The Company's compensation structure for its Directors and key management personnel is directly linked to corporate and individual performance in terms of financial, non-financial performance and the creation of Shareholder wealth. There is a fixed component of remuneration and a variable component which is directly linked to a Director's or key management personnel's performance and contribution in that financial year.

The Company does not have in place any termination, retirement and post-retirement benefits that may be granted to Directors, the Managing Director and President, and the top four (4) key management personnel (who are not Directors or the Managing Director and the President).

The Company will consider the use of contractual provisions to allow the Company to reclaim incentive components or remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The Directors and senior management met their respective performance conditions for FY2025 relating to their remuneration packages.

CORPORATE GOVERNANCE REPORT

Details of the level and mix of the remuneration and fees paid to the Directors for FY2025 are set out below:

	Basic Salary	Director Fees	Bonus	Other Benefits	Retirement benefit scheme contribution	Fair value of share options granted	Total
	%	%	%	%	%	%	%
Executive Directors							
S\$2,500,001 to S\$3,000,000							
Teo Cher Koon	51	-	46	2	1	-	100
S\$600,001 to S\$650,000							
Kong Deyang	20	-	72	8	-	-	100
Non-Executive Director							
Below S\$100,000							
Toh Hsiang-Wen Keith ⁽¹⁾	-	100	-	-	-	-	100
Independent Non-Executive Directors							
Below S\$100,000							
Tan Soon Liang	-	100	-	-	-	-	100
Heng Su-Ling Mae	-	100	-	-	-	-	100
Sho Kian Hin	-	100	-	-	-	-	100

Note:

(1) FY2025 Director's fee was paid to New Earth Group 2 Ltd.

Please refer to Note 9 of the financial statements for the exact amount and further details on the remuneration and fees paid to the Directors.

CORPORATE GOVERNANCE REPORT

For FY2025, the Company identified four (4) key management personnel (who are not Directors or the President of the Company), having regards to the scale and organisation structure of the Group's operations. The details of remuneration paid to the four (4) key management personnel (who are not Directors or the President of the Company) for FY2025 is disclosed below:

	Salary	Bonus	Director Fees ⁽¹⁾	Other Benefits	Total
	%	%	%	%	%
<u>S\$350,001 to S\$400,000</u>					
Lau Choon Guan ⁽¹⁾	89	2	6	3	100
<u>S\$300,001 - S\$350,000</u>					
Ho Ting Wai Christine	76	24	-	-	100
<u>S\$200,001 - S\$250,000</u>					
Tay Geok Kee	90	7	-	3	100
<u>S\$150,001 - S\$200,000</u>					
Wong Kwok Whye Peter	89	-	5	6	100

Note:

(1) Mr. Lau Choon Guan received directors' fees in his capacity as a director of a subsidiary of the Company.

The aggregate amount of the total remuneration paid to the top four (4) key management personnel (who are not Directors) of the Company was S\$1,087,000 in FY2025. As far as the Company is aware, the remuneration of the key management personnel is in line with industry practices.

The Board has considered Provision 8.1 of the 2018 Code, and after careful deliberation, has decided that disclosure of details in excess of the above may be detrimental to its business interests, given the highly competitive industry conditions, where poaching has become commonplace. The Group, with its main operations currently in Singapore and China, sees human capital as one of its key advantages over its competitors and, noting that the highly competitive industry which the Group operates in, believes that the disclosure of each Director's and key management personnel's remuneration above best preserves the business.

Details of the remuneration of the Directors and the four (4) highest paid employees as required to be disclosed pursuant to rule 25 as set out in Appendix D2 to the SEHK Listing Rules are set out in Note 9 of the financial statements.

No emoluments were paid by the Group to the four (4) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during FY2025.

CORPORATE GOVERNANCE REPORT

The following table shows a breakdown of the annual remuneration (in percentage terms) of an immediate family member of a Director whose remuneration exceeds S\$100,000 for FY2025:

	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Thang Yee Chin ⁽¹⁾	89	5	6	100

Note:

(1) Ms. Thang Yee Chin is a director of thirty-four (34) subsidiaries of the Company and oversees the administrative function in these companies. She is the spouse of the Company's Managing Director and President, Mr. Teo Cher Koon. Her remuneration was between S\$350,001 to S\$400,000 for FY2025.

Save for the above, there are no other employees who are substantial Shareholders of the Company, or who are immediate family members of a Director or a substantial Shareholder of the Company, and whose remuneration exceeded S\$100,000 in FY2025.

ISDN Performance Share Plan 2022

The Company has implemented the ISDN PSP 2022 on 31 January 2023, which shall be valid and effective for a period of 10 years from the date of adoption until 30 January 2033.

On 13 March 2023, an aggregate of 2,830,000 new ordinary shares were granted and vested under the ISDN PSP 2022 at the market price of S\$0.49 (equivalent to HK\$2.85, based on the exchange rate of S\$0.1721: HK\$1 as at 10 March 2023) to 67 selected employees of the Group who are not related to any Directors, chief executives and substantial Shareholders (and each of their associates). 100% of the awards were vested on the date of grant. The awards were granted without any performance or vesting conditions attached, but the shares granted are subject to a selling moratorium of six months from 13 March 2023.

No awards have been granted to the Directors, controlling Shareholders of the Company or associates of controlling Shareholders of the Company, and no employee of the Group has received 5% or more of the total number of awards available under the ISDN PSP 2022.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that the Management maintains a sound system of risk management and internal controls (including those relating to the Group's ESG risk, performance and reporting), to safeguard the interests of the Company and its Shareholders.

Risk and Management Committee

The Board recognises that the internal control system provides reasonable, but not absolute, assurance to the integrity and reliability of the financial information and to safeguard the accountability of the assets of the Group. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board, with the oversight of the RMC which was formed on 19 December 2016, is responsible for determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The RMC comprises three (3) Independent Non-Executive Directors, namely:

Heng Su-Ling Mae (Chairlady)	Independent Non-Executive Director
Sho Kian Hin (Member)	Independent Non-Executive Director
Tan Soon Liang (Member)	Independent Non-Executive Director

The RMC performs the following principal functions:

- (i) supervise the risk control condition in respect of market risks, credit risks, operational risks, liquidity risks, compliance risks, information technology risks and reputation risks;
- (ii) monitor and evaluate the Group's exposure to international sanction law risks on an ongoing basis and, in particular, prior to entering into any agreement or conducting any business dealings with new customers;
- (iii) consider, review and approve the risk management strategy, policies and guidelines of the Group;
- (iv) decide on the risk profile, risk level, tolerance and capacity and related resource allocation;
- (v) review the risk reporting records of the Group and material risk management updates and reports of material breaches of risk limits and to assess the adequacy of proposals;
- (vi) engage external legal advisers with the necessary expertise and experience in international sanction law, and the general managers of each respective country to assist them in evaluating and monitoring international sanction law risks in the Group's day-to-day operations; and
- (vii) monitor and approve the use of monies deposited in the designated account for the purpose of deposit and deployment of all funds raised through the SEHK.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal control and risk management functions are performed by the Group's key executives.

CORPORATE GOVERNANCE REPORT

It should be noted that the Group's system of internal controls and risk management is designed to manage rather than to eliminate the risk of not meeting the Group's business objectives. Such system of internal controls and risk management can only provide reasonable, not absolute, assurance against, *inter alia*, the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities. The Management reviews the Company's business and operational activities regularly to identify areas of significant business, operational and compliance risks, and employs a wide range of measures to control these risks, including financial, operational, compliance and information technology controls. Internal and external auditors conduct annual audits and highlight significant matters to the AC, the RMC and the Management.

The Management acts on the matters highlighted by the external and internal auditors to improve the internal controls of the Company. The Management has embedded the risk management process and internal controls into all business operating procedures, where it becomes ultimately the responsibility of all business and operational managers. All identified areas of risks are promptly addressed by the managers who swiftly determine and implement appropriate measures to control and mitigate against such risks. Targets are set to measure and monitor the performance of operations periodically, such as sales growth, profit margins, operating expenses, management of inventory, management of receivables and personnel attendance. The identified risks and the corresponding countervailing controls are regularly reviewed by the managers to ensure that they are up to date and effective. All significant matters are highlighted to the Board, the RMC and the AC for their review, and the Board monitors the adequacy and effectiveness of the internal controls and risk management policies.

The Board, the AC and the RMC will be responsible for (a) monitoring the Group's risk of becoming subject to, or violating, any sanctions-related law or regulation; and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities.

The Board will, in line with the Regulator's Column released by the SGX-ST on 7 March 2022 titled "*What SGX expects of issuers in respect of sanctions-related risks, subject or activity*" in reviewing the adequacy and effectiveness of the internal controls and risk management systems, ensure that there are adequate safeguards to address and mitigate any financial, operating and compliance risks, including sanctions-related risks.

The Board has also received assurance from:

- (i) the Managing Director and President, and Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (ii) the Managing Director and President, and other key management personnel who are responsible, that the Group's risk management systems and internal control systems are effective and adequate.

During FY2025, the RMC held one (1) meeting to review the Group's risk management and internal control systems which covered all material controls, including financial, operational and compliance control as well as risk management functions. The RMC is satisfied with the effectiveness of the Group's risk management and internal control systems.

The AC has reviewed the Group's risk assessment, based on the audit reports and controls put in place by the Management, and have discussed with the internal auditors the effectiveness of the Group's internal controls. The AC is satisfied that the Group's internal controls are adequate and operating efficiently.

Based on the internal controls established and maintained by the Group, work performed by the external auditors and internal auditors, and reviews performed by the Management, the RMC, the AC and the Board, the Board and the AC are satisfied that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2025.

CORPORATE GOVERNANCE REPORT

Principle 10: Audit Committee

The Board has an AC which discharges its duties objectively.

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance to safeguard the Group's assets and maintain adequate accounting records, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group.

The AC is regulated by its written terms of reference which sets out the AC's authorities and duties. The primary functions performed by the AC are set out below:

- (i) reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (ii) reviewing the adequacy and effectiveness of the Company's internal controls and risk management systems at least annually;
- (iii) reviewing the assurance from the President and CFO on the financial records and financial statements;
- (iv) making recommendations to the Board on the proposals to the Shareholders on the appointment and removal of external auditors; and the remuneration and terms of engagement of the external auditors;
- (v) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (vi) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (vii) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to the Management and the Management's response;
- (viii) review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board;
- (ix) discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations;
- (x) review potential conflicts of interest (if any);
- (xi) review the independence of the internal and external auditors;
- (xii) review interested person transactions and continuing connected transactions;
- (xiii) review the internal control procedures and ensure co-operation given by the Management to the external auditors; and
- (xiv) undertake such other functions and duties as requested by the Board and as required by SGX-ST Listing Manual and the SEHK Listing Rules.

In addition to the above, the AC and the RMC will assess whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Company and continuously monitor the validity of the information provided to Shareholders and the SGX-ST.

CORPORATE GOVERNANCE REPORT

The Company has set out its whistle-blowing policy on its intranet. The Company has designated an independent function to investigate whistle-blowing reports made in good faith. Depending on the nature of the concern raised, an investigation may be conducted involving one or more of the following persons – the AC, internal auditors, external auditors or the forensic professionals and if necessary, reports will be made to the police or the Commercial Affairs Department.

The Company's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to the AC. The Company ensures that the identity of the whistleblower is kept confidential. During FY2025 till the date of this annual report, there were no reports received through the whistleblowing mechanism.

The AC has reviewed and is satisfied with the policies and arrangements (including investigation and follow up action) for staff of the Group and any other persons who may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC will ensure that the whistleblower is protected against detrimental or unfair treatment.

The AC has recommended to the Board that Messrs Moore Stephens LLP ("**Moore Stephens**") be nominated for re-appointment as external auditors of the Group at the forthcoming AGM. The Company confirmed that Rule 13.88 of the SEHK Listing Rules had been complied with.

The AC assesses the independence of the external auditors annually. The aggregate amount of fees paid for the external auditors of the Group for FY2025 is disclosed under Note 8 of the financial statements. There were no non-audit fees paid or payable to the Company's auditors during FY2025. The AC has reviewed the audit services rendered by the external auditors for FY2025 as well as the fees paid, and is satisfied that the independence of the external auditors has not been impaired.

The Company confirms compliance with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of auditing firms for the Group. Moore Stephens is registered with the Accounting and Corporate Regulatory Authority of Singapore and has been appointed as the external auditors of the Company and its Singapore-incorporated subsidiaries and significant associated companies. Member firms of Moore Global Network Limited have been engaged for the audit of the Group's significant foreign-incorporated subsidiaries.

In reviewing the nomination of Moore Stephens for re-appointment for FY2026, the AC has considered the adequacy of the resources, experience and competence of Moore Stephens, and has taken into account the Accounting and Corporate Regulatory Authority's (ACRA) Audit Quality Indicators Disclosure Framework relating to Moore Stephens at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and its ability to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC is satisfied with the standard and quality of work performed by Moore Stephens. It has recommended to the Board the nomination of Moore Stephens for re-appointment as external auditors of the Company, subject to the shareholders' approval at the forthcoming AGM.

During FY2025, the AC held four (4) meetings, *inter alia*, to approve the results announcements and the financial statements of the Group, the AC discussed with the external auditors on the identified key audit matters and reviewed how those key audit matters have been addressed by the external auditors in their auditor's report. Having considered these, the AC is satisfied on the bases, estimates and judgements exercised by the Management in relation to those identified key audit matters.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors.

CORPORATE GOVERNANCE REPORT

The AC has the authority to investigate any matter within its terms of reference, gain full access to and cooperation by the Management, exercise full discretion to invite any Director or executive officer to attend its meetings, and gain reasonable access to resources to enable it to discharge its functions properly.

The AC comprises three (3) Independent Non-Executive Directors, one (1) of whom is also the Chairlady of the AC.

The members of the AC as at the date of the independent auditor's report are as follows:

Heng Su-Ling Mae (Chairlady)	Independent Non-Executive Director
Sho Kian Hin (Member)	Independent Non-Executive Director
Tan Soon Liang (Member)	Independent Non-Executive Director

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. All three (3) AC members have recent and relevant accounting or related financial management expertise or experience.

The members of the AC sit on multiple boards and hence, have the necessary accounting and financial expertise to deal with the matters that come before them. They will attend courses and seminars to keep abreast of changes to accounting standards and other issues which may have a direct impact on financial statements, as and when necessary.

None of the AC members was a former partner or Director of the Company's existing auditing firm or auditing corporation (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or Director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Internal Auditors

The Board is cognisant of its responsibility to maintain a sound system of internal controls to safeguard the Shareholders' investment and the Group's assets and business. The AC decides on the appointment, termination and remuneration of the head of the internal audit function.

For FY2025, the Company outsourced 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). Mr. Edward Yap is further assisted by an engagement Director who has more than ten (10) years of experience in risk management and risk-based internal audit services. 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 AC with an independent assessment on the adequacy and effectiveness of the Group's internal control system. WCA conducted an internal audit in FY2025 and reports directly to the AC and AC Chairlady and administratively to the Managing Director and President. WCA has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

At the same time, the Company has continued with the practice whereby it tasked two (2) staff members with accounting backgrounds to carry out a financial review on the major operating subsidiaries of the Company and to submit timely analysis report to the Management for review.

CORPORATE GOVERNANCE REPORT

For FY2025, the AC 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. The AC has also reviewed the results of the internal audit performed by WCA. The Board, with the concurrence of the AC, is of the opinion that the risk management system and internal controls system, addressing the financial, operational, compliance and information technology controls risks faced by the Company, is adequate and effective to safeguard the interests of the Shareholders. In line with the Board's commitment to maintain sound internal controls, the Board has continued to engage WCA to perform internal audit for FY2026.

The AC will meet with the external auditors without the presence of the Management at least once a year to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors. There are also meetings between the AC and internal auditors without the presence of the Management.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT

Principle 11: Shareholders' Rights and Conduct of General Meetings

The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives Shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company's corporate governance practices promote the fair and equitable treatment to all Shareholders by placing strong emphasis on strengthening relationships with its Shareholders and the investment community. The Company keeps all its Shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business which could materially affect the price or value of its shares, on a timely basis.

To facilitate Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET and the website of the SEHK, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable Shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of Shareholders' meetings through notices contained in the annual reports or the circulars disseminated to all Shareholders. These notices are also posted onto the SGXNET and the website of the SEHK.

In order to provide ample time for the Shareholders to review, the notice of any general meeting, together with the relevant annual report or circular, is disseminated to all Shareholders before the scheduled general meeting date. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

All Shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting in accordance with the SGX-ST Listing Manual and the SEHK Listing Rules for all resolutions tabled at the general meetings. The Company relies on the advice of the independent scrutineers to determine the need for electronic voting, taking into consideration the logistics involved, costs, and number of Shareholders, amongst other factors.

All Shareholders are entitled to attend and are provided the opportunity to participate in the general meetings of the Company. At general meetings of Shareholders, the Company tables separate resolutions on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. In this regard, the Company has complied with Provision 11.2 of the 2018 Code.

CORPORATE GOVERNANCE REPORT

The Directors' attendance at the general meetings of the Company held in FY2025 are set out in the table below:

Name of Director	AGM	
	No. of Meetings Held during the tenure of the Directors	No. of Meetings Attended during the tenure of the Directors
Teo Cher Koon	1	1
Kong Deyang	1	-
Toh Hsiang-Wen Keith	1	1
Tan Soon Liang	1	1
Heng Su-Ling Mae	1	1
Sho Kian Hin	1	1

The Company's Constitution has been amended on 16 December 2016 to facilitate voting in absentia. If any Shareholder who is not a relevant intermediary (as defined in the Companies Act) is unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance as prescribed by the Company and in accordance with the requirements of the Companies Act and SEHK Listing Rules from time to time. A Shareholder who is a relevant intermediary may appoint more than two (2) proxies to speak, attend and vote at general meetings.

Under the Company's Constitution, Directors may in general, whenever they think fit, convene extraordinary general meetings. Under Section 176 of the Companies Act, however, Directors must notwithstanding anything in the Company's Constitution, on the requisition of Shareholders holding not less than 10% of the total paid-up capital of the Company at the date of the deposit of the requisition, immediately proceed to convene an extraordinary general meeting to be held as soon as practicable but in any case not later than two (2) months after receipt by the Company of the requisition. In addition to the said right of requisition, two (2) or more Shareholders holding not less than 10% of the total number of issued shares of the Company (excluding treasury shares) may also call a general meeting of the Company.

In addition to the above, the Company meets with its institutional and retail investors at least once a year at the AGM where Shareholders are invited and encouraged to express their views. Apart from announcements published via SGXNET and SEHK's website and the annual report, the Company keeps Shareholders informed of corporate developments by way of press releases from time to time.

The Company publishes minutes of its general meetings of Shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments and queries from Shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

For the forthcoming AGM, minutes of the AGM, which will include substantial comments or queries from Shareholders and responses from the Board and the Management, will be published on SGXNET, the Company's corporate website and the website of the SEHK within one month after the AGM.

The Group has adopted a dividend policy that aims to provide 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. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other relevant factors as the Board may deem appropriate. For FY2025, the Company has declared a first and final tax-exempt (one-tier) dividend of 0.53 Singapore cents (equivalent to approximately 3.28 Hong Kong cents) per ordinary share.

CORPORATE GOVERNANCE REPORT

Principle 12: Engagement with Shareholders

The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

The Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Company's strategies and growth plans. The Board welcomes questions from Shareholders who wish to raise issues, either informally or formally before or during the general meetings.

The Company is committed to timely dissemination of information and proper transparency and disclosure of relevant information to SGX-ST and SEHK, Shareholders, analysts, the public and its employees. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

Information is communicated to Shareholders and the public through the following channels:

- (i) 21 clear days' notice for any AGM and any extraordinary general meeting of the Company at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company and 14 clear days' or 10 clear business days' (whichever is longer) notice for all other extraordinary general meetings of the Company. The Board strives to ensure that these reports include all relevant information on the Group, including current developments, strategic plans and disclosures required under the Companies Act, Singapore Financial Reporting Standards, SGX-ST Listing Manual, the SEHK Listing Rules and other relevant statutory and regulatory requirements;
- (ii) Price sensitive announcement of interim and full year results released through SGXNET and the website of the SEHK;
- (iii) Disclosures on the SGXNET and the website of the SEHK;
- (iv) Press releases;
- (v) Press and analysts' briefings as may be appropriate; and
- (vi) The Group's website (<https://www.isdnholdings.com/>) where Shareholders and the public may access information on the Group.

The detailed voting results, including the total number of votes cast for or against each resolution tabled, will be announced immediately at the general meetings and via SGXNET and the website of the SEHK. Minutes of general meetings including the questions and answers and relevant comments raised at the meeting will be prepared and such minutes are published on the Company's corporate website as soon as practicable.

The Company has taken the following steps to solicit and understand the views of Shareholders:

The Company has put in place dedicated investor-relations support guided by an investor relations policy to help to disseminate material information in a timely and useful manner to Shareholders, analysts, the media, and other investors and aims to raise awareness and understanding of the company's business amongst the investing public. The Company has a section on the Company's website at <http://www.isdnholdings.com/investor-relations> to provide Shareholders and prospective investors with information necessary to make well-informed investment decisions and to maintain a regular dialogue channel with Shareholders to gather views, inputs and address Shareholder's concerns. The Board reviewed the investor relations policy and considered the policy has been properly implemented during the FY2025 and such policy remains effective.

CORPORATE GOVERNANCE REPORT

In addition, Shareholders and other stakeholders may send their enquires and concerns to the Board by addressing them to the Joint Company Secretaries by post to the principal place of business of the Company at 101 Defu Lane 10, Singapore 539222. The Joint Company Secretaries will forward the enquires or concerns to the Managing Director and President or Chairman of the Board committees or senior management, as appropriate, within their area of responsibilities for handling.

Shareholders are welcome to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at Shareholders' meeting. Proposal shall be sent to the Board or the Joint Company Secretaries by written requisition at 101 Defu Lane 10, Singapore 539222. Pursuant to the Company's Constitution, Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Shareholders Rights" above.

Principle 13: Engagement with Shareholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company holds analysts' briefings of its half-yearly results and full year results. The half-yearly financial results are published through the SGXNET and the website of the SEHK, via press releases and on the Company's corporate website, to ensure fair dissemination to Shareholders. The date of release of the results is announced through SGXNET and the website of the SEHK. The Company also conducts analysts' briefings and investor roadshows to maintain regular dialogue with Shareholders as well as to solicit and understand the views of Shareholders.

The detailed investor relation calendar for the FY2025 is set out in the table below:

Period	Event
1 st Quarter 2025 (January – March 25)	<ul style="list-style-type: none">● 2024 Full Year Financial Results Announcement, and Press Release● Conference calls, meetings with analysts and investors
2 nd Quarter 2025 (April – June 25)	<ul style="list-style-type: none">● AGM● Annual and ESG Report 2024● Conference calls, meetings with analysts and investors
3 rd Quarter 2025 (July – September 25)	<ul style="list-style-type: none">● 1H2025 Financial Results Announcement and Press Release● Technology leader Harmonic Drive Systems enters Joint Sales Agreement with Servo Singapore in the Asian Market● ISDN and Schneider Electric expand smart warehouse partnership across Asia● Conference calls, meetings with analysts and investors● Payment of 2024 Final Dividend by cash and scrip dividend
4 th Quarter 2025 (October – December 25)	<ul style="list-style-type: none">● Business and earnings update for 3Q2025● Conference calls, meetings with analysts and investors● Use of proceeds

The Company maintains a current corporate website, <https://www.isdnholdings.com/>, to communicate and engage with stakeholders.

Material Contracts

No material contracts were entered into between the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder, which are either subsisting at the end of FY2025 or, if not then subsisting, entered into since the end of the previous financial year except for related party transactions and Director's remuneration as disclosed in the financial statements.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions (“IPTs”)

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm’s length basis. All IPTs are subject to review by the AC to ensure compliance with established procedures.

In order to ensure that the Company complies with Chapter 9 of the SGX-ST Listing Manual and Chapter 14A of the SEHK Listing Rules on IPTs, the AC meets two (2) times a year to review all IPTs of the Company. However, if the Company enters into an IPT, the AC ensures compliance with the relevant rules under Chapter 9 of the SGX-ST Listing Manual and Chapter 14A of the SEHK Listing Rules.

For FY2025, there was no general mandate obtained by the Company in relation to any IPT.

There were no significant IPTs entered between the Group and interested persons during FY2025.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Not applicable	Nil	Nil	Nil

The disclosure of related party transactions in Note 33 of the financial statements is in accordance with the requirements set out in Singapore Financial Reporting Standards (International) which is varying with the requirements of Chapter 9 of the SGX-ST Listing Manual and Chapter 14A of the SEHK Listing Rules.

Dealing in Company’s Securities

In compliance with the best practices on dealings in securities set out in Rule 1207(19) of the SGX-ST Listing Manual of the SGX-ST, the Company has adopted its own internal compliance code to provide guidance for the Company, Directors and all its officers in relation to their dealings in the Company’s securities.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the SEHK Listing Rules (the “**Model Code**”) as its own code of conduct governing the securities transactions by the Directors. The Company confirms that specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code for FY2025.

The Company, Directors, officers and any other employees who have access to material price-sensitive information are prohibited from dealing in securities of the Company prior to the announcement of a matter that involves material unpublished price-sensitive information. Officers also refrained from dealing in the Company’s securities on short-term considerations.

The Company, Directors, officers and employees are also prohibited from dealing in the Company’s securities during the period commencing 30 days before the announcement of the Company’s half-yearly financial statements and 60 days before the announcement of the Company’s full-year financial statements or, if shorter, the period from the end of the relevant financial period/year up to the publication date of the results.

CORPORATE GOVERNANCE REPORT

The Company reminds their officers that the law on insider dealing is applicable at all times, notwithstanding that their internal codes may provide certain window periods for them or their officers to deal in their securities.

The Group has complied with Rule 1207(19) of the SGX-ST Listing Manual and the Model Code.

Use of Proceeds from Issues of Securities

Use of net proceeds from the placement of 23,730,000 new ordinary shares in the capital of the Company at an issue price of S\$0.45 which was completed on 8 May 2013 (the "Placement").

As disclosed in the announcement of the Company dated 7 July 2023 in relation to the change of use of proceeds from placement of shares, the Company intends to re-allocate the unutilised net proceeds from the Placement, which was originally allocated for working capital requirements of the mining-related business of the Group, in particular for coal trading to funding for construction and working capital requirements of the renewal energy business of the Group. As there is a change in the business plan of the Company from mining to renewal energy business, the Company intends to re-allocate the amount of unutilised proceeds of S\$6,100,000 to renewal energy business.

As disclosed in the announcement of the Company dated 14 October 2025, the Group's utilisation of net proceeds of approximately S\$10,415,000 (after deducting expenses of approximately S\$263,500) from the Placement is set out below:

Prospects / Future Plans	Amount of net proceeds allocated	Amount utilised as at the date of re-allocation on 07/07/2023	Amount unutilised prior to re-allocation	Amount re-allocated	Amount utilised from 08/05/2013 to 31/12/2025	Amount utilised during FY2025	Amount unutilised as at 31/12/2025	Expected timeline of full utilisation of unutilised proceeds
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Partial funding of the planning and construction of additional facilities within the ISDN High-Tech Industrial Park	1,815	1,200	615	-	1,815	-	-	N/A
Working capital requirements of the mining-related business of the Group (in particular, coal trading)	6,600	500	6,100	(6,100)	500	-	-	N/A
Funding for construction and working capital requirement of the renewal energy business	-	-	-	6,100	3,728	2,654	2,372	December 2026
Exploration of power plant opportunities	2,000	2,000	-	-	2,000	-	-	N/A
Total	10,415	3,700	6,715	-	8,043	2,654	2,372	

The allocation and utilisation of the proceeds from the Placement is in accordance with the intended use.

The Company will make further announcements when the remaining net proceeds from the Placement are materially disbursed.

CORPORATE GOVERNANCE REPORT

Use of net proceeds from the issue of 26,987,295 new ordinary shares in the capital of the Company at the offer price of S\$0.20 (equivalent to approximately HK\$1.16) per share in connection with the subscription agreement entered with NTCP SPV VI (“**NTSP**”) on 27 February 2019 (the “**Subscription**”).

The Group’s utilisation of the net proceeds of approximately S\$5,300,000 (after deducting expenses of approximately S\$62,000) from the Subscription is set out below:

	Amount of net proceeds allocated	Amount utilised from 27/02/2019 to 31/12/2025	Amount utilised during FY2025	Amount unutilised as at 31/12/2025	Expected timeline of full utilisation of unutilised proceeds
Prospects/Future Plans	S\$’000	S\$’000	S\$’000	S\$’000	
Business development	4,770	3,911	879	859	December 2026
General working capital	530	530	-	-	N/A
Total	5,300	4,441	879	859	

Corporate Governance Functions

The Board has been and is performing the corporate governance duties set out in Code Provision A.2.1 of the HK CG Code, which, among other things, are as follows:

- (i) to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (iii) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance; and
- (v) to review the Company’s compliance with the relevant laws and regulations and disclosure in this annual report.

CORPORATE GOVERNANCE REPORT

Inside Information

With respect to the procedures and internal controls for the handling and dissemination of price sensitive information, the Company is aware of its obligations under Part XIVA of the SFO and the SEHK Listing Rules and has established the inside information/price-sensitive information disclosure policy with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission of Hong Kong.

Under the policy, the procedures and internal controls for the handling and dissemination of inside information are as follows:

- (a) the Company should announce the inside information immediately where it is necessary to avoid the establishment of a false market in the Company's securities or would be likely to materially affect the price or value of the Company's securities;
- (b) the Board shall take reasonable precautions for preserving the confidentiality of inside information and the relevant draft announcement (if applicable) before publication;
- (c) the Company should make the inside information announcement through the electronic publication systems operated by the SEHK, SGX-ST and the Company's website; and
- (d) the Group has established and implemented procedures for dealing with media speculation, market rumours and analysts' reports.

Changes in the Company's Constitutional Documents

During FY2025, there were no changes in the Company's Constitutional Documents.

The Company's Constitution is available on the websites of the SGX-ST, SEHK and the website of the Company.

CORPORATE GOVERNANCE REPORT

Additional Information on Director Seeking Re-election

Details	Mr. Toh Hsiang-Wen Keith
Date of Appointment	10/05/2019
Date of last re-appointment (if applicable)	28/04/2023
Name of person	Toh Hsiang-Wen Keith
Age	51
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors, having considered the qualifications and working experience of Mr. Toh Hsiang-Wen Keith, is of the view that he has the requisite experience and capabilities to assume the responsibilities as a Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Appointment: Non-Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director
Professional qualifications	Bachelor of Science in Electrical Engineering from Stanford University
Working experience and occupation(s) during the past 10 years	<p>TDConnex Global Pte. Ltd. Chairman (2024 – Present)</p> <p>SP Manufacturing Pte. Ltd. Chairman (2023 – Present)</p> <p>SP Investment Holdings Limited Director (2023 – Present)</p> <p>NT Thor Holdings Pte. Ltd. Director (2021 – Present)</p> <p>NT Thor Pte. Ltd. Director (2021 – Present)</p> <p>ISDN Holdings Limited Non-Executive Director (2019 – Present)</p> <p>Novo Tellus Capital Partners Partner (2018 – Present)</p> <p>Novo Tellus Alpha Acquisition Executive Director (2022-2024)</p>

CORPORATE GOVERNANCE REPORT

Additional Information on Director Seeking Re-election (cont'd)

Details	Mr. Toh Hsiang-Wen Keith
	<p>Procurri Corporation Limited Alternate Director (2021 – 2022)</p> <p>AEM Holdings Ltd Director (2015 – 2018)</p> <p>Source Photonics Inc Director (2010 – 2017)</p> <p>Aconex Ltd Director (2008 – 2017)</p> <p>Francisco Partners L.P. Principal (2001 – 2011)</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>NTCP SPV VI (“NTSP”) holds 39,309,827 ordinary shares (the “ISDN Shares”) in the capital of the Company.</p> <p>Novo Tellus PE Fund 2, L.P. (“NT Fund 2”) holds 100% of shares in the capital of NTSP and therefore is deemed to have an interest in ISDN Shares.</p> <p>New Earth Group 2 Ltd (“NEG 2”) is the general partner of NT Fund 2 and therefore is deemed to have an interest in ISDN Shares.</p> <p>Mr. Toh Hsiang-Wen Keith is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in NEG 2, and therefore is deemed to have an interest in ISDN Shares.</p>
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

CORPORATE GOVERNANCE REPORT

Additional Information on Director Seeking Re-election (cont'd)

Details	Mr. Toh Hsiang-Wen Keith
Other Principal Commitments Including Directorships	
Past (for the last 5 years)	<p>Novo Tellus Alpha Acquisition Executive Director (2022 – 2024)</p> <p>Procurri Corporation Limited Alternate Director (2021 – 2022)</p>
Present	<p>TDConnex Global Pte. Ltd. Chairman (2024 – Present)</p> <p>SP Manufacturing Pte. Ltd. Chairman (2023 – Present)</p> <p>SP Investment Holdings Limited Director (2023 – Present)</p> <p>NT Thor Holdings Pte. Ltd. Director (2021 – Present)</p> <p>NT Thor Pte. Ltd. Director (2021 – Present)</p> <p>ISDN Holdings Limited Non-Executive Director (2019 – Present)</p> <p>Novo Tellus Capital Partners Partner (2018 – Present)</p>
Information required	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “YES”, full details must be given. If “NO”, please indicate.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

CORPORATE GOVERNANCE REPORT

Additional Information on Director Seeking Re-election (cont'd)

Details	Mr. Toh Hsiang-Wen Keith
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

CORPORATE GOVERNANCE REPORT

Additional Information on Director Seeking Re-election (cont'd)

Details	Mr. Toh Hsiang-Wen Keith
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No

CORPORATE GOVERNANCE REPORT

Additional Information on Director Seeking Re-election (cont'd)

Details	Mr. Toh Hsiang-Wen Keith
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is in relation to a re-appointment of Director.
If yes, please provide details of prior experience.	Not applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable

CORPORATE GOVERNANCE REPORT

Additional Information on Appointment of Independent Non-Executive Director

Details	Mr. Lim Teck Chai, Danny
Date of Appointment	30/04/2026
Date of last re-appointment (if applicable)	Not applicable
Name of person	Lim Teck Chai, Danny (" Mr. Lim ")
Age	52
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>The Board of the Company, having reviewed and considered the Nominating Committee's assessment of Mr. Lim's qualifications and work experience, is of the view that he possesses the requisite experience and capabilities to assume the responsibilities as an Independent Non-Executive Director of the Company.</p> <p>Mr. Lim is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.</p>
Whether appointment is executive, and if so, the area of responsibility	No, appointment is as Independent Non-Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, member of the Audit Committee, Remuneration Committee, and Risk Management Committee.
Professional qualifications	<p>Bachelor of Laws (Hons), National University of Singapore, Singapore</p> <p>Master of Science in Applied Finance, Nanyang Technological University, Singapore</p> <p>Advocate & Solicitor, Supreme Court of Singapore</p>
Working experience and occupation(s) during the past 10 years	<p>ValueMax Group Limited Independent Non-executive Director (January 2022 – Present)</p> <p>Advancer Global Limited Independent Non-executive Director (December 2019 – Present)</p> <p>Choo Chiang Holdings Ltd Independent Non-executive Director (August 2018 – Present)</p> <p>Stamford Land Corporation Ltd Independent Non-executive Director (May 2017 – Present)⁽¹⁾</p>

CORPORATE GOVERNANCE REPORT

Additional Information on Appointment of Independent Non-Executive Director (cont'd)

Details	Mr. Lim Teck Chai, Danny
	<p>Kimly Limited Independent Non-executive Director (February 2017 – Present)⁽²⁾</p> <p>Rajah & Tann Singapore LLP Partner, Capital Markets/Mergers & Acquisition (January 2006 – Present)</p> <p>Notes:</p> <p>(1) <i>Mr. Lim expects to retire from the board of directors of Stamford Land Corporation Ltd at its forthcoming annual general meeting in July 2026, after a nine year tenure, pursuant to the SGX-ST Listing Manual.</i></p> <p>(2) <i>Similarly, Mr. Lim expects to retire from the board of directors of Kimly Limited at its annual general meeting in January 2027.</i></p>
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	
Past (for the last 5 years)	Nil
Present	<p>ValueMax Group Limited Independent Non-executive Director (January 2022 – Present)</p> <p>Advancer Global Limited Independent Non-executive Director (December 2019 – Present)</p> <p>Choo Chiang Holdings Ltd Independent Non-executive Director (August 2018 – Present)</p> <p>Stamford Land Corporation Ltd Independent Non-executive Director (May 2017 – Present)</p>

CORPORATE GOVERNANCE REPORT

Additional Information on Appointment of Independent Non-Executive Director (cont'd)

Details	Mr. Lim Teck Chai, Danny
	<p>Kimly Limited Independent Non-executive Director (February 2017 – Present)</p> <p>Rajah & Tann Singapore LLP Partner, Capital Markets/Mergers & Acquisition (January 2006 – Present)</p>
Information required	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “YES”, full details must be given. If “NO”, please indicate.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No

CORPORATE GOVERNANCE REPORT

Additional Information on Appointment of Independent Non-Executive Director (cont'd)

Details	Mr. Lim Teck Chai, Danny
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

CORPORATE GOVERNANCE REPORT

Additional Information on Appointment of Independent Non-Executive Director (cont'd)

Details	Mr. Lim Teck Chai, Danny
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes, see below paragraph (k)
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	Yes, see below paragraph (k)
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	<p>Yes, see below.</p> <p><u>Additional Information</u></p> <p>(a) in February 2022, two former executive directors of Kimly Limited were fined and disqualified by the Singapore courts for failure to disclose in a transaction involving the company. Mr. Lim was then, and remains, an independent non-executive director of the company. For the avoidance of doubt, Mr. Lim was not the subject matter of any investigation personally; and</p>

CORPORATE GOVERNANCE REPORT

Additional Information on Appointment of Independent Non-Executive Director (cont'd)

Details	Mr. Lim Teck Chai, Danny
	(b) in December 2023, Stamford Land Corporation Ltd (of which Mr. Lim was then, and remains, a non-executive independent director) and SGX-ST issued a joint statement on resolution of an issue relating to the allocation of rights shares for excess applications under Rule 877(10) of the SGX-ST Listing Manual arising from the company's rights issue exercise announced in December 2021, without any admission as to liability.
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If yes, please provide details of prior experience.	<p>ValueMax Group Limited Independent Non-executive Director (January 2022 – Present)</p> <p>Advancer Global Limited Independent Non-executive Director (December 2019 – Present)</p> <p>Choo Chiang Holdings Ltd Independent Non-executive Director (August 2018 – Present)</p> <p>Stamford Land Corporation Ltd Independent Non-executive Director (May 2017 – Present)</p> <p>Kimly Limited Independent Non-executive Director (February 2017 – Present)</p>
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

TABLE OF CONTENT

PAGE

I.	PREAMBLE	71
II.	ABOUT THIS REPORT.....	73
III.	SUSTAINABILITY GOVERNANCE	75
IV.	MESSAGE FROM THE BOARD	76
V.	STAKEHOLDER ENGAGEMENT	78
VI.	ENVIRONMENTAL SUSTAINABILITY	85
VII.	SOCIAL SUSTAINABILITY	108
VIII.	REPORT DISCLOSURE INDEX.....	125

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

List of tables

Table 1	Stakeholders expectations and communication channels.....	78
Table 2	Total emissions by the Group in FY2025	85
Table 3	Total use of resources by the Group in FY2025	88
Table 4	Targets in environmental sustainability.....	92
Table 5	Number of employees by age group, gender, employment type, position type, geographical locations of the Group in FY2025.....	108
Table 6	Employee turnover rate by age group, gender and geographical locations in FY2025	110
Table 7	New hire rate by age group and gender in FY2025	111
Table 8	Employment laws and regulations with which the Group has complied.....	112
Table 9	Laws and regulations related to employees' health and safety with which the Group has complied.....	114
Table 10	Number and rate of work-related fatalities of the Group in past three financial years	115
Table 11	Number and percentage of employees trained in the Group by gender and position in FY2025.....	116
Table 12	Training hours received by the employees of the Group by gender and position in FY2025.....	117
Table 13	List of international organisations for standardisation with which the Group has complied.....	122

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

In the swiftly changing global manufacturing landscape, digital transformation has emerged as a crucial trend, fundamentally reshaping the future of the industry. The Group understand the vital importance of adopting digital transformation to maintain a leading edge in technological advancements. This transition not only promotes innovation and growth, but also expediting the shift toward a sustainable future. The Group is well-positioned to capitalise on global trends, generating substantial benefits in this new era.

The recent 30th Conference of the Parties (“**COP30**”) to the United Nations Framework Convention on Climate Change has further underscored the necessity of sustainability and the urgent requirement to tackle the pervasive challenges presented by climate change. The Group is resolved to play a meaningful part in facilitating this change, driven by the conviction that harnessing technology and automation is paramount to achieving its sustainability objectives. As a prominent leader in the automation sector, the Group acknowledges the significant positive impact that enterprises and the business community can wield in driving meaningful change. Recognising the immediacy of climate action, the Group remains committed to fulfilling its responsibilities and understanding its role in addressing climate challenges.

The advent of Industry 4.0 presents a notable window of opportunity, with innovations powered by technology offering improved solutions to address sustainability challenges. The concept of sustainability has long been integrated into the Group’s management philosophy, emphasising the integration of economic, environmental and social considerations into its daily operations and business development. The Group is committed to optimising resource usage and driving sustainable development by embedding digitalisation, sustainability and climate change within its strategic framework, thus continuously evolving its business model and channelling investment into renewable energy projects.

As a leading provider of integrated engineering solutions specialising in industrial automation and innovation, the Group embraces smart manufacturing solutions through automation. The goal is to utilise advanced technological breakthroughs and analytical expertise to navigate towards a digitally enabled future. Committed to advancing its automation and artificial intelligence capabilities, the Group seeks to develop effective solutions to address global climate-related issues affecting the society. By leveraging its expertise in technological innovation, the Group strengthens its fundamental values and vision, positioning itself as a responsible enterprise devoted to sustainability.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE (cont'd)

ISDN's business commitment: "We are committed to sustainable industrial growth, and is helping to build Asia's sustainable future through its dedicated clean industry solutions and its clean energy portfolio.

ISDN's vision: "We're building Asia's smart industrial future".

Our solutions help customers unlock new industrial capability, productivity, and sustainability to support the next generation of Asia's industrial growth.

We partner closely with customers to deliver clear business value, while growing our business sustainably for all ISDN shareholders and stakeholders.

ISDN's values: Our values reflect a comprehensive stakeholder approach to building our vision.

We seek:

- **To be a recognised leader in all the markets we serve.**
- **To build lasting relationships with customers and partners.**
- **To be an employer of choice that inspires and rewards excellence.**
- **To build value for shareholders through business, financial and earnings growth.**
- **To grow sustainably for all business and community stakeholders.**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ABOUT THIS REPORT

The Group is pleased to present its ESG Report for FY2025 to demonstrate its approach and performance in terms of ESG management and corporate sustainable development.

This ESG report was prepared in compliance with the requirements under Appendix C2 - Environmental, Social and Governance Reporting Guide as set out in the Listing Rules of the SEHK and Practice Note 7.6 - Sustainability Reporting Guide under the Mainboard Rules of SGX-ST under the "Comply or Explain" Provision. To align with the international reporting framework in disclosing the Group's sustainability performance, the report was also prepared with reference to the Global Reporting Initiatives ("**GRI**") Standards and IFRS S2 Climate-related Disclosures. Some information as required by GRI 2: General Disclosures is disclosed either in the Group's Annual Report 2025 or its ESG Report. A complete content index with GRI linkage tables is provided at the end of the ESG report for readers' convenience to check its integrity.

Reporting Scope

The Group adopts the operational control approach to determine the major operations of its subsidiaries to be included in the reporting scope. Same as the financial year ended on FY2024, the reporting scope for environmental data only includes material subsidiaries with significant contribution towards the Group's revenue and ESG performance.

This ESG Report covers the environmental and social performance within the operational boundaries of the Group. For social performance, the reporting scope includes business and manufacturing operations in Singapore, Hong Kong, China, Malaysia, Vietnam, Taiwan, Indonesia, Philippines, Thailand and Cambodia. For environmental performance, the reporting scope has been limited to operations in Singapore, China, Vietnam, Taiwan, and Indonesia.

The reporting period of this ESG Report is FY2025, from 1 January 2025 to 31 December 2025, unless specifically stated otherwise. For the Corporate Governance Report, please refer to the section headed "*Corporate Governance Report*" in this Annual Report.

Reporting Principles

Following the ESG Reporting Guide issued by the SEHK, the ESG Report was prepared in accordance with the Reporting Principles, namely Materiality, Quantitative, Balance and Consistency. The description below highlights how these principles have been applied throughout the ESG Report.

Materiality:

The Group regularly evaluates and prioritises its ESG impacts by conducting an annual materiality assessment. This assessment serves as a platform for the Group to gather input from diverse stakeholders regarding their concerns and expectations for the Group's sustainable development. For more information, please refer to the sections titled **Stakeholder Engagement** and **Materiality Assessment**.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ABOUT THIS REPORT (cont'd)

Quantitative:

The ESG Report includes quantitative data and Key Performance Indicators (“KPIs”) as a numeric presentation of the Group’s environmental and social performance. The footnotes accompanying each performance table clarify the corresponding calculation methodologies, underlying assumptions, and conversion factors used.

Balance:

To delineate a complete picture of the Group’s sustainability performance, the Group maintains full transparency regarding both its notable accomplishments and its areas requiring improvement.

Consistency:

The Group believes that presenting information to its stakeholders in a standardised format is of paramount importance, therefore, the ESG Report follows a consistent reporting methodology and framework. To facilitate meaningful comparisons, the reporting techniques, including the calculation of Greenhouse Gas (“GHG”) emissions, are aligned with the Group’s previous ESG Reports. In case of any significant differences from the previous reporting framework, corresponding explanation will be made.

Information disclosure

The information in the ESG Report was gathered from official documents and statistics of the Group, the integrated information of supervision, management and operation in accordance with the relevant policy, the internal quantitative and qualitative data through questionnaires based on the reporting framework, and sustainability practices provided by different subsidiaries of the Group.

This ESG report was prepared in both English and Chinese, and has been uploaded to the Group’s website at the URL <https://www.isdnholdings.com/annual-reports>. For any conflict or inconsistency, the English version shall prevail.

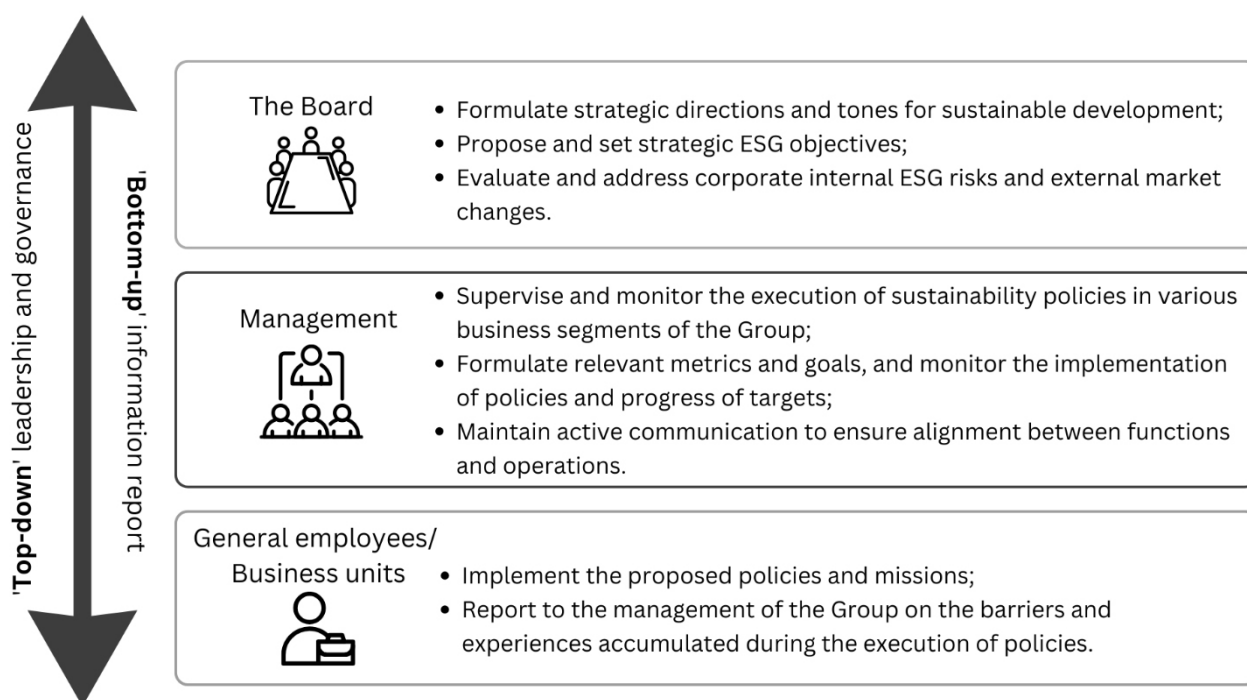
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. SUSTAINABILITY GOVERNANCE

The Board carries the responsibility for overseeing the Group’s ESG matters. The Group regularly reviews and maintains a robust corporate governance structure that aligns with widely accepted principles and international best practices.

The Board has established a RMC to supervise the Group’s ESG risk management activities, in alignment with the Integrated Approach. This committee monitors material sustainability risks and addresses key issues within each business division that are vital for the Group’s value creation capabilities. To ensure the effective execution of ESG policies, a dedicated team of staff members has been assigned to manage daily operations, which includes the collection of ESG data and the coordination of training.

Furthermore, the Group has adopted a two-way approach within its governance framework to facilitate the timely identification and efficient allocation of resources for addressing underlying risks. This strategy promotes clear communication across the organisation regarding regulatory requirements and raise awareness of the Group’s sustainability initiatives and efforts among all employees.



The Group acknowledges that the measurement of performance and related initiatives are essential for formulating effective policies and operational responses to sustainability risks and opportunities. As such, it has adopted the SGX’s phased approach and regularly assesses the feasibility and effectiveness of establishing targets linked to the Group’s ESG performance.

While no ESG-related training was conducted for the Board in FY2025, the Group remains committed to keeping Board members informed of the latest requirements and reporting guidelines on sustainability.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. MESSAGE FROM THE BOARD

Dear Valued Stakeholders,

On behalf of the Board, I am pleased to share this ESG Report, which details the Group's approach, performance and commitment to sustainable development for FY2025.

Our ESG Management Approach

We consistently uphold our core conviction: to elevate the quality of life for people through our business activities. In embracing sustainability, we are dedicated to ensuring that our management systems and business operations are aligned with societal values, underscoring transparency, fairness and justice.

The Board maintains oversight of the Group's ESG matters, which helps to articulate our purpose, mission and existence. This includes confronting the most critical challenges linked to material ESG issues, which are identified and prioritised through an annual materiality assessment. We proactively seek engagement with a diverse range of stakeholders to gather their insights and integrate their viewpoints into our strategic planning process.

Furthermore, we invite external professionals to deliver comprehensive ESG training during general meetings. This ensures the Board remains current on the latest ESG developments, including regulatory changes and industry best practices. This training equips Board members with knowledge of contemporary ESG reporting mandates and sustainability trends in Asia, ensuring that "ESG" remains a key topic on the Board's Agenda and empowering them to lead the organisation towards a more sustainable future.

The early identification and mitigation of risks are fundamental to our ESG practices. We emphasise the clear and efficient identification and evaluation of both existing and potential risks. Our risk management strategies classify ESG-related risks according to their nature and potential impact. Management is responsible for identifying and reporting these risks to the Board as outlined in the materiality assessment, which highlights the most significant ESG-related issues faced by the Group. In addition, with the enhancement of ESG-related data and information collection and management, this allows us to effectively monitor our ESG performance, facilitating more informed decision-making when setting future targets and strategies.

Our ESG Goals

The establishment of measurable metrics and targets is critical for advancing sustainability improvements. With this in mind, we have developed a set of environmental and social targets that consider our business nature, current and historical performances, as well as industry benchmarks. To consistent progress toward achieving these ESG goals, both management and the Board regularly review and monitor our progress. For more information on our ESG goals and their alignment with our business, please refer to the respective sections in this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. MESSAGE FROM THE BOARD (cont'd)

Climate Resilience

Climate change continues to command heightened attention across all sectors. The recent COP30 summit in Belém, Brazil, again reinforced the global imperative to accelerate efforts to combat climate change and fulfill the commitments set out in the Paris Agreement. We remain dedicated to effectively identifying potential climate-related risks and actively moving toward a low-carbon economy in alignment with global climate action.

In response to the push for greater transparency and in line with SGX's suggested disclosure enhancements, we have reviewed our operations with reference to the recommendations of the IFRS S2 Climate-related Disclosures. We aim to identify significant climate-related risks and opportunities that may impact various aspects of the Group's activities, including our products and services, supply chain and value chain, investments in research and development, as well as operating costs and revenues.

Finally, I wish to extend my deepest appreciation to our devoted employees, management team, Board members, as well as our valuable business partners and clients, for their steadfast support and commitment to our products and services.

Tan Soon Liang
Chairman & Independent Non-Executive Director

16 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT

The Group maintains strong relationships with both internal and external stakeholders, including employees, business partners and clients. These connections are essential for effective stakeholder management, allowing the Group to achieve a comprehensive understanding of their concerns and expectations, thus facilitating the Group to create tailored action plans to meet stakeholders' needs.

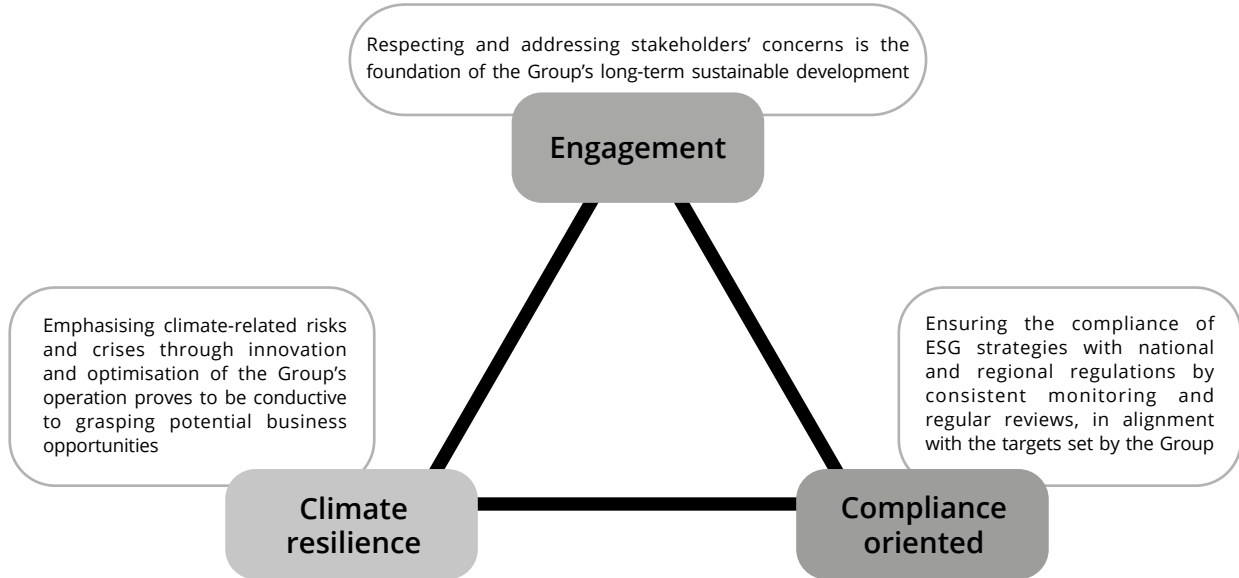
The Group significant importance on feedback from its stakeholders and proactively promotes trust and support through various communication channels.

Table 1 Stakeholders expectations and communication channels

Stakeholders	Expectations and Concerns	Communication Channels
Shareholders	<ul style="list-style-type: none"> - Return on investments and achievement of targets - Corporate governance and communication - Policy review and performance report - Law and regulation compliance 	<ul style="list-style-type: none"> - Regular reports and announcements - Regular general meetings - Official website
Employees	<ul style="list-style-type: none"> - Employees' compensation and benefits - Career development - Health and safety in the working environment - Implementation of ESG strategies - Arrangement of more around ESG topics through which company-wide actions can be proposed to be taken towards relevant goals 	<ul style="list-style-type: none"> - Performance reviews - Regular meetings and training - Emails, notice boards, hotline, activities with management
Government and regulatory authorities	<ul style="list-style-type: none"> - Compliance with laws and regulations - Support economic development 	<ul style="list-style-type: none"> - Supervision on compliance with local laws and regulations - Routine reports
Customers	<ul style="list-style-type: none"> - High-quality and reliable products and services - Protect customers' rights - Qualified products in compliance with good environmental indicators 	<ul style="list-style-type: none"> - Customer satisfaction survey - Face-to-face meetings and on-site visits - Customer service hotline and email
Suppliers	<ul style="list-style-type: none"> - Fair and open procurement - Win-win cooperation - Business ethics - Environmental impacts 	<ul style="list-style-type: none"> - Open tendering - Suppliers' satisfactory assessment - Face-to-face meetings and on-site visits - Industry seminars
Professional bodies	<ul style="list-style-type: none"> - Climate change awareness and inputs - Law and regulation compliance - Implementation of ESG strategies - Environmentally friendly operating model - Timely and transparent disclosure towards the alignment with financial reporting 	<ul style="list-style-type: none"> - Routine reports - Emails and phone calls
General public	<ul style="list-style-type: none"> - Community involvement - Law and regulation compliance - Environmental protection awareness 	<ul style="list-style-type: none"> - Media conferences and responses to enquiries - Company's website and announcements

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT (cont'd)



Materiality Assessment

Recognising that ESG risks and opportunities are specific to each industry and influenced by different corporate backgrounds, perspectives and business models, the Group conducts an annual materiality assessment. The assessment includes an internal impact analysis, communication with external stakeholders and approval by the Board, which reviews and approves the key issues identified for the Group's prioritisation.

In FY2025, the Group engaged stakeholders in a materiality assessment survey conducted by a third-party agency to ensure objectivity in the evaluation. Key representatives from both internal and external stakeholder groups, including general and managerial staff, Board members, suppliers and business partners, were selected based on their influence and dependence on the Group. Through a science-based materiality assessment, the selected stakeholders were invited to prioritise 28 ESG issues from a comprehensive list provided below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT (cont'd)

Materiality Assessment (cont'd)

List of Materiality Issues

1	GHG Emissions	15	Product/Service Quality and Safety
2	Energy Management	16	Customer Privacy and Data Security
3	Water and Wastewater Management	17	Marketing and Promotion
4	Solid Waste Stewardship	18	Intellectual Property Rights
5	Climate Change Mitigation & Adaptation	19	Labelling Relating to Products/Services
6	Renewable and Clean Energy	20	Business Ethics and Anti-corruption
7	Labour Practices	21	Internal Grievance Mechanism
8	Employee Remuneration and Benefits	22	Participation in Philanthropy
9	Occupational Health and Safety	23	Cultivation of Local Employment
10	Employee Development and Training	24	Support of Local Economic Development
11	Green Procurement	25	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
12	Engagement with Suppliers	26	Management of the Legal and Regulatory Environment (Regulation-compliance Management)
13	Environmental and Social Risk Management of Supply Chain	27	Critical Incident Risk Responsiveness
14	Supply Chain Resilience	28	Systemic Risk Management (e.g. Financial Crisis)

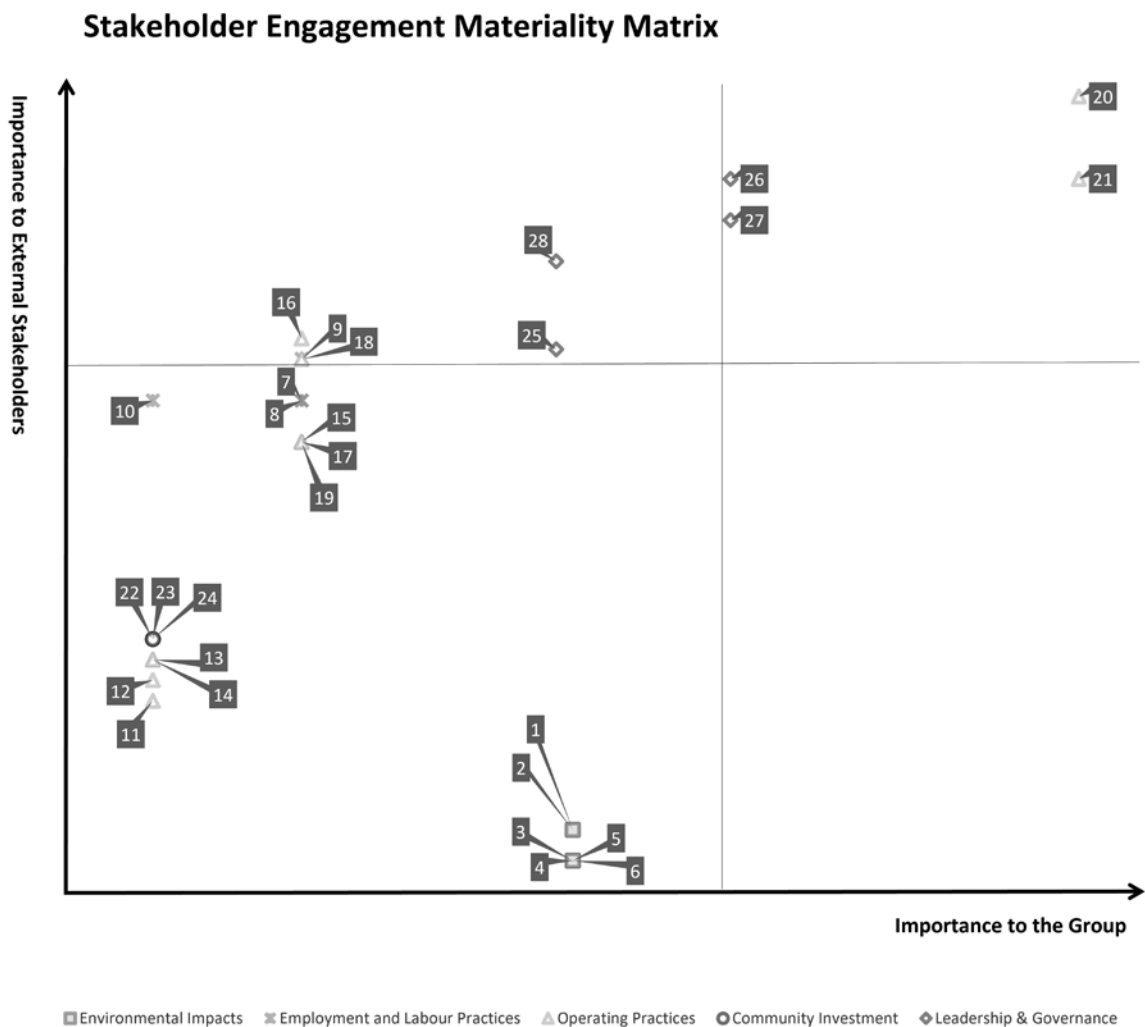
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT (cont'd)

Materiality Assessment (cont'd)

Materiality Matrix

The Group continued with the enhanced methodology for the materiality assessment by assigning weightings to the ratings of the identified ESG issues. The weightings were calculated based on the preferences and concerns expressed by the engaged key stakeholders across the environmental (E), social (S) and governance (G) pillars. After compiling all the data collected from the assessment process, a materiality matrix was produced as shown below.



According to the matrix, ESG issues namely Business Ethics and Anti-corruption, Internal Grievance Mechanism, Management of the Legal and Regulatory Environment (Regulation-compliance Management), and Critical Incident Risk Responsiveness were identified as the ESG issues that were of greatest significance to both the Group and its stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT (cont'd)

Commitment towards the United Nations Sustainable Development Goals

Beyond addressing various ESG issues, the Group has gathered stakeholder insights concerning the United Nations Sustainable Development Goals (“SDGs”) to inform its decision-making process. This approach aims to improve the Group’s corporate sustainability management while raising stakeholders’ awareness of its ESG initiatives and global sustainability challenges.

In response to stakeholder priorities regarding the SDGs, the Group has identified a list of prioritised SDGs on which to concentrate, establishing relevant targets to contribute to these goals from within the organisation. The Group’s prioritised SDGs includes Goal 3 (Good Health and Well-Being), Goal 4 (Quality Education), Goal 6 (Clean Water and Sanitation), Goal 7 (Affordable and Clean Energy) and Goal 9 (Industry, Innovation and Infrastructure). Details regarding the Group’s strategies for these goals are presented below.

Corporate applications of the SDGs

SDG 3: SAFE KEEPING



Policy & Actions

- Supporting the health and welfare of employees by offering medical coverage and executing related programmes;
- Implementing measures to minimise employee exposure to pollutants, chemicals and harmful substances in the workplace, and controlling emissions that could worsen non-communicable illnesses and other health issues.

Target: Zero work-related injuries or incidence of occupational hazard in next five years

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT (cont'd)

Corporate applications of the SDGs (cont'd)

SDG 4: NURTURING



Policy & Actions

- Supporting vocational training and education through the provision of internship programmes, funding or grants for projects that align with the Group's business strategy and development directions;
- Implementing cohesive corporate policies that provide management oversight and support for vocational training programmes to ensure employees have access to the resources and training for professional growth.

Target: Maintain 5% increase in the average hours each employee spends on training every year and introduce post-training feedback system in the coming years

SDG 6: WATER



Policy & Actions

- Implementing policies to promote sustainable water and wastewater management practices in operations;
- Monitoring progress using clearly defined metrics and objectives to assess the effectiveness of policy execution.

Target: Lower the consumption of freshwater and look for opportunities that bring rainwater harvesting systems and other innovative water recycling facilities into practice

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT (cont'd)

Corporate applications of the SDGs (cont'd)

SDG 7: GREEN ENERGY



Policy & Actions

- Actively supporting green energy initiatives through investments in sustainable energy solutions, such as the commissioning and commercial operation of mini-hydropower plants in Indonesia;
- Monitoring and transparently reporting data on energy consumption, including the usage of fossil fuels and electricity.

Target: Continuously invest in the construction and commercialisation of hydropower plants and achieve an 80% increase in electricity generation capacity by 2026

SDG 9: TECHNOLOGY AND INNOVATIONS



Policy & Actions

- Minimising negative environmental impacts by facilitating the development of industrial products through cost-saving processes, while investing in technological advancements in robotics to improve the precision and efficiency of routine duties;
- Promoting public understanding of industrial robotics by introducing robotics courses in primary schools and adult education centres, thereby nurturing interest and knowledge of relevant technology among the public.

Target: Explore more possibilities of the application of industrial robotics through research and development

Stakeholders' Feedback

Striving for excellence, the Group welcomes stakeholders' feedback especially on the material issues identified. Readers are also welcome to share their views with the Group at info@isdnholdings.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY

The Group is devoted to safeguarding the environment and creating sustainable value, viewing this responsibility to future generations as a fundamental element of accountable business conduct. In FY2025, the Group abided by relevant environmental laws and regulations in its operating regions, including but not limited to:

- Environmental Protection Law of the People’s Republic of China (中華人民共和國環境保護法);
- Law of the People’s Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法); and
- Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法).

This section primarily discloses the Group’s policies, practices and quantitative data relating to emissions, use of resources, the environment and natural resources, as well as climate change in the year under review.

A.1 Emissions

In FY2025, the Group complied with relevant environmental laws concerning air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. To contribute to the goal of achieving carbon neutrality by 2060, the Group has implemented various initiatives aimed at mitigating its environmental footprint.

During the year under review, the Group’s major emissions included air and GHG emissions, non-hazardous solid waste and wastewater. No significant amount of hazardous waste was produced in FY2025. The vehicles for business affairs are the major source of air pollutants emitted by the Group, including sulphur oxides (“SO_x”), nitrogen oxides (“NO_x”) and particulate matter (“PM”). The Group has a similar GHG emissions profile when compared to FY2024, which Scope 2 (Energy Indirect Emissions) as the major type of GHG emissions. Details on the Group’s GHG emissions will be discussed in *Metrics and Targets* under section “A.4 Climate Change.”

The table below is a summary of the Group’s total emissions in FY2025:

Table 2 Total emissions by the Group in FY2025

Emission Category	KPI	Unit	Amount in FY2025	Intensity ¹ (Unit/\$ million) in FY2025	Amount in FY2024	Intensity ¹ (Unit/\$ million) in FY2024
Air Emissions ²	SO _x	kg	3.1	-	2.9	-
	NO _x	kg	308.8	-	317.1	-
	PM	kg	26.7	-	28.1	-
Non-hazardous Waste	Solid Waste ³	Tonnes	6.6	0.01	6.3	0.02
	Wastewater ⁴	m ³	12,981.5	29.5	19,231.8	51.6

1. Intensity was calculated by dividing the amount of air, GHG and other emissions by revenue of the Group in FY2025 and FY2024, which was S\$440.2 million and S\$372.4 million, respectively;
2. Air emissions included the air pollutants in the exhaust gas from vehicles for transportation and the stationary combustion of gaseous fuel;
3. The solid waste of the Group covered waste from the factories and property buildings where the Group’s employees worked and paper consumption occurred; and
4. The total amount of wastewater discharged from the Group was based on the assumption that 100% of the consumed fresh water entered the municipal drainage system.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.1 Emissions (cont'd)

Business Operation

The Group's GHG emissions primarily stem from electricity consumption, along with commercial solid waste and sewage generated by its business operations. The Group closely monitors its equipment and undertakes retrofitting measures when necessary in order to maintain operational efficiency. Moreover, the Group understands that choosing to repair rather than replace equipment not only promotes a circular economy but also minimises unnecessary waste.

To cultivate a strong dedication to environmental consciousness and achieve notable results in resource conservation, the Group has launched an Eco-Office initiative aimed at fostering a pleasant workspace while optimising energy usage in its offices. Key interventions include:

1. Upgrade

- o Enhancing office equipment: upgrading heating systems, ensuring proper maintenance of air-conditioning units, and implementing automated lighting controls;
- o Adopting high-efficiency lighting: replacing electricity-intensive fixtures with energy-saving alternatives; and
- o Investing in renewable energy: exploring the potential of utilising renewable energy sources, such as solar power.

2. Training

- o Promoting energy-saving awareness: encouraging emission reduction through internal seminars, educational workshops, and engagement activities. Employees and experts can exchange methods and motivation for controlling emissions and preserving natural resources; and
- o Participating in eco-friendly initiatives: organising and encouraging staff involvement in environmental activities, such as tree planting.

In adherence to the company-wide waste management guideline, the Group ensures that all waste is properly sorted, classified, and handed over to professional parties for disposal. A set of measures has been put in place to enhance the management of its commercial solid waste. For example, a centralised garbage bin has been placed in the office to facilitate waste collection. The sorted municipal solid waste is handled by the building's property management and disposed of in landfills by the government.

As part of its commitment to sustainable waste management, the Group has also implemented the following supplementary measures:

- Maximising solid waste recycling by utilising a systematic classification approach;
- Encouraging the reuse of office stationeries; and
- Promoting the concept of a paperless workplace to reduce the frequency of printing.

During the year under review, the wastewater generated from the Group's offices was directly discharged into the municipal sewage network and handled by the building's property management. The Group acknowledges that the amount of wastewater is closely tied to fresh water consumption, thus motivating it to implement various strategies to reduce water consumption, which will be further described in the later sections.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.1 Emissions (cont'd)

Manufacturing Operation

In FY2025, the major emissions from the Group's manufacturing operation included air and GHG emissions, wastewater, solid waste and noise. To effectively manage these emissions, the Group has established robust policies and employed a range of advanced methods.

Air and GHG Emissions

In this segment, the primary air emissions include volatile organic compounds ("VOCs") generated during manufacturing and production, along with air pollutants from vehicle exhausts. The Group has deployed a system of collection ducts to capture these VOCs, which are purified by an external air filtration unit integrated within the ventilation system before being vented into the atmosphere.

Electricity consumption and the use of fossil fuels constitute the principal sources of GHG emissions in this segment. In adherence to the Integrated Emission Standard for Air Pollutants (《大氣污染物綜合排放標準》), the Group has put into effect a series of internal policies focused on controlling air emissions, managing energy consumption and optimising its operations, thereby minimising adverse environmental impacts from air and GHG emissions.

Wastewater

This segment primarily generated commercial and industrial wastewater. Commercial wastewater is discharged directly into the local municipal drainage network, while industrial wastewater is collected, transported and treated by qualified third-party professionals. The Group ensures that its wastewater discharge strictly conforms to the Integrated Emission Standard for Wastewater (《污水綜合排放標準》) and other relevant regulations in its operating regions.

Since the volume of wastewater discharged is closely linked to water usage, detailed information on water conservation measures will be presented in subsequent sections.

Solid Waste

Commercial solid waste was generated by the Group in FY2025. The Group ensures that commercial waste is properly sorted, recycled and handled by certified municipal departments. Given the increasing global emphasis on "lifecycle assessment", the Group is dedicated to reducing its environmental impact by adopting a holistic methodology across the entire product lifecycle. This includes consideration of design, production, and the eventual disposal of end-of-life products.

As part of its sustainability commitment, the Group aims to establish a closed-loop recycling business model by innovating manufacturing methods and solutions that prioritise resource efficiency, material reuse, and the recycling of end-of-life products. Meanwhile, hazardous waste, including electronic waste, is treated by qualified professional organisation for recycling.

In addition, the Group recycled more than 25 tonnes of waste metal in FY2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.1 Emissions (cont'd)

Manufacturing Operation (cont'd)

Noise

The primary source of noise generation in this segment stems from the operating machinery used in the manufacturing processes. To comply with both national and local regulations on noise emissions, such as the Emission Standards for Industrial Enterprises Noise at Boundary (GB12348-2008) (工業企業廠界環境噪聲排放標準), the Group has implemented various noise-reducing facilities and measures. These initiatives are designed to minimise the impact of noise on the surrounding environment, with key highlights as follows:

- Placing noisy machinery or facilities in areas where workers are not routinely present;
- Minimising employee exposure to occupational health hazards related to noise by enacting policies that limit the duration spent in noisy areas and facilitating job rotations; and
- Considering noise levels in the procurement and maintenance of machinery, and prioritising equipment with better noise control performance.

In FY2025, the Group did not receive any substantial complaint from nearby residents regarding its noise impacts.

A.2 Use of Resources

In FY2025, the major resources consumed by the Group included electricity, gasoline, diesel, water, paper and various types of raw materials and packaging materials. Table 3 illustrates the amount of different resources used by the Group during the year under review.

Table 3 Total use of resources by the Group in FY2025

Use of Resources	KPI	Unit	Amount in FY2025	Intensity ¹ (Unit/S\$ million) in FY2025	Amount in FY2024	Intensity ¹ (Unit/S\$ million) in FY2024
Energy	Electricity	MWh	3,336.2	7.6	3,193.2	8.6
	Gasoline	L (MWh)	202,257.9 (1,960.2)	459.5 (4.5)	352,061.6 (3,412.0)	945.4 (9.2)
	Diesel	L (MWh)	7,284.6 (78.0)	16.5 (0.2)	10,645.4 (113.9)	28.6 (0.3)
	TOTAL	MWh	5,374.4	12.3	6,719.1	18.1
Water	Water	m ³	12,981.5	29.5	19,231.8	51.6
Paper	Paper	Tonnes	6.3	0.01	5.5	0.01
Raw materials	Plastic	Tonnes	0.1	0.0002	0.1	0.0003
	Metal	Tonnes	442.0	1.0	359.7	1.0
Packaging materials	Plastic	Tonnes	55.6	0.13	33.5	0.09
	Paper	Tonnes	137.5	0.3	302.3	0.8
	Wood	Tonnes	90.5	0.2	101.4	0.3

1. Intensity was calculated by dividing the amount of natural resources by revenue of the Group in FY2025 and FY2024, which was S\$440.2 million and S\$ 372.4 million, respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.2 Use of Resources (cont'd)

Electricity

In FY2025, electricity was purchased and consumed for the Group's regular operations across administrative and manufacturing functions. Both offices and factories have observed the regulations and the Group's internal policy on power conservation. To effectively manage its Scope 2 GHG emissions, the Group has integrated the concept of energy saving into its corporate strategy and motivated employees to adopt different practices in support of this goal:

- Turning off all idle lights and air conditioners when not in use;
- Displaying posters to remind employees to conserve energy by saving electricity and switching off lights when leaving;
- Performing regular cleaning of equipment to preserve its efficiency;
- Using electrical appliances that possess certified energy-saving ratings;
- Replacing energy-intensive lamps with LED lighting fixtures in offices; and
- Encouraging employees to utilise natural sunlight in the office when possible.

Exploring and investing in clean and sustainable energy ventures has been one of the Group's focuses in recent years. Following the successful completion and commencement of commercial operation of the Group's mini-hydropower plants in Indonesia, this marks a significant achievement for the Group in the renewable energy domain and demonstrates its firm commitment to utilising its business leverage to advance sustainability. The Group is dedicated to maintaining a robust corporate sustainability profile within the clean energy sector while progressing its transition towards a low-carbon development model. Furthermore, the Group's subsidiaries have also adopted other renewable energy sources, such as solar power, to support their operations.

Other energy resources

During the reporting period, the Group consumed gasoline and diesel primarily for manufacturing and transportation purposes. These fuel types constitute the main contributors to the Group's Scope 1 GHG emissions.

The Group understands that securing stable and reliable energy sources is significant in ensuring the long-term stability of its business. Therefore, it strives to optimise its operations through capital investment in the redesign and retrofitting of machinery to enhance eco-efficiency. Furthermore, ambitious targets have been established to lower the Group's consumption of fossil fuels. Driven by consistent business growth and dedicated research and development efforts in renewable energy, the Group has established and implemented energy policies that direct effective actions for generating long-term benefits.

The following outlines examples of measures that have been implemented or are planned to enhance transportation energy efficiency:

- Ensuring vehicles are well-maintained to minimise unnecessary fuel consumption;
- Encouraging employees to carpool for business-related travel when practical;
- Pre-planning driving routes and considering environmentally transportation options whenever possible;
- Educating drivers on good driving habits; and
- Promoting the use of public transport among staff to reduce individual carbon footprints.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.2 Use of Resources (cont'd)

Water

Water management has consistently been a core component of the Group's environmental strategy, together with its carbon strategy, energy targets, and corporate social responsibility initiatives. Meetings, seminars and training programmes were held to explore and implement more advanced and effective techniques for water conservation in their daily operations. Employees are encouraged to make every effort to reuse wastewater whenever feasible.

To reinforce the importance of water conservation, "Saving Water" signage and posters are prominently displayed across offices and factories. Regular email reminders are sent to all employees reminding them to turn off water taps when not in use. Furthermore, the Group has introduced several practices aimed at improving the efficient use of water resources, while focusing on upgrading water conservation facilities:

- Setting quotas and targets for water consumption to motivate staff to save water;
- Adjusting water supply levels based on seasonal variations and rest periods;
- Repairing dripping faucets immediately upon leak detection;
- Conducting regular leak tests on water taps, joint rings and other components of the water supply system;
- Installing recirculating cooling systems; and
- Encouraging the proper reuse of treated wastewater.

During the year under review, the Group did not face any problem in sourcing water that was fit for its purpose. The Group will continue to promote the importance of water conservation among its employees and implementing effective policies for the preservation of these critical natural resources.

Paper

The Group's commitment to promoting a "Paperless Office" and embracing "Office Automation" is deeply ingrained in its organisational values. The Group strives to promote behavioural shifts that minimise the consumption of paper. Specific initiatives that have been implemented include:

- Maximising the use of electronic communication, such as email or e-bulletin boards, for publishing information;
- Configuring duplex printing as the default setting for most network printers when hard copies are needed;
- Promoting the concept of "think before printing" by placing posters in offices to remind staff to avoid unnecessary printing;
- Placing a paper tray beside photocopiers to collect single-sided paper for reusing and recycling; and
- Encouraging guests to select electronic invoices.

Consistent with its commitment to paper recycling and reuse, the Group has prioritised the accurate measurement and data collection pertaining to paper consumption, as well as evaluating the performance of each subsidiary. The Group is dedicated to further analysing and monitoring paper consumption across its subsidiaries to implement more effective measures for paper conservation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.2 Use of Resources (cont'd)

Raw Materials

The Group is committed to reducing the use and waste of raw materials with the implementation of industrial robotics and the utilisation of recycled materials. This initiative aims to contribute to the worldwide shift from a traditional linear economy to a circular economy.

Packaging Materials

In FY2025, the Group consumed a total of 284 tonnes of wooden, paper-made and plastic-made packaging materials. The Group is dedicated to refining its management of packaging materials by focusing on procurement standards and embracing innovative packaging solutions. This commitment to integrating innovative approaches for improved sustainability is demonstrated by the adoption of an online Enterprise Resource Planning (ERP) platform, which enables the Group to systematically manage the entire procurement process and optimise corporate resources.

A.3 The Environment and Natural Resources

The Group showcases its ability to efficiently identify and comply with the latest environmental laws and regulations with its comprehensive environmental management system. It facilitates the effective handling of data related to both the direct and indirect environmental impacts of its business activities, allowing for transparent disclosure of its sustainability progress to stakeholders. Since 2018, the Group has proactively monitored the progress towards its ambitious and well-defined environmental goals, maintaining its dedicated to fostering a sustainable, safe and secure future.

In FY2025, the relatively significant environmental impacts stemming from the Group's activities were primarily associated with the consumption of energy resources and the generation of GHG emissions. The Group will continue its efforts to monitor and manage emissions and the usage of natural resources, while strictly adhering to its internal policies. To mitigate potential adverse environmental impacts resulting from its operations, the Group prioritises the development of varied interventions, which include equipment upgrades, energy efficiency initiatives, and the adoption of smart innovative tools. These strategies concentrate on enhancing connectivity, electrification, renewables, automation and awareness initiatives.

With a strong commitment to implementing a circular economy strategy, the Group acknowledges the significance of a structured methodology for analysing resource consumption and pollutant emissions. To further this goal, the Group has intensified its efforts to standardise its data management process, track performance against material ESG KPIs with established short-term and long-term targets, and take prompt and effective actions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.3 The Environment and Natural Resources (cont'd)

Table 4 Targets in Environmental Sustainability

Areas	Targets	Actions
Solid waste	<p><u>Short-term:</u> The Group successfully maintained its good performance which the solid waste intensity was 0.01 tonnes per S\$ million in FY2025.</p> <p>The Group strives to make its best effort in controlling waste generation and maintaining its solid waste intensity to less than 0.1 tonnes per S\$ million within the next three years.</p> <p><u>Long-term:</u> Taking FY2021 as the baseline year, the Group targets to lower its solid waste intensity to 0.8 tonnes per S\$ million by 2030.</p> <p>Progress: The Group has maintained its solid waste intensity well below 0.8 tonnes per S\$ million. It strives to keep up with its good performance in the future.</p>	<p>The Group is committed to developing targeted policies for sustainable waste management by integrating sustainability into its business strategies. Furthermore, the Group continues to uphold its commitment to waste recycling initiatives.</p>
Electricity	<p><u>Short-term:</u> The Group's electricity intensity has further decreased to 7.6 MWh per S\$ million in FY2025.</p> <p>The Group strives to lower its electricity consumption intensity next year.</p> <p><u>Long-term:</u> The Group aims to contribute to the decarbonisation ambitions together with GHG emissions reductions goals by adopting electricity conservation measures.</p> <p>Progress: Although the intensity of the Group's electricity consumption dropped in FY2025, it has yet to reach its long-term target. The Group is committed to further reducing its electricity consumption alongside its GHG emissions.</p>	<p>In addition to implementing measures on saving electricity, some subsidiaries have begun replacing conventional lighting systems with motion sensor lights in areas such as washrooms, pantries and corridors.</p>
Energy resources	<p><u>Short-term:</u> The Group's energy consumption intensity has dropped for more than 30% to 12.3 MWh per S\$ million in FY2025.</p> <p>By setting up and implementing effective policies, the Group strives to lower its energy intensity along with actions on reducing fuel consumed for transportation.</p> <p><u>Long-term:</u> Taking FY2021 as the baseline year, the Group targets to reduce its intensity of the consumption of fossil fuels by 10% by 2030.</p> <p>Progress: The Group has maintained its good progress in reducing its energy consumption intensity in FY2025. It will continue to explore possible alternatives to reduce its energy consumption thus striving to achieve its long-term target.</p>	<p>The Group aims to replace traditional vehicles with new energy alternatives, thus is actively exploring opportunities to introduce EVs into its business operations. Employees are also encouraged to use public transport when visiting clients.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.3 The Environment and Natural Resources (cont'd)

Table 4 Targets in Environmental Sustainability (cont'd)

Areas	Targets	Actions
Water	<p><u>Short-term:</u> The Group's water consumption intensity has dropped for more than 40% in FY2025. It will continue with its commitment in lowering its water consumption in the coming year and further standardising its measurement and collection of water usage data.</p> <p><u>Long-term:</u> Taking FY2021 as the baseline year, the Group targets to reduce its water intensity by 10% by 2030.</p> <p><u>Progress:</u> The intensity of the Group's water consumption in FY2025 continued to show a decreasing trend. The Group will continue to maintain its water intensity and keep up with its good performance.</p>	<p>The Group is striving to reduce freshwater consumption and enhance water conservation efforts. It is actively exploring opportunities to implement rainwater harvesting systems and advanced water recycling facilities as common practices. Moreover, subsidiaries in the manufacturing segment have started replacing the water taps with high-pressure water saving taps and adopting water recycling practices in offices.</p>
Paper	<p><u>Short-term:</u> The Group's paper consumption intensity remained similar in FY2025 when compared to FY2024.</p> <p>The Group aims to maintain the level of its consumption of paper under 0.05 tonnes per S\$ million next year.</p> <p><u>Long-term:</u> Taking FY2021 as the baseline year, the Group targets to reduce its paper use intensity by 33% by 2030.</p> <p><u>Progress:</u> The Group kept up with its good performance by maintaining its paper consumption intensity in FY2025 at the same level. It will continue to develop and adopt paper-saving initiatives, while educating its employees on paper saving and promoting the concept of a "paperless office".</p>	<p>The Group provides relevant training and encourages the use of digital technologies in daily operations in response to its commitment of advancing the strategic objective of creating a "paperless office" across its operations.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.3 The Environment and Natural Resources (cont'd)

Table 4 Targets in Environmental Sustainability (cont'd)

Areas	Targets	Actions
Packaging materials	<p><u>Short-term:</u> In FY2025, there was a significant increase in consumption of plastic-made packaging materials, while the consumption of paper-made and wood-made packaging materials dropped for about 60% and 25% respectively when compared to FY2024.</p> <p>The Group aims to maintain the intensities of paper-made and wood-made packaging materials, and strives to lower the intensity of plastic-made packaging materials to 0.03 tonnes per S\$ million next year.</p> <p><u>Long-term:</u> Taking FY2022 as the baseline year, the Group targets to maintain its intensity of plastic-made packaging materials in 2031.</p>	<p>The Group is dedicated to formulating policies to minimise the use of packaging materials and ensure accurate tracking of material consumption, thus enhancing packaging efficiency.</p>

*** In FY2024, the Group has refined the environmental data collection scope to better align with its objectives. It is important to note that the baseline year's data included all subsidiaries of the Group, whereas the refined scope exclude certain entities. Readers are advised to exercise caution when interpreting the results presented in this target progress section and to consider the changes in data collection methodology when comparing performance against the baseline year.*

The Group's mini-hydropower plant projects in Indonesia are designed to support remote and rural areas while creating job opportunities in less developed regions of the country. This initiative not only assists in mitigating the impacts of climate change but also contributes to the global sustainable development by empowering the local workforce. This effort aligns with Regulation No. 19 of 2015, issued by The Ministry of Energy and Mineral Resources in Indonesia, that promotes increased investment and the development of relevant projects.

Consistent with its commitment to advancing environmental sustainability, the Group intends to allocate further capital to renewable energy development. It will focus research and project execution on the distribution and storage of renewable energy within the Southeast Asian region.

A.4 Climate change

The impacts of climate change are becoming more evident followed by numerous physical consequences that impact millions globally. As awareness of climate change grows, it is imperative for businesses to undertake proactive measures and demonstrate transparency in their efforts to the transition towards a net-zero future.

The Group acknowledges the substantial risks tied to climate change and is dedicated to building and sustaining climate resilience. In FY2025, the Group elevated its climate-related disclosures with reference to the IFRS S2 standards, in order to provide stakeholders with a clearer and more structured view of our governance, strategy, risk management, and progress in building a climate-resilient business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Governance

The senior management is responsible for overseeing the Group's climate-related risks and opportunities. This oversight is demonstrated through quarterly information updates, including immediate reports on incidents, and involves organising dedicated meetings to discuss relevant issues. To monitor and review the progress towards the targets related to climate-related risks, the senior management reviews ESG performance through summary and calculations presented in the ESG reports.

The senior management also plays a critical role in addressing climate-related risks and opportunities at the operational level. Their responsibilities encompass the design and implementation of climate-related policies, the coordination and communication between departments, and the identification and subsequent reporting of operational ESG issues directly to the Board. Effective management systems are maintained for both environmental and financial data to support these functions. Meanwhile, the Board monitors and reviews the effectiveness of the management approach by evaluating defined metrics, targets, and associated action plans.

To ensure adequate competencies, the Board engages external consultants for regulatory updates and participates in professional training programmes.

Risk Management

The Group's framework for managing climate-related risks is systematically integrated into its overall risk management process, ensuring alignment with its governance structure and accountability mechanisms. Risk prioritisation begins with a comprehensive risk assessment to identify and evaluate climate-related risks, which is further informed by a materiality analysis to determine their significance and potential consequences. This assessment process also incorporates insights gathered from internal and external stakeholders to fully understand their concerns and expectations regarding these risks, with the entire process receiving crucial Board-level oversight and involvement.

Monitoring and managing these risks is a continuous process that involves identifying and assessing climate-related risks specific to the Group's operations and value chains. Progress is tracked by collecting and analysing relevant data and metrics, which in turn supports the development and implementation of targeted risk mitigation strategies. Furthermore, the Group maintains continuous monitoring to review new risks and adapt to regulatory changes. To fully integrate this approach, the Group provides training to enhance employees' awareness and understanding of climate risks, and regularly reviews and enhances its own approach to climate-related risk monitoring and management.

Strategy

In FY2024, the Group conducted an internal assessment to identify climate-related risks and opportunities that could potentially affect its operational and financial performance over the short, medium and long term. Building on this foundational work, the Group carried out a further review in FY2025 to evaluate the likelihood and potential impact of each identified risk. This process enabled the Group to establish a refined list of material climate-related risks, which now forms the basis for its climate strategy, scenario analysis and the assessment of its overall climate resilience.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Time Horizon

For consistency with the Group's strategic planning and capital-allocation processes, the following time horizons have been adopted for climate-related risk assessment:

Short-term	Medium-term	Long-term
0 - 1 years	2 - 3 years	4 - 10 years and onwards

These definitions are aligned with the Group's existing planning cycles and are applied across all business segments, including industrial automation solutions and renewable-energy investments.

Material Climate-Related Risks and Opportunities Identified

Based on management's assessment during the reporting period, the Group has identified the following climate-related risks as potentially material to its operations:

- Enhanced emissions-reporting obligations;
- Mandates on and regulation of existing products and services;
- Exposure to litigation;
- Unsuccessful investment in new technologies;
- Changing customer behaviour;
- Uncertainty in market signals;
- Increased cost of raw materials;
- Increased severity of extreme weather events; and
- Changes in precipitation patterns and variability in weather conditions.

The time horizons determined for each risk are based on the Group's assessment of when these risks may be reasonably expected to manifest. The Group did not identify any climate-related opportunities during the reporting period.

In FY2025, each climate-related risk has been assessed according to likelihood, potential impact and resulting priority. Key considerations include the characteristics of the Group's industrial automation activities in China and Southeast Asia, and the physical and regulatory environment affecting its mini-hydropower assets in Indonesia. The following risks are considered to have the highest priority:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Material Climate-Related Risks and Opportunities Identified (cont'd)

Physical risk	
<i>Acute</i>	
<p>Increased severity of extreme weather events</p> <p><i>Time horizon:</i> Medium-term</p> <p><i>Impacted Area:</i> Renewable energy sector</p>	<p><i>Impact on business</i></p> <ul style="list-style-type: none"> ▪ Increased frequency and intensity of extreme weather events (e.g. heavy rainfall, cyclones, flooding, landslides) may disrupt construction and operation of the Group's mini-hydropower plants in Indonesia. ▪ Flooding or slope failure may limit access to hydropower sites, delay maintenance works and affect operational continuity. ▪ Damage to civil works or supporting infrastructure may reduce availability or lead to temporary shutdowns. <p><i>Financial Effects</i></p> <p>As of this reporting period, the Group has not identified any material financial losses or operational disruptions attributable to extreme weather events. Any minor weather-related costs are absorbed within routine operations and maintenance expenses and are not separately tracked as climate-specific financial impacts.</p> <p>It is anticipated that there may be:</p> <ul style="list-style-type: none"> - Potential short-term loss of generation revenue due to unplanned outages or reduced availability of hydropower assets. - Increased capital expenditure to strengthen dam structures, slope stabilisation, drainage systems, and flood mitigation measures. - Potential delays in project timelines and impact on return on investment. - Higher insurance premiums or deductibles, or reduced coverage availability for weather-related risks.
<p>Our responses: Extreme weather preparedness</p> <ul style="list-style-type: none"> ➤ Strengthening engineering designs, including improved drainage, slope protection and flood-resilience measures at hydropower sites. ➤ Implementing enhanced weather and hydrology monitoring systems to anticipate extreme events. ➤ Establishing contingency and recovery procedures for rapid response and operational resumption. 	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Material Climate-Related Risks and Opportunities Identified (cont'd)

Physical risk	
<i>Chronic</i>	
<p>Changes in precipitation & hydrological variability</p> <p><i>Time horizon:</i> Medium-term</p> <p><i>Impacted Area:</i> Renewable energy sector</p>	<p><i>Impact on business</i></p> <ul style="list-style-type: none"> ▪ Variability in rainfall and river flow may affect mini-hydropower generation capacity and long-term performance. ▪ Extended dry seasons or unpredictable rainfall patterns may reduce water availability and compromise energy yield. ▪ Potential sedimentation or erosion could impact turbine efficiency and civil-structure integrity. <p><i>Financial Effects</i></p> <p>During this reporting period, the Group's hydropower assets operated within expected performance ranges, and no material revenue loss or asset impairment attributable to long-term hydrological changes was identified. Accordingly, no current material financial impact has been recognised.</p> <p>It is anticipated that there may be:</p> <ul style="list-style-type: none"> - Revenue volatility due to fluctuations in power generation. - Possible increase in maintenance and dredging costs. - Longer-term impact on asset valuation and generation forecasts.
<p>Our responses: Hydrology & asset-resilience management</p> <ul style="list-style-type: none"> ➤ Integrating updated hydrological data into feasibility studies and operational planning of the mini-hydropower plant. ➤ Conducting regular inspection and sediment-management programmes. ➤ Optimising operational scheduling based on water-flow forecasting models. 	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Material Climate-Related Risks and Opportunities Identified (cont'd)

Transition risk	
Policy & Regulatory	
<p>Enhanced emissions-reporting obligations</p> <p><i>Time horizon:</i> Medium to long-term</p> <p><i>Impacted Area:</i> Group-wise</p>	<p><i>Impact on business</i></p> <ul style="list-style-type: none"> ▪ Stricter climate-reporting requirements in China, Hong Kong and Southeast Asia (Singapore) may increase compliance effort for the Group's industrial automation and energy-related businesses. ▪ Additional data-collection, system upgrades and verification work may increase administrative overhead. ▪ Greater reliance on internal controls and documentation to ensure data accuracy. ▪ Potential need to align reporting practices across different jurisdictions. <p><i>Financial Effects</i></p> <p>In FY2025, no significant incremental costs specifically attributable to enhanced climate-related reporting requirements were incurred, as relevant activities are managed within existing internal budget. No current material financial impact was identified.</p> <p>It is anticipated that there may be:</p> <ul style="list-style-type: none"> - Additional operating expenditure for emissions data management, reporting systems and external assurance. - Potential fines or regulatory implications if obligations are not met.
<p>Our responses: Strengthening ESG data systems</p> <ul style="list-style-type: none"> ➤ Enhancing internal systems and data-collection processes to meet evolving disclosure standards. ➤ Assigning functional responsibilities across business units for climate-data governance. ➤ Periodic review of compliance requirements in all operating jurisdictions. 	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Material Climate-Related Risks and Opportunities Identified (cont'd)

Transition risk	
<i>Policy & Regulatory</i>	
<p>Mandates and regulation of existing products / services</p> <p><i>Time horizon:</i> Medium to long-term</p> <p><i>Impacted Area:</i> Group-wise</p>	<p><i>Impact on business</i></p> <ul style="list-style-type: none"> ▪ Customers may face energy-efficiency or decarbonisation mandates that shift demand toward higher-performance automation solutions. ▪ Regulation of industrial equipment standards may require product redesigns or certification updates. <p><i>Financial Effects</i></p> <p>During the reporting year, the Group did not incur material compliance, product redesign or certification costs arising from climate-related regulatory mandates. Related activities form part of ongoing operations, and no current material financial impact has been recognised.</p> <p>It is anticipated that there may be:</p> <ul style="list-style-type: none"> - Potential increase in research and development (“R&D”) costs to upgrade or redesign products. - Variation in sales demand depending on customer compliance needs.
<p>Our responses: Alignment with customer decarbonisation needs</p> <ul style="list-style-type: none"> ➤ Explore on the R&D of the automation products that improve energy efficiency and resource optimisation. ➤ Enhancing technical documentation and transparency of product performance. ➤ Monitoring regulatory changes and integrating them into product planning cycles. 	

Climate-related Scenario Analysis and Resilience

To better understand the potential implications of climate change on its operations, and to assess the Group’s overall climate resilience, the Group has conducted a qualitative climate-related scenario analysis. This exercise evaluates how the identified climate-related risks may impact its industrial automation and renewable energy activities under different plausible climate futures, and how the Group may perform under such conditions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Climate-related Scenario Analysis and Resilience (cont'd)

Scenario Selection and Rationale

For this analysis, two contrasting climate scenarios were selected, representing divergent global emissions trajectories and policy environments:

- A “business-as-usual” scenario (4°C+), representing a world with limited success in global climate mitigation.
- A “strong mitigation” scenario (1.5°C to 2°C), representing a successful global transition toward a low-carbon economy.

These scenarios were chosen to reflect high-contrast outcomes, enabling the Group to understand the potential bounds of both physical climate impacts and transition-related market and regulatory pressures. They also align with internationally recognised frameworks and the global climate-scenario landscape used by leading institutions, ensuring consistency with best practices for scenario-based climate assessment.

Scenario Pathways and Key Assumptions

4°C+ Scenario: High Physical Climate Change Case

This scenario is aligned with the RCP 8.5 high-emissions pathway from the Intergovernmental Panel on Climate Change’s Fifth Assessment Report (“**IPCC AR5**”).

Key assumptions:

- Continued global reliance on fossil fuels, resulting in elevated greenhouse gas emissions.
- Significant increase in frequency and intensity of extreme weather events, including heavy rainfall, flooding, cyclones and temperature extremes across Southeast Asia.
- Accelerated hydrological instability, affecting rainfall patterns, river flow consistency and seasonal water availability.
- Higher likelihood of climate-related supply chain disruptions affecting the cost and availability of automation components.

Potential impacts:

- Hydropower assets in Indonesia may face greater operational variability, increased downtime and higher repair or reinforcement costs due to flooding, landslides or extreme rainfall.
- Industrial automation operations may experience supply-chain delays or rising input costs due to climate-related disruptions in upstream manufacturing hubs.
- Higher frequency of business interruptions could raise insurance costs and increase operational risk exposure.
- Greater scrutiny from stakeholders on the Group’s climate-resilience measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Climate-related Scenario Analysis and Resilience (cont'd)

Scenario Pathways and Key Assumptions (cont'd)

1.5°C - 2°C Scenario — Successful Transition Case

Aligned with the IPCC AR5 RCP 2.6 pathway, which assumes aggressive mitigation measures, rapid decarbonisation of energy systems and strong climate policy intervention.

Key assumptions:

- Wide implementation of carbon policies and regulatory frameworks governing industrial emissions and energy use.
- Rapid adoption of energy-efficient automation technologies, digital optimisation tools and low-carbon industrial systems.
- Heightened demand for transparent emissions data, requiring suppliers to meet strict reporting standards.
- Strong regulatory support for renewable energy deployment, with expanded financing mechanisms for clean-energy infrastructure.
- Enhanced climate expectations across supply chains, influencing procurement and product requirements.

Potential impacts:

- Increased customer demand for high-efficiency automation solutions, industrial computing systems and smart control technologies that reduce energy consumption.
- Greater requirements for emissions accountability, necessitating investment in robust ESG data systems and climate-related reporting capabilities.
- Upfront R&D and system-upgrade costs to ensure the Group's offerings meet the performance, efficiency and transparency requirements under a low-carbon economy.
- Potentially favourable long-term conditions for the Group's mini-hydropower portfolio, aligned with greater emphasis on renewable electricity expansion.
- Upstream suppliers may face pressure to decarbonise, which could influence component pricing and availability.

Scope and Limitations

This scenario analysis remains qualitative, focusing on directional risk and opportunity implications for the Group's key segments. Quantitative modelling is not yet included due to data constraints and methodological complexity. The Group intends to enhance scenario sophistication over time and will revisit assumptions when material changes occur in climate science or business operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Climate-related Scenario Analysis and Resilience (cont'd)

Assessment of Strategic Resilience

Based on the qualitative scenario analysis performed, the Group has assessed the resilience of its business strategy under both the 4°C+ high physical climate change scenario and the 1.5°C – 2°C strong mitigation scenario aligned with the RCP 2.6 pathway.

Under the 4°C+ pathway, strengthened hydropower engineering measures, improved drainage and slope protection, and enhanced hydrological monitoring provide a reasonable level of protection against increased extreme-weather events. For the industrial automation segment, diversified sourcing and contingency planning help mitigate potential climate-related supply-chain disruptions.

Under the RCP 2.6 scenario, the Group is well positioned for the transition to a low-carbon economy, as its automation solutions support energy efficiency and digital optimisation, capabilities expected to see stronger demand. The Group is also enhancing ESG data systems to align with rising reporting expectations, while its renewable-energy portfolio remains aligned with long-term clean energy trends.

Overall, no scenario indicates climate-related impacts that would threaten the viability of the Group's business model, and the Group will continue to refine its strategy as climate science and regulatory developments evolve.

As at the reporting date, the Group has not yet formalised a comprehensive climate transition plan with quantified net-zero roadmap. Nevertheless, climate-related risks and considerations are being integrated into its strategic planning, capital allocation and risk management processes. The Group intends to develop a more structured emissions-reduction pathway, taking into account applicable regulatory developments, customer expectations, technological feasibility and the specific characteristics of our industrial automation and hydropower businesses.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Metrics and Targets

Climate-related Metrics

The Group currently monitors its climate-related performance primarily through environmental performance metrics, including fuel consumption, water consumption, waste generation and GHG emissions. These metrics are used to support the management of environmental impacts associated with the Group's operations.

Data Table				
Scope	Source	Unit	FY2025	FY2024
Scope 1	GHG Protocol Emission Factors from Cross-Sector Tools	Tonnes of CO ₂ e	955.4	916.5
Scope 2 (Location-based)	IGES List of Grid Emission Factors	Tonnes of CO ₂ e	2,017.1	1,915.9
Scope 3 ¹	See Scope 3 reporting boundary	Tonnes of CO ₂ e	29,589.5	155.3

Our Approach		
Standard used	-	GHG Protocol Corporate and Reporting Standard (2004) GHG Protocol Value Chain (Scope 3) Accounting and Reporting Standard (2011)
Measurement approach	-	Operational control due to the ability to take full ownership of all GHG emissions we can directly influence and reduce
Operational boundary	-	21 operation sites that are owned and managed in Singapore, Malaysia, China, Hong Kong, Indonesia, Taiwan, Thailand and Vietnam Including Headquarter and operating offices

¹ In FY2025, the reporting boundary for Scope 3 GHG emissions has been enhanced to further include Categories 1 and 3. For Category 5, the Group has newly included two (2) new types of waste (solid waste and recycled waste) in the calculation. Readers are advised to exercise caution when interpreting the results presented in the data table when comparing the result with the previous year. The Scope 3 GHG emissions excluding additional items in FY2025 (i.e., same reporting boundary as of FY2024) is 126.1 tonnes of CO₂e.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

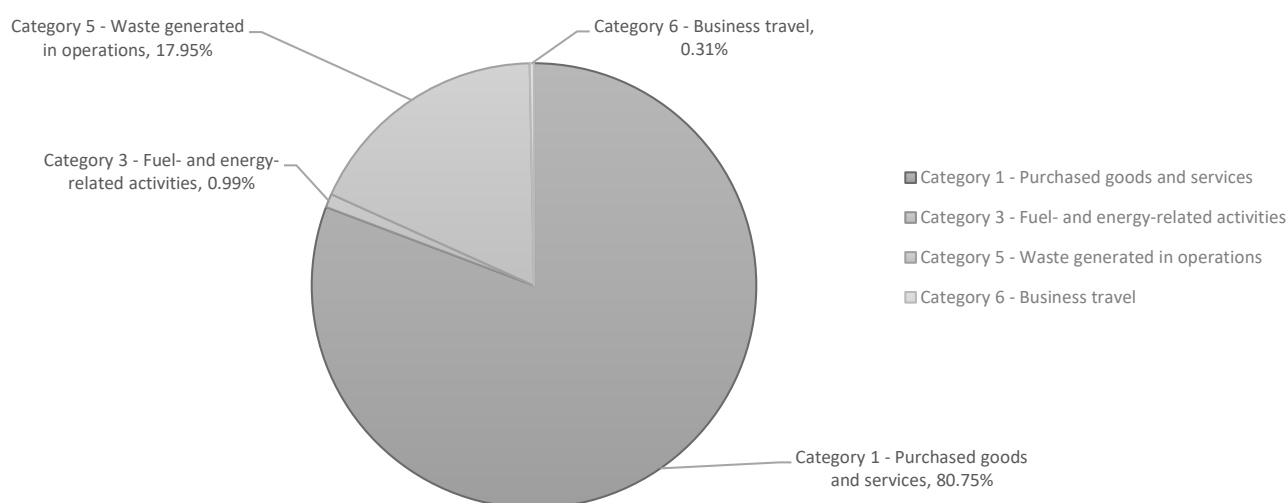
A.4 Climate change (cont'd)

Metrics and Targets (cont'd)

Climate-related Metrics (cont'd)

Scope 3 reporting boundary		
Scope 3 category	Source of emission factor	Basis for selection
Category 1 - Purchased goods and services	Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities from U.S. EPA Office of Research and Development based on the Environmental-Extended Input-Output ("EEIO") model	Extraction, production and transportation of goods and services purchased
Category 3 - Fuel- and energy-related activities	UK Defra: Government Conversion Factors for Company Reporting of Greenhouse Gas Emissions	Extraction, production and transportation of fuels and energy purchased not accounted for in Scope 1 and 2
Category 5 - Waste generated in operations	US EPA: Emission Factors for Greenhouse Gas Inventories	Waste generated through manufacturing and daily operation of sites
Category 6 - Business travel	ICAO Carbon Emissions Calculator ("ICEC")	Emissions associated with the Group's employees' business air travel

Scope 3 GHG Emission in FY2025



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Metrics and Targets (cont'd)

Climate-related Metrics (cont'd)

As at the reporting date, the Group has not made extensive use of the cross-industry metrics specified under Part D in the management of its climate-related risks and opportunities. While the Group has considered the potential impacts of climate-related risks and opportunities on its business activities, including an assessment of potential financial effects, the analysis has been predominantly qualitative due to limitations in data availability.

As data availability, quality and internal capabilities improve over time, the Group will consider the further application of relevant cross-industry metrics to enhance the assessment and management of its climate-related risks and opportunities.

The Group has not established an internal carbon pricing mechanism and does not currently have plans to do so. In addition, climate-related considerations have not been incorporated into the Group's remuneration policies, and there are no current plans to link remuneration outcomes to climate-related performance.

Climate-related Target

Given our GHG performance, we have come up with a short and long-term climate-related targets.

Target set		
Period	Scope 1 & 2 GHG emissions intensity (tCO ₂ e/ S\$ million)	Reduction from base period (%)
Base Period (Financial year ended 2022)	11.3	-
Interim Target (FY2025)	8.5	25%
Target Period (FY2030)	7.9	30%

Target information	
Target set	Reduce Scope 1 and Scope 2 GHG emissions per S\$ million by 30% by FY2030, with an interim target to lower the emission intensity to lower than 8.5 tonnes per S\$ million by FY2025.
Target type	Intensity target
Objective of the target	Having the compliance in mind, the Group has considered Singapore's national commitment to achieve net-zero emissions as an input to the target-setting process.
Monitoring progress	The Group's management reviews the target and the performance on Scope 1 and Scope 2 GHG emissions intensity on an annual basis and assess whether any revision is required.
Scope of the target	Covers the main operations of the Group's offices and manufacturing plants, representing over 75% of our total revenue.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (cont'd)

A.4 Climate change (cont'd)

Metrics and Targets (cont'd)

Climate-related Target (cont'd)

Progress to date		
Period	Scope 1 & 2 GHG emissions intensity (tCO ₂ e/ S\$ million)	Reduction from base period (%)
FY2023	10.55	7%
FY2024	7.61	33%
FY2025	6.75	40%

The above target represents a gross GHG emissions reduction target covering Scope 1 and Scope 2 emissions. The target has not been developed using a sectoral decarbonisation approach, and the Group does not intend to use carbon credits or other offsetting mechanisms to achieve this target.

While the target has not been externally validated, it reflects the Group's current operational profile and the limited degree of influence it has over emissions arising from its business activities. The target is therefore intended to serve as an initial step in integrating climate-related considerations into the Group's strategic and operational decision-making processes.

For the Group's other environmental targets, please refer to section "A.3 The Environment and Natural Resources".

In FY2025, the Group continued to demonstrate stable performance in reducing its GHG emissions intensity. The Group will seek to further reduce its emissions through the ongoing implementation of operational initiatives, including improvements in energy efficiency, a gradual transition towards electrification where technically and economically feasible, and increased investment in renewable energy projects.

Monitoring and Review

Performance against the Group's climate-related metrics and targets is primarily monitored through the annual reporting process. Data on energy consumption, fuel use and purchased electricity are collected on an annual basis and consolidated for the calculation of GHG emissions in accordance with the GHG Protocol.

The results are reviewed by management with oversight of ESG and climate-related matters, ensuring that progress against the emissions reduction target is monitored and, where relevant, considered as part of strategic planning.

The Group will continue to review its climate-related metrics and progress against its GHG emissions reduction target as part of its annual reporting cycle. As its understanding of climate-related risks and opportunities improves, and as data availability and quality evolve, the Group may consider refining its measurement methodologies and assessing the feasibility of adopting more ambitious emissions reduction targets over time. Any such enhancements will be undertaken in a proportionate manner, taking into account the Group's operational context and overall sustainability strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1 Employment

In FY2025, the Group employed a total of 1,366 employees. Acknowledging the pivotal role of its staff in achieving success within the engineering sector, the Group has formulated a competitive compensation and benefits framework designed to attract, retain, and incentivise skilled individuals. To ensure a fair and equitable approach, employee remuneration is determined by factors such as educational qualifications, industry experience and interpersonal skills. Salaries and wages are subject to an annual review, based on performance appraisals, qualifications, experience, position and seniority.

The Group's recruitment process is informed by a continuous analysis of its human resources needs to ensure alignment with its strategic business goals. In FY2025, qualified candidates were recruited in line with the Group's "annual recruitment plan" and through multiple channels, including the Internet, seminars and intermediaries. Regular evaluations of employee capabilities and performance are conducted, offering opportunities for promotion to eligible employees in a fair manner. Meanwhile, the termination of employment is based on reasonable and lawful grounds, strictly adhering to the internal guidelines documented in the Employee Handbook.

The tables below summarise the detailed breakdown of the Group's employees in FY2025.

Table 5 Number of employees by age group, gender, employment type, position type, geographical locations of the Group in FY2025¹

Number of employees by age group

Gender	Aged between 18 and 25	Aged between 26 and 35	Aged between 36 and 45	Aged between 46 and 55	Aged above 55	Total
Male	109	306	334	142	53	944
Female	40	120	176	65	21	422
Total	149	426	510	207	74	1,366

Number of employees by position

Gender	General staff	Middle managerial level	Senior managerial level	Total
Male	750	132	62	944
Female	331	79	12	422
Total	1,081	211	74	1,366

Number of employees by employment type

Full time	Part time	Total
1,360	6	1,366

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.1 Employment (cont'd)

Table 5 Number of employees by age group, gender, employment type, position type, geographical locations of the Group in FY2025¹ (cont'd)

Number of employees by geographical location

Locations	Total
China	814
Hong Kong	8
Singapore	125
Others	419
Total	1,366

1. The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/ or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.1 Employment (cont'd)

Table 6 Employee turnover rate by age group, gender and geographical locations in FY2025¹

Number of employees by age group

Gender	Aged between 18 and 25	Aged between 26 and 35	Aged between 36 and 45	Aged between 46 and 55	Aged above 55	Total
Male	24	62	33	16	11	146
Employee turnover rate (%)	22.0	20.3	9.9	11.3	20.8	15.5
Female	16	30	17	5	2	70
Employee turnover rate (%)	40.0	25.0	9.7	7.7	9.5	16.6
Total	40	92	50	21	13	216
Total employee turnover rate (%)	26.8	21.6	9.8	10.1	17.6	15.8

Number of employees by geographical locations

Locations	Employee turnover	Employee turnover rate (%)
China	108	13.3
Singapore	18	14.4
Others	90	21.5
Total	216	15.8

1. The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who left the Group in FY2025 by the number of employees in FY2025. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.1 Employment (cont'd)

Table 7 New hire rate by age group and gender in FY2025¹

Number of employees by age group

Gender	Aged between 18 and 25	Aged between 26 and 35	Aged between 36 and 45	Aged between 46 and 55	Aged above 55	Total
Male	45	57	51	17	2	172
New hire rate (%)	41.3	18.6	15.3	12.0	3.8	18.2
Female	21	32	23	4	2	82
New hire rate (%)	52.5	26.7	13.1	6.2	9.5	19.4
Total	66	89	74	21	4	254
Total new hire rate (%)	44.3	20.9	14.5	10.1	5.4	18.6

1. The new hire data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The new hire rate was calculated by dividing the number of newly hired employees in FY2025 by the number of employees in FY2025. The methodology adopted for reporting on new hire data set out above was based on the compilation requirements set out in GRI Disclosure 401-1: New employees hire and turnover.

The Group strives to improve its performance in retaining employees and diversity of its employees. In FY2025, its total turnover rate was 15.8% (FY2024: 18.9%) and gender ratio was 69:31 (FY2024: 68:32). Aiming for a total turnover rate of 16% and a gender ratio of 65:35, the Group strives to maintain its turnover rate and will review its compensation and benefits package to retain employees and hiring policy on achieving gender balance in the workplace.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.1 Employment (cont'd)

During the reporting period, the Group complied with the following laws and regulations related to employment:

Table 8 Employment laws and regulations with which the Group has complied

Hong Kong	Employment Ordinance (Chapter 57 of the Laws of Hong Kong)
	Mandatory Provident Fund Schemes Ordinance
China	The Social Insurance Law of the People's Republic of China
	The Provisional Measures for Maternity Insurance of Employees of Corporations
	The Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council
	The Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council
	The Unemployment Insurance Measures
Singapore	The Employment Act (Chapter 91) of Singapore (EA)
	Central Provident Fund Act
	Employment of Foreign Manpower Act (Chapter 91A) of Singapore (EFMA)
Malaysia	Employment Act 1955 ("EA 1955")
	Industrial Relations Act 1967 ("IRA 1967")
	Trade Unions Act 1959 ("TUA 1959")
	Employees Provident Fund Act 1991 ("EPF 1991")
	Employees' Social Security Act 1969 ("SOCSO Act")
Vietnam	The Labour Code

Working hours and rest periods

The Group complies with local employment laws in the regions where it operates, as well as its internal policies. The Group's Employee Handbook clearly states the guidelines on managing employee working hours and rest periods. For instance, attendance and punctuality are considered during the annual performance appraisal. Should employees need to request leave or arrive late due to accidents, illness or other reasons, they are required to inform their direct supervisor in advance. Similarly, for overtime work, employees are required to complete an application form and obtain prior approval from their supervisors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.1 Employment (cont'd)

Equal-opportunity and anti-discrimination

The Group upholds internal policies to ensure equal opportunities for all employees across several dimensions, including recruitment, training and development, job advancement, and remuneration and benefits. Discrimination based on gender, ethnicity, religion, colour, age, marital status, family status, pregnancy or any other protected characteristics under applicable laws is strictly prohibited.

Furthermore, the Group places high value on cultural diversity, employing individuals from various age groups and ethnic backgrounds. By promoting an environment of trust and mutual respect among its employees, the Group cultivates a supportive and cohesive working climate. The Group recognises the importance of the varied perspectives, distinctive talents, and professional expertise that cultural diversity contributes, as these elements are crucial to the company's ongoing success.

Other benefits and welfare

In addition to the standard package, the Group offers a variety of supplementary benefits to its employees. These benefits include severance pay, mandatory/central provident fund, employment compensation insurance, medical insurance, unlimited doctor visit reimbursements, and body checks. The Group also provides additional remuneration and benefits to acknowledge and reward high-performing employees. Meanwhile, additional benefits, such as performance-based bonus, commissions and variable annual bonuses are awarded at the discretion of the Group. In FY2025, some subsidiaries also organised dinner gatherings and travel tours.

One of the Group's subsidiaries, Gateway Motion (Shanghai) Co., Ltd., organised a company tour to Pingtan County, Fujian Province, for its employees. This activity provided not only an opportunity for team building and bonding but also demonstrated the company's commitment to prioritising employee well-being and recognition of work-life balance.



Furthermore, the specific job responsibilities of employees are factored into the determination of the complete remuneration and benefits package. Benefits may incorporate allowances for local transport (covering parking and petrol), mobile phone provision, overseas travel and meal allowances, and reimbursement for taxi fares incurred during overtime work. The Group is committed to periodically reviewing and enhancing its employee remuneration and benefits packages as a strategy to motivate and retain high-calibre personnel within the organisation.

In FY2025, the Group complied with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.2 Health and Safety

The Group's work safety policies and procedures ensure adherence to relevant laws and regulations. Prioritising the wellbeing of its employees, the Group offers diverse occupational health and safety trainings, and enforces detailed instructions and guidelines to maintain a secure and comfortable working environment for all. To ensure workplace safety, the Group's management holds responsibility for overseeing the overall health and safety performance of its employees.

In FY2025, the Group provided trainings on occupational health and safety, safety production laws and regulations, and machinery demonstrations. It also communicated internal safety policies through briefings and organised fire drills within the production facilities to heighten safety awareness among employees.

To enhance fire prevention and mitigate fire hazards, the Group conducts periodic drills and ensures that fire equipment is ready, including an automatic smoke spray system and powder fire extinguishers. Additionally, the Group provides health insurance and organises regular physical examinations to promote employee wellness and support their health and welfare.

Given the nature of the Group's operations, appropriate safety protective clothing and personal protective equipment, including helmets, safety shoes, gloves, earplugs and masks, are provided to employees.

During the reporting period, the Group complied with the following laws and regulation related to employees' health and safety:

Table 9 Laws and regulations related to employees' health and safety with which the Group has complied

Hong Kong	Occupational Safety and Health Ordinance, Chapter 509
	Employees' Compensation Ordinance, Chapter 282
China	Production Safety Law of the People's Republic of China
	Regulation of Insurance for Labour Injury
Singapore	Workplace Safety and Health Act, Chapter 354A (WSHA)
	Work injury compensation is governed by the Work Injury Compensation Act, Chapter 354
Malaysia	Workmen's Compensation Act 1952 (WCA 1952)
	Occupational Safety and Health Act 1994 (OSHA 1994)
Vietnam	The Labour Code

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.2 Health and Safety (cont'd)

Since FY2018, the Group has received zero reports on work-related fatality under its operations, including the year under review. In FY2025, no incidence of work stoppages, labour disputes, litigation, claims, administrative action or arbitration against the Group has been reported. There were four (4) cases of work-related injuries reported with a total of 114 lost days.

Safety precaution measures such as patrols and relevant evaluations have been taken to prevent similar cases happening again. The Group will continue to strive for achieving its target on zero work-related injuries or incidence of occupational hazards in the next five years.

Table 10 Number and rate of work-related fatalities of the Group in past three financial years¹

Year	FY2025	FY2024	FY2023
Number of work-related fatalities	-	-	-
Lost days due to work injury	114	191	46

1. The information about injury and fatality was obtained from the Group's Human Resources Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report? — Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.

B.3 Development and Training

The employees of the Group are recognised as its most valuable asset, playing a key role in the manufacture of high-quality products. To ensure that employees possess the necessary professional skills, the Group regularly provides a series of formal training courses designed to enhance their expertise and proficiency in their respective positions.

In addition, adopting an outcome-oriented approach, the Group has implemented a systematic induction training programme for new employees. The programme addresses fundamental subjects, including the Code of Conduct (including anti-corruption practices), Company Policy, Environmental Policy, Ethics and Safety Policy, alongside other relevant health and safety topics.

In FY2025, subsidiaries of the Group offered a range of internal and external training workshops and programmes for its employees, which covered topics ranged from health and safety, management skills, machinery and software applications.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.3 Development and Training (cont'd)

Table 11 Number and percentage of employees trained in the Group by gender and position in FY2025¹

Number of employees by position

Gender	General staff	Middle managerial level	Senior managerial level	Total
Male	36	22	2	60
% of employees trained	38.3	23.4	2.1	63.8
Female	17	16	1	34
% of employees trained	18.1	17.0	1.1	36.2
Total employees trained	53	38	3	94
% of employees trained	56.4	40.4	3.2	6.9

1. The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2025. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.3 Development and Training (cont'd)

Table 12 Training hours received by the employees of the Group by gender and position in FY2025¹

Training hours by position

Gender	General staff	Middle managerial level	Senior managerial level	Total
Male	789.0	639.5	25.3	1,453.8
Average training hours	1.1	4.8	0.4	1.5
Female	355.0	225.0	16.0	596.0
Average training hours	1.1	2.8	1.3	1.4
Total	1,144.0	864.5	41.3	2,049.8
Average training hours	1.1	4.1	0.6	1.5

1. The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.

The Group is dedicated to achieving a 5% annual increase in the average training hours per employee. To support this goal, effort is placed on improving the measurement of overall training hours and the training time allocated to staff based on gender and position. This ensures transparency and promotes equal opportunities for all employees.

In FY2025, although the total and average training hours did not show a significant improvement when compared to FY2024, the Group will continue to strive for improvement and review the possibility of implementing a post-training feed system in order to review and access the effectiveness of training programs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

B.4 Labour Standards

In FY2025, the Group maintained compliance with the applicable Employment Act, Labour Laws and Employment Ordinance in the countries of operation, regarding the prohibition of child or forced labour. The Group's recruitment process strictly adheres to the guidelines established by its Human Resources department, including the use of a recruitment questionnaire to collect personal, educational, and employment information from job applicants. Qualified candidates will be selected based on job requirements and employer expectations once all necessary data, including age, has been verified.

If the Group identifies any violations of labour standards, the corresponding employment will be terminated immediately. The Group continues to maintain a zero-tolerance policy towards child and forced labour in its operations, and there were no reports of such violations during the reporting year. Over the next five years, the Group is committed to maintaining a zero-incident rate of child labour, forced labour or any labour practices that violates the labour-related laws and regulations.

OPERATING PRACTICES

B.5 Supply Chain Management

To address both environmental and societal implication, the Group places importance on the operation and management of a sustainable and dependable supply chain, aligning with its corporate social responsibility commitments. The Group strictly monitors the quality of its suppliers and their adherence to supply chain practices. Suppliers are required to abide by all relevant laws and regulations, in addition to the Group's established standards and specifications.

Procurement policy

The Group has put in place well-defined procedures for its suppliers (primarily overseas manufacturers) to ensure the effective governance of its supply chain. The Procurement Department issues purchase orders to suppliers and provides shipping information. The Group guarantees accurate shipment tracking and the prompt delivery of goods to its warehouses by coordinating with freight forwarders and couriers. Upon arrival, the responsible department carries out inbound inspections to assess the condition and quality of the items. Afterwards, the Sales Administration Department generates a delivery order and initiates an outbound inspection procedure. If any unqualified or defective products, or environmental non-compliance risks, are identified within the supply chain, an immediate Non-Conformance Report is required. The Sales Administration Department will then negotiate for appropriate restitution or substitution according to the terms stipulated in the agreement or contract, with the support from other technical departments.

The Group acknowledges that occasional disruptions to the supply chain, such as scarcity of raw materials or flight cancellations, present difficulties. Nonetheless, it remains focused on mitigating these issues by continuously adapting its procurement methodology and reinforcing systemic resilience to cope with potential social and environmental risks within the supply chain.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

OPERATING PRACTICES (cont'd)

B.5 Supply Chain Management (cont'd)

Procurement policy (cont'd)

To successfully manage these exposures, the Group recognises the value of collaborating with credible suppliers who can provide reliable and cost-effective products that comply with regulatory standards and meet the technical requirements of its diverse customer base. The Group provides services to various sectors, including medical equipment, robots, mobile phones and transport.

When selecting suppliers, the Group conducts comprehensive due diligence and assigns priority to the suitability and value of components, parts and readily available products that align with customers' specifications. A standardised supplier assessment survey is utilised, featuring a set of stringent benchmarks to evaluate suppliers' performance based on financial reliability, stable product supply, delivery time commitment, stability, consistent product provision, adherence to delivery schedules, price stability, and market reputation. Suppliers are also assessed on their reputation, product quality, and responsiveness to feedback. The Sales or Sales Administration Department typically manages the selection of new suppliers, following the criteria detailed in the New Supplier Qualification or leveraging their past performance record.

At the end of each financial year, the Group performs an annual supplier assessment. Suppliers who do not meet the requirements are flagged for review in the yearly management meeting to determine necessary corrective steps. The Group's subsidiaries or branch offices situated in China hold primary responsibility for supplier sourcing, given that their parent companies are often located in Asia or North America.

The Group maintains close engagement with its 5,673 suppliers, of which 4,598 are situated in China, 15 in Hong Kong, 311 in Singapore, with the remaining 749 suppliers located across nations including Germany, Japan, Malaysia, Thailand, Vietnam, the United States (U.S.), etc. To effectively administer its extensive supplier ecosystem across different regions, the Group has implemented a series of actions to ensure that its suppliers adhere to relevant laws and regulations, as well as upholding strong corporate ethics throughout their operations. These key actions comprise:

- Engaging in regular communication with suppliers through meetings, emails and phone calls;
- Sustaining a regular and open exchange of information with suppliers;
- Ensuring timely payments;
- Fostering productive working relationships with supplier representatives;
- Avoiding rush orders wherever possible;
- Addressing any concerns promptly raised by suppliers;
- Reporting damaged or faulty goods to suppliers in a timely manner with supporting documents; and
- Remaining open to reviewing, renegotiating, and adjusting the terms of trade with suppliers as necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

OPERATING PRACTICES (cont'd)

B.5 Supply Chain Management (cont'd)

Machinery and equipment maintenance

The Group primarily utilises computer numerical control (CNC) machinery, alongside sawing and milling machines for die casting or stamping. These machines are typically procured from manufacturers in China and the U.S. To ensure optimal performance and operational reliability, the machinery and equipment undergo scheduled cleaning and upkeep. This prevents potential breakdowns or malfunctions, ensuring that manufacturing operations remain seamless. As a result, customers and businesses can rely on the Group's consistent production capabilities without disruptions caused by machinery issues.

In FY2025, the Group sustained strong and stable relationships with its major suppliers and experienced no substantial difficulties in obtaining adequate supplies for production. To further ensure a stable and sustainable supply chain, the Group has set three short-term targets:

- Aiming for 100% on-schedule delivery to customers, while simultaneously reducing the inventory turnover rate and enhancing customer satisfaction level;
- Improving the accuracy of freight billing processes; and
- Maintaining inventory turnover within a maximum period of 90 days.

Green procurement

The Group acknowledges that the materials procured through its supply chain can significantly impact its sustainability performance and the ecosystem. Therefore, the Group defines environmentally preferable products as those produced by suppliers focusing on energy optimisation, strict adherence to relevant environmental standards, and minimal adverse environmental impacts.

The Procurement Department is responsible for implementing and monitoring the Group's procurement process, which prioritises eco-friendly products and has integrated environmental compliance and eligibility as criteria for supplier selection. This department also oversees the effective deployment of supplier engagement initiatives, supply chain risk management processes and green procurement processes, which apply to all of the Group's suppliers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

OPERATING PRACTICES (cont'd)

B.6 Product Responsibility

The Group is dedicated to meeting both the current and future needs of its customers. It sources and recommends leading global products and deliver high-quality after sales services. To ensure the highest standards of quality, the Group has developed and implemented its own internal quality management approaches, aligned with ISO 9001:2015 (Quality Management Systems) published by the International Organisation for Standardization (“ISO”) and its Quality Manual.

Moreover, the Group strives to demonstrate its ability to deliver reliable and safe products and services that satisfy customer specifications and adhere to applicable regulatory standards, such as the Restriction of Hazardous Substances (RoHS). The Group also seeks to foster long-term collaborations with customers through proactive monitoring and after-sales support.

In FY2025, the Group complied with the relevant laws, regulations and standards that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters with respect to its products and services and methods of redress.

Customers' satisfaction

The engineering staff are tasked with supporting customers regarding complaints and product-related issues. They are dedicated to delivering prompt and effective assistance by actively listening to customers and working towards resolving their concerns. The Group promotes transparent communication channels to facilitate swift and efficient complaint resolution, aiming to foster long-term customer loyalty and satisfaction through exceptional customer service.

In cases where a product fault is attributed to suppliers, the Group does not offer a warranty; however, repair or replacement services are available for the defective component or system.

During the reporting year, there were no product recalls, product quality issues or customer complaint received.

Innovation

Following the transition into the Industrial 4.0 era, clean energy technologies and robotics are increasing in prominence, spurred by the growing need for automated business solutions. Consistent with its dedication to providing optimal solutions to clients, the Group actively explores and innovates new technologies. The Group is committed to sustained engagement in research and design processes to create products and solutions that not only meet current market demands but also position the industry for future leadership. In alignment with its commitment to delivering optimal solutions to clients, the Group is dedicated to exploring and innovating new technologies. The Group will continue to actively engage in research and design processes to develop products and solutions that not only meet market demands but also lead the industry in innovation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

OPERATING PRACTICES (cont'd)

B.6 Product Responsibility (cont'd)

Quality control

To ensure that the Group's engineering solutions maintain both consistency and high-quality while adhering to the ISO standards, the Quality Control Department has implemented a comprehensive quality assurance and control system. This system focuses on understanding customer needs and expectations, improving operational and service efficiency, integrating the newest technologies and products, enhancing employee skills and competencies, and cultivating strategic relationships with suppliers. The Group is dedicated to delivering engineering solutions that meet customer requirements, supported by quality service that consistently addresses customer needs.

Table 13 List of international organisations for standardisation with which the Group has complied

Certification	Recipient	Certified since	Quality control area	Issuing organisation	Expiry date
ISO 9001:2015	Servo Dynamics Pte Ltd	11 December 2000	Factory automation solutions	SGS United Kingdom Ltd	18 August 2027
ISO 9001:2015	Precision Motion Control Pte Ltd	11 December 2000	Factory automation products	SGS United Kingdom Ltd	18 August 2027
ISO 9001:2015	Portwell Singapore Pte Ltd	11 December 2000	Industrial information technology products	SGS United Kingdom Ltd	18 August 2027
ISO 9001:2015	Dirak Asia Pte Ltd	11 December 2000	Industrial hardware accessories	SGS United Kingdom Ltd	18 August 2027
GB/T19001-2016 ISO9001:2015	Su Zhou Servo Dynamics Co., Ltd	13 February 2015	Control series – mechanical and electrical equipment	Guardian Independent Certification Ltd	4 January 2027

The Group's procurement policy is paramount to guaranteeing the quality of its products and services. This policy governs the screening, selection and evaluation of suppliers who provide the highest quality components for production. Throughout the production process of engineering solutions, in-process quality assurance measures are applied at every stage to identify and rectify any flaws, adhering strictly to internal policies. All prototypes are required to undergo a series of stress tests and simulations to validate their suitability for customers' specific needs and requirements. Following the assembly of engineering systems, a final quality inspection is conducted before packing and labelling, in accordance with internal packing standards for customer delivery.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

OPERATING PRACTICES (cont'd)

B.6 Product Responsibility (cont'd)

Quality control (cont'd)

Moreover, as part of the total quality management (TQM) approach, the Group's management has instituted continuous improvement initiatives throughout its business operations. These efforts are designed to elevate all facets of operations, including the implementation of internal controls, such as inventory and accounts receivable management, that align with best financial practices and procedures. If a material defect is reported after shipment, immediate corrective actions, including product recalls, are initiated following the Group's internal procedures. The recall procedures involve distinct stages: establishing preparedness for a recall, investigating the cause of the defect, communicating the issue and proposed responses to stakeholders without delay, and identifying flaws in the development and operational procedures that may have contributed to the product defect.

Inventory control

ERP systems are utilised to maintain appropriate inventory levels, thereby ensuring sufficient product availability. All products are barcoded to enable efficient tracking of their movement within the warehouses. To verify the accuracy of the inventory system, random monthly stock counts are performed. Additionally, a comprehensive annual stock check is conducted to secure a stable supply of raw materials and finished products while minimising the accumulation of obsolete stock.

Intellectual property

The Group holds various trademarks, patents and domain names across Singapore, China, and Hong Kong. In FY2025, no significant reports of intellectual property rights infringement were recorded. The Group is confident that robust policies are in place to guide measures aimed at preventing any violation of its proprietary intellectual property rights. It remains committed to protecting its interests and maintaining a zero-tolerance stance against any infringement of its intellectual property rights over the next five years.

Consumer data protection

The Information Technology and Human Resource Departments share the responsibility for monitoring the Company's computers and servers, which are protected with access passwords. Employees are required to ensure that all data is collected, stored, and handled properly and securely. They also receive guidance on the risks associated with data malpractice.

In FY2025, the Group adhered to the Personal Data (Privacy) Ordinance of Hong Kong, the Personal Data Protection Act 2012 of Singapore, the Personal Data Protection Act 2010 of Malaysia, and other relevant regulations governing the collection, disclosure, use, retention, and storage of data to uphold its integrity and safety. The Group received zero reports of customer privacy breaches or sensitive data leaks, and is committed to maintaining its target of zero incident rate over the next five years.

Advertising

The Group is committed to ensuring that the product descriptions and information, including the labelling of its products and services, comply with all relevant laws and regulations. To uphold this commitment, the Group strictly prohibits any form of misrepresentation or exaggeration of its offerings in its marketing materials. Furthermore, the Group's legal counsel reviews the sales and marketing materials before public distribution to prevent any violations of advertising-related laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (cont'd)

OPERATING PRACTICES (cont'd)

B.7 Anti-corruption

The Group adheres to the relevant laws and regulations on anti-corruption and bribery in its areas of operations, including the Prevention of Corruption Act (Singapore) and the Prevention of Bribery Ordinance (Chapter 201 of The Laws of Hong Kong). We are dedicated to maintaining the highest standards of corporate governance, prioritising integrity and accountability to ensure all business activities are conducted with transparency and honesty.

To mitigate the risks of bribery, extortion, fraud and money laundering, the Group has implemented internal protocols dictating the following procedures:

- All financial transactions must be accurate, complete and fairly recorded in accordance with internal accounting controls; and
- Internal audits should be conducted by independent or external professional firms, and any vulnerabilities or prospective risk areas must be reported to the Group's management for further investigation.

Confidential whistleblowing channels have been instituted by the Group to enable the reporting of concerns regarding bribery, extortion, fraud, money laundering, conflict of interest, criminal offences, illegal or injustice practices, health or safety endangerment and concealment behaviour. Whistleblowers can submit reports without fear of reprisals or victimisation, as strict confidentiality safeguards are in place. The whistleblowing policy offers multiple reporting channels, including direct dialogue with superiors, email to any of the Group's Managing Directors, President, or the Chairman of the Audit Committee, and a postal option who are concerned about reporting through email or direct communication.

All reported incidents will undergo a thorough investigation led by the Group's Audit Committee, along with external or internal auditors, forensic experts, or law enforcement agencies, depending on the nature of the concern raised. The Group encourages voluntary identity disclosure from whistleblowers to aid the investigation process, and ensures that any employee making a genuine report will be treated fairly. Conversely, any mischievous or malicious allegations will result in disciplinary action under the Group's Disciplinary Procedures.

The Group's Employee Handbook clearly outlines the relevant regulations, and employees are required to sign an acknowledgement confirming their understanding and adherence to these mandates. In FY2025, one of the Group's subsidiaries provided a two (2)-hour anti-corruption training to its employees, where two (2) managerial staff and nine (9) general employees participated in the session. The Group will continue to partner with qualified experts and organisations to deliver relevant programmes for both management and employees in the future.

During the reporting period, there were zero concluded legal cases regarding corrupt practices brought against the Group or its employees.

COMMUNITY

B.8 Community Investment

The Group remains committed to supporting the communities in which it operates, thereby promoting healthy and sustainable development. In FY2025, the Group donated S\$9,000 and invested S\$257,000 in supporting corporate social responsibility activities mainly in Indonesia. The Group will continue to motivate its employees to engage in charitable activities, fostering a culture of giving back to the community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VIII. REPORT DISCLOSURE INDEX

SEHK:

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
A. Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations	GRI 2-27, GRI 3-3 (c), GRI 305, GRI 306	85
	KPI A1.1	The types of emissions and respective emissions data.	GRI 305-1, 305-2, 305-3, 305-6, 305-7	85
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305-1, 305-2, 305-4	104
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306-3 (a)	85
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306-3 (a)	85
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 305-5	106-107
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 306-4, 306-5	86-87, 92

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	GRI 3-3 (c)	89
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302-1, 302-3	88
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303-5	88
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 302-4, 302-5	92
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 303-1	90, 93
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301-1	88
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	GRI 3-3 (c)	91
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 3-3 (c, d), GRI 303-1, GRI 304-2, GRI 306-1, 306-2	91-94
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 2-12 (a, b-i), GRI 3-3 (c)	94-95
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	GRI 201-2	95-107

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
B. Social				
Employment and Labour Practices				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 2-27, GRI 3-3 (c)	108, 112-113
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	GRI 2-7 (a, c), GRI 405-1 (b)	108-109
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401-1 (b)	110
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 2-27, GRI 3-3 (c), GRI 403-1	114
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	GRI 403-9, 403-10	115
	KPI B2.2	Lost days due to work injury.	N/A	115
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 3-3 (c, d), GRI 403-1, 403-3, 403-5, 403-7	114-115

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer	GRI 3-3 (c), GRI 404-2 (a)	115
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A	116
	KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404-1	117
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 2-27, GRI 3-3 (c)	118
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 3-3 (c), GRI 408-1 (c), GRI 409-1 (b)	118
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	GRI 3-3 (c, d), GRI 408-1 (c), GRI 409-1 (b)	118
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 3-3 (c)	118-119
	KPI B5.1	Number of suppliers by geographical region.	GRI 2-6 (b-ii)	119
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	GRI 2-6 (b-ii), GRI 3-3 (c, d), GRI 303-1 (c), GRI 308-1, 308-2, GRI 414-1, 414-2	118-120
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	GRI 2-6 (b-ii), GRI 3-3 (c, d), GRI 303-1 (c), GRI 308-1, 308-2, GRI 414-1, 414-2	118-120
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	GRI 3-3 (c, d)	120

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	GRI 2-27, GRI 3-3 (c), GRI 417-2, 417-3, GRI 418-1	121
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	121
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	GRI 2-29, GRI 3-3 (c, d), GRI 418-1	121
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	123
	KPI B6.4	Description of quality assurance process and recall procedures	N/A	122-123
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 3-3 (c)	123
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	GRI 2-27, GRI 3-3 (c), GRI 205-3	124
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	GRI 205-3	124
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI 2-26, GRI 3-3 (c), GRI 205	124
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	GRI 205-2	124

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 3-3 (c)	124
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203-1 (a)	124
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201-1(a-ii)	124

*The linkage between the GRI standards and disclosures that relate to each aspect in SEHK ESG Reporting Guide refers to the summary table from the *'Linking the GRI Standards and HKEX (Hong Kong Exchange) ESG Reporting Guide' (updated July 2020)*, with amendments from the GRI Universal Standards 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SGX:

1. Environmental *			
Topic	Metric	Framework Alignment	Page/Remarks
Greenhouse Gas Emissions (“GHG”)	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	GRI 305-1, GRI 305-2, GRI 305-3	104
	Emission intensities by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	GRI 305-4	104
Energy Consumption	Total energy consumption	GRI 302-1	88
	Energy consumption intensity	GRI 302-3	88
Water Consumption	Total water consumption	GRI 303-5	88
	Water consumption intensity	N/A	88
Waste Generation	Total waste generated	GRI 306-3	85
2. Social			
Gender Diversity	Current employees by gender	GRI 405-1	108
	New hires and turnover by gender	GRI 401-1	110-111
Age-Based Diversity	Current employees by age groups	GRI 405-1	108
	New hires and turnover by age groups	GRI 405-1	110-111
Employment	Total turnover	GRI 401-1	110
	Total number of employees	N/A	108
Development & Training	Average training hours per employee	GRI 404-1	117
	Average training hours per employee by gender	GRI 404-1	117
Occupational Health & Safety	Fatalities	GRI 403-9	115
	High-consequence injuries	GRI 403-9	The Group did not record the number of cases during the year under review.
	Recordable injuries	GRI 403-9	115
	Recordable work-related ill health cases	GRI 403-10	The Group did not record the number of cases during the year under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Topic	Metric	Framework Alignment	Page/Remarks
3. Governance			
Board Composition	Board independence	GRI 2-9 (c-ii)	26 (50.0%)
	Women on the board	GRI 2-9 (v), GRI 405-1	26 (16.7%)
Management Diversity	Women in the management team	GRI 2-9 (v), GRI 405-1	108
Ethical Behaviour	Anti-corruption disclosures	GRI 205-1, GRI 205-2 and GRI 205-3	124
	Anti-corruption training for employees	GRI 205-2	124
Certifications	List of relevant certifications	N/A	122
Alignment with Frameworks	Alignment with frameworks and disclosure practices	N/A	73
Assurance	Assurance of sustainability report	N/A	NA**

* This table was extracted and adopted from the list of Core ESG Metrics published by SGX, under 'Starting with a Common Set of Core ESG Metrics' (December 2021), with amendments from the GRI Universal Standards 2021.

** The sustainability reporting process has been reviewed by the internal auditor in FY2022, as there is no change in the sustainability reporting process, hence the review has been carried out by the management internally in FY2025.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of the Group for FY2025 and the statement of financial position of the Company as at 31 December 2025.

In the opinion of the Directors:

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 Principal Activities

The principal activities of the Company include the provision of technical consultancy, training services, and management services. The principal activities of its subsidiary companies and associates are set out in Notes 16 and 17 to the consolidated financial statements.

2 Business Review and Performance

Review of business and performance

A discussion and analysis of the Group's performance during FY2025, which includes a description of principal risks and uncertainties facing the Group, and the key factors affecting its financial performance and financial position are set out in the section headed "Management Discussion and Analysis" of this annual report. Information about the review of affairs, and an indication of likely future developments, in the Group's business is set out in the sections headed "President's Message" and "Management Discussion and Analysis" of this annual report.

Compliance with laws and regulations

Except for the disclosure in the corporate governance report and the ESG Report, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it during FY2025.

Important event after the reporting period

As at the date of this statement, other than those disclosed in Note 36 to the consolidated financial statements, the Board is not aware of any important event affecting the Group that has occurred subsequent to 31 December 2025.

Stakeholders' engagement

The Group understands the importance of its customers, suppliers and employees to its long-term business development, and therefore is dedicated to maintaining a good relationship with these stakeholders. Recognising the crucial roles of our customers and suppliers in our business operation, the Group has reinforced its relationships with these business partners through ongoing communication in a proactive and effective manner.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Business Review and Performance (cont'd)

Apart from the above, the Group recognises the importance of human capital in its long-term development. The Group has provided a fair and safe workplace and offered competitive remuneration, benefits and career development opportunities based on the merits and performance of our employees. The Group also places ongoing efforts to provide adequate training and development resources to our staff with an aim to foster an environment in which the employees can develop to their fullest potential and can assist their personal and professional growth.

3 Results and Appropriations

The results of the Group for FY2025 are set out in the consolidated statement of comprehensive income.

Subsequent to the reporting year end, a tax-exempt (one-tier) final dividend of 0.53 Singapore cents (equivalent to 3.28 Hong Kong cents) per share of the Company (the “Share”) in respect of FY2025 has been recommended by the Board and is subject to the approval by the Shareholders at the Company’s forthcoming AGM.

The Board proposes that the Shareholders be given the option to receive the final dividend in new Shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the final dividend at the forthcoming AGM; and (2) the SGX-ST and the SEHK granting the listing of, and permission to deal in, the new Shares to be allotted and issued pursuant to the scrip dividend proposal.

A circular to the Shareholders containing, among others, details of the scrip dividend proposal is available to the Shareholders together with the form of election for scrip dividend by electronic means via publication on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>, SEHK at the URL <https://www.hkexnews.hk/> and may be accessed at the Company’s website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange> on or about Wednesday, 15 July 2026.

4 Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years are set out in the section headed “5-Year Financial Highlights” of this annual report.

5 Investment Properties

Details of movement in the investment properties of the Group during FY2025 are set out in Note 13 to the consolidated financial statements.

6 Property, Plant and Equipment

Details of movement in the property, plant and equipment of the Group during FY2025 are set out in Note 12 to the consolidated financial statements.

7 Bank Borrowings

Particulars of the bank borrowings of the Group as at 31 December 2025 are set out in the Note 24 to the consolidated financial statements.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 Share Capital

Details of movement in the Company's share capital during FY2025 are set out in Note 22 to the consolidated financial statements.

9 Purchases, Sales or Redemption of the Company's Listed Securities and Treasury Shares

During FY2025 and up to the date of this statement, the Company did not redeem any of the Shares listed on the SGX-ST or the SEHK nor did the Company or any of its subsidiaries purchase or sell any of the Shares (including sale of treasury shares, if any).

As at 31 December 2025, the Company did not held any treasury shares.

10 Reserves and Distributable Reserves

Details of the movements in the reserves of the Company and the Group during FY2025 are set out in Note 23 to the consolidated financial statements.

Distributable reserves of the Company as at 31 December 2025 amounted to S\$53,216,000 (2024: S\$44,490,000).

11 Directors

The Directors during FY2025 and up to the date of this statement are:

Executive Directors

Mr. Teo Cher Koon (Managing Director and President)
Mr. Kong Deyang

Non-Executive Director

Mr. Toh Hsiang-Wen Keith

Independent Non-Executive Directors

Mr. Tan Soon Liang (Chairman)
Mr. Sho Kian Hin
Ms. Heng Su-Ling Mae

The details of appointment and re-election of Directors are set out in the section headed "Principle 4: Board Membership" in corporate governance report to this annual report.

The biographical details of the Directors and the senior management of the Group are set out in the sections headed "Board of Directors" and "Key Management" of this annual report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12 Confirmation of Independence of Independent Non-Executive Directors

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his/her independence in writing pursuant to the SGX-ST Listing Manual, Provision 2.1 of the 2018 Code and Rule 3.13 of the SEHK Listing Rules and considers all the Independent Non-Executive Directors to be independent.

13 Directors' Service Contracts

Each Executive Director has entered into a service contract with the Company for a term of three (3) years, while each Non-Executive Director and Independent Non-Executive Director is engaged for three (3) years.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not liable to be terminated by the employing company within one year without the payment of compensation (other than statutory compensation).

14 Directors' Remuneration

The Board has the general power of determining the Directors' fees, subject to authorisation of the Shareholders at the AGM each year.

The remuneration and other emoluments are determined by the Board by recommendation of the RC with reference to the duties, responsibilities and performance of the Directors and the results of the Group.

Details of the remuneration of the Directors for FY2025 are set out in Note 9 to the consolidated financial statements.

15 Employee and Remuneration Policies

As at 31 December 2025, there were 1,366 (2024: 1,283) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, provides and arranges on-the-job training for the employees.

On 31 January 2023, the Company has adopted a new share incentive scheme, namely, the ISDN PSP 2022 as incentives to the Directors and other eligible participants.

16 Permitted Indemnity Provision

Under the Company's Constitution, every Director or other officer of the Company shall be entitled to be indemnified by the Company against all losses or liabilities incurred or to be incurred by him/her in the execution and discharge of his/her duties or in relation thereto, including any liability by him/her in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him/her as an officer or employee of the Company. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers during FY2025 and the indemnity provision and Directors' and officers' liability insurance remains in force as of the date of this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares or Debentures of the Company or its Associated Corporations

As at 31 December 2025, the interests or short positions of the Directors and the chief executive of the Company (the "**Chief Executive**") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**"), as may be amended or modified from time to time which were required to be notified to the Company and the SEHK pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967 of Singapore (the "**Act**"); or pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the SEHK pursuant to the Model Code were as follows:

Under Singapore Law

As recorded in the register of Directors' shareholdings under Section 164 of the Act, none of the Directors holding office at the end of FY2025 has any interest in the shares of the Company and its related corporations, except as disclosed below:

	Holdings registered in the name of Directors		Holdings in which a Director is deemed to have an interest	
	As at 1.1.2025	As at 31.12.2025	As at 1.1.2025	As at 31.12.2025
The Company				
- <u>ISDN Holdings Limited</u>				
Mr. Teo Cher Koon (" Mr. Teo ") ⁽¹⁾	-	-	145,422,758	147,687,399
Mr. Kong Deyang (" Mr. Kong ")	2,050,000	2,050,000	-	-
Mr. Toh Hsiang-Wen Keith (" Mr. Toh ") ⁽²⁾	-	-	38,669,868	39,309,827
The Holding Company				
- <u>Assetraise Holdings Limited ("Assetraise")</u>				
Mr. Teo ⁽¹⁾	1	1	-	-

By virtue of Section 7 of the Act, Mr. Teo is deemed to have an interest in the shares held by the Company in all its subsidiary companies. There were no changes in any of the above-mentioned interests between the end of FY2025 and 21 January 2026.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares or Debentures of the Company or its Associated Corporations (cont'd)

Under Hong Kong Law

(i) Long positions in Shares, underlying Shares or debentures of the Company

Name of Directors	Capacity	Number of Shares			Approximate percentage of the issued Shares ⁽³⁾
		Personal interests	Corporate interests	Total	
Mr. Teo ⁽¹⁾	Interest of controlled corporation	-	147,687,399	147,687,399	32.57%
Mr. Kong	Beneficial owner	2,050,000	-	2,050,000	0.45%
Mr. Toh ⁽²⁾	Interest of controlled corporation	-	39,309,827	39,309,827	8.67%

Notes:

- (1) The shares were held by Assetraise, which is beneficially owned by Mr. Teo and his spouse, Ms. Thang Yee Chin ("**Ms. Thang**"). Accordingly, Mr. Teo was deemed to be interested in these 147,687,399 shares by virtue of the SFO.
- (2) The Shares were held by NTCP SPV VI ("**NTSP**"). Novo Tellus PE Fund 2, L.P. ("**NT Fund 2**") is the owner of 100% of the shares of the NTSP and is therefore treated as having an interest of the shares. New Earth Group 2 Ltd. ("**NEG 2**") is the general partner of NT Fund 2 and therefore NEG 2 is deemed to have an interest in the shares. Mr. Toh is entitled to control not less than 20% of the votes attached to the voting shares in NEG 2, and therefore are deemed to be interested in all of the shares held by NTSP.
- (3) The calculation is based on the total number of 453,402,040 Shares in issue as at 31 December 2025.

(ii) Long position in the shares, underlying shares and debentures of the associated corporations of the Company

As at 31 December 2025, Mr. Teo had a personal interest in the following associated corporations:

1. in 5,547 ordinary shares, representing 1% of the issued shares, in Dirak Asia held in his capacity as a beneficial owner; and
2. in 1 ordinary share, representing 50% of the issued shares, in Assetraise held in his capacity as a beneficial owner.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares or Debentures of the Company or its Associated Corporations (cont'd)

Under Hong Kong Law (cont'd)

(ii) Long position in the shares, underlying shares and debentures of the associated corporations of the Company (cont'd)

Save as disclosed above, as at 31 December 2025, none of the Directors or the Chief Executive had registered an interest or short position in the shares, or underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or which were required to be recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Act; or pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the SEHK pursuant to the Model Code.

18 Share Options and Performance Share Plan

The ISDN ESOS 2016 was approved and adopted by Shareholders on 22 April 2016 and amended on 16 December 2016 to satisfy the requirements of the SEHK Listing Rules. On 2 November 2022, the ISDN ESOS 2016 was terminated with immediate effect as certain terms of the ISDN ESOS 2016 would be inconsistent with the SEHK Listing Rules with effect from 1 January 2023. No further options shall be offered by the Company.

The ISDN PSP 2022 which was approved and adopted by the Shareholders on 31 January 2023 (the "**Adoption Date**") is primarily a share incentive scheme. The purpose of the ISDN PSP 2022 is to (a) foster a culture of ownership within the Group to align the interests of Group Employees and Group Non-Executive Directors with the interests of Shareholders; (b) motivate participants to strive towards excellence and to maintain high level of performance to contribute to the Group and to achieve key financial and operational goals of the Company and/or their respective business units; and (c) make total employee remuneration sufficiently competitive to recruit and retain staff whose contributions are important to the long-term growth and profitability of the Group.

The ISDN PSP 2022 is administered by the RC, comprising the Independent Non-Executive Directors, Sho Kian Hin, Heng Su-Ling Mae and Tan Soon Liang as at the date of this statement.

The following persons shall be eligible to participate in the ISDN PSP 2022:

- (a) full time Group employees (including Group Executive Directors);
- (b) having attained the age of 21 years on or before the date in which the ISDN PSP 2022 is granted;
- (c) not be an undischarged bankrupt; and
- (d) not have entered into a composition with his/her creditors.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18 Share Options and Performance Share Plan (cont'd)

A Group Non-Executive Director, who satisfies the eligibility requirements in paragraph (b), (c) and (d) above and the independence requirements under SEHK Listing Rules and shall be eligible to participate in the ISDN PSP 2022 at the absolute discretion of the RC.

A controlling Shareholder of the Company or an associate of a controlling Shareholder of the Company, who satisfies paragraph (b), (c) and (d) above shall be eligible to participate in the ISDN PSP 2022 at the absolute discretion of the RC, provided that the participation in the ISDN PSP 2022 by such person, and the actual number of Shares which are the subject of the ISDN PSP 2022 and the terms of the ISDN PSP 2022 to be granted to such person, must be approved by independent Shareholders in a separate resolution and comply with SGX-ST Listing Manual and SEHK Listing Rules.

A Connected Person of the Company who satisfies paragraph (b), (c) and (d) shall be eligible to participate in the ISDN PSP 2022, at the absolute discretion of the RC, provided that the participation in the ISDN PSP 2022, must be approved by Independent Non-Executive Directors at the relevant time and independent Shareholders of the Company in a separate resolution and comply with SGX-ST Listing Manual and SEHK Listing Rules. The relevant grantee, his/her associates and all core connected persons of the Company and related parties must abstain from voting at such general meeting. The following persons shall not be eligible to participate in the ISDN PSP 2022: a) NTSP¹ and its associates; and b) Mr. Toh and his associates.

Other salient information relating to the ISDN PSP 2022 is set out below:

- (i) The aggregate number of new Shares which may be granted on any date under the ISDN PSP 2022 and any other share schemes of the Company shall not exceed 10%, being 43,863,853 Shares of the total issued and outstanding Shares (excluding treasury shares) on the Adoption Date.
- (ii) The total number of Shares that may be issued pursuant to awards granted under the ISDN PSP 2022 (including an issue of Shares pursuant to Awards granted to the controlling shareholders of the Company and their associates in accordance with the Plan) on any date (excluding those Awards that have been forfeited or lapsed in accordance with the Plan) shall not exceed 3% of the total number of Shares in the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date, being 13,602,061 Shares (assuming no Share is allotted and issued or repurchased after the latest practicable date of the 2026 AGM circular and up to the passing of the resolution relating to the ISDN PSP 2022 annual mandate in the forthcoming AGM).
- (iii) The total number of Shares that may be issued to each Independent Director shall not, together with the existing shares he/she is holding, exceed 1% of the total number of Shares available under the ISDN PSP 2022.
- (iv) Awards may only be vested and consequently any Shares comprised in such awards shall only be delivered upon the RC being satisfied that the participant has achieved the performance target(s) and that the vesting period (if any) has expired provided always that the RC shall have the absolute discretion to determine the extent to which the Shares under that award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period. No Shares under the award shall be released for the portion of the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period.
- (v) The vesting periods of awards will be determined by the RC and may not be subject to such time restrictions before vesting.

¹ NTCP SPV VI is a substantial Shareholder of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18 Share Options and Performance Share Plan (cont'd)

Other salient information relating to the ISDN PSP 2022 is set out below: (cont'd)

- (vi) The selection of a participant, the number of Shares which are the subject of each award to be granted to him/her, and the prescribed vesting period shall be determined at the absolute discretion of the RC, which shall take into account such criteria as it considers fit, including (but not limited to), in the case of a Group employee or a Group Executive director, his/her rank, job performance, years of service and potential for future development, his/her contribution to the success and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period and, in the case of a Group Non-Executive director, his/her board and board committee appointments and attendance, and his/her contribution to the success and development of the Group.
- (vii) An award shall be vested in a participant for as long as he/she has fulfilled his/her performance target(s) and the vesting period (if any) has not expired and notwithstanding a transfer of his/her employment within any company in the Group or any apportionment of performance target(s) within any company in the Group.
- (viii) New Shares issued on the release of an award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the existing Shares, shall rank *pari passu* with other existing Shares then in issue and be subject to all provisions of the constitution of the Company.

Maximum entitlement of each participant under the ISDN PSP 2022:

The maximum entitlement of each participant under the ISDN PSP 2022 in any 12-month period up to and including the date of grant of the awards must not exceed 1% of the total number of Shares in issue.

The remaining life of the ISDN PSP 2022:

The ISDN PSP 2022 shall be valid and effective for a period of ten (10) years from the Adoption Date until 30 January 2033. The expiry or termination of the ISDN PSP 2022 shall not affect awards which have been granted prior to such expiry or termination, whether such awards have been released (whether fully or partially) or not.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18 Share Options and Performance Share Plan (cont'd)

Details of the Shares awarded and granted pursuant to the ISDN PSP 2022 to the grantees from financial year ended 2023 ("FY2023") to FY2025 are set out below:

Participant	Date of Award	Number of Award Shares	Award Price	Closing price of the shares immediately before the date on which the Awards were granted	Vesting Date	Unvested as at 1 January	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Unvested as at 31 December
2024 to 2025											
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2023											
67 Selected employees of the Group	13 March 2023	2,830,000	\$0.49 (equivalent to HK\$2.85, based on the exchange rate of S\$0.1721: HK\$1 as at 10 March 2023)	\$0.49 (equivalent to HK\$2.85, based on the exchange rate of S\$0.1721: HK\$1 as at 10 March 2023)	13 March 2023	Nil	2,830,000	2,830,000	Nil	Nil	Nil

The number of Shares available for grant under the ISDN PSP 2022 as at 1 January 2025, 31 December 2025 and as at the date of this statement is 41,033,853 which represents approximately 9.14%, 9.05% and 9.05% of the issued shares (excluding treasury shares), respectively.

Since the Adoption Date, no share awards have been granted to the Directors, controlling Shareholders of the Company or associates of controlling Shareholders of the Company. No employee of the Group has received 5% or more of the total number of awards available under the ISDN PSP 2022.

The 2,830,000 shares granted under the ISDN PSP 2022 were subject to six (6) months selling moratorium from 13 March 2023.

Since the Adoption Date to 31 December 2025, an aggregate of 2,830,000 (2024: 2,830,000) shares have been granted.

During the financial year ended 31 December 2025, an aggregate of nil (2024: nil) shares have been granted under the ISDN PSP 2022.

Since commencement of the ISDN PSP 2022, no shares awards were granted under ISDN PSP at a discount.

As of the date of the independent auditor's report, there are no outstanding share awards issued under the ISDN PSP 2022.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Audit Committee

The AC comprises all Independent Non-Executive Directors. The members of the AC are:

Ms. Heng Su-Ling Mae (Chairlady)
Mr. Sho Kian Hin
Mr. Tan Soon Liang

The duties of the AC, amongst other things, include:

- (a) Review the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- (b) Review the interim and annual announcements of the financial results and the auditors' report on the annual consolidated financial statements of the Group before submission to the Board;
- (c) Review the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- (d) Meet with the external auditors, other committees, and management in separate Executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (e) Review legal and regulatory matters that may have a material impact on the consolidated financial statements, related compliance policies and programs and any reports received from regulators;
- (f) Review the cost effectiveness and the independence and objectivity of the external auditors;
- (g) Review the nature and extent of non-audit services provided by the external auditors;
- (h) Recommend to the Board the external auditors to be nominated, and reviews the scope and results of the audit;
- (i) Report to the Board with appropriate recommendations;
- (j) Review interested person transactions in accordance with the requirements of the SGX-ST Listing Manual; and
- (k) Undertake such other functions and duties as may be agreed to by the AC and the Board.

The AC performs the functions specified by Section 201B of the Act, the SGX-ST Listing Manual, the 2018 Code and the HK CG Code and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC having reviewed the external auditors' non-audit services (if any), was of the opinion that there were no non-audit services rendered that would affect the independence and objectivity of the external auditors.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Audit Committee (Cont'd)

The AC has held four (4) meetings since the last Directors' Statement with full attendance from all members. In performing its functions, the AC has also met with the Company's internal and external auditors, without the presence of the Company's management, at least once a year.

The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with.

Further details regarding the AC are disclosed in the Report on Corporate Governance included in this annual report.

The AC has recommended to the Board the nomination of Moore Stephens LLP for their reappointment as external auditor of the Company (the "**External Auditor**") at the forthcoming AGM.

The AC has reviewed, with the management and the External Auditor, the accounting principles and policies adopted by the Group, and discussed the audited consolidated financial statements of the Group for FY2025. The consolidated financial statements have been audited by the External Auditor.

20 Arrangements to Purchase Shares or Debentures

Other than the warrant holdings disclosed above, at no time during FY2025 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

21 Directors' Interests in Contracts of Significance

Other than disclosed above and in Note 33 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or its holding company or any of their respective subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly and indirectly, subsisted at the end of FY2025 or at any time during FY2025.

22 Controlling Shareholders' Interests in Contracts of Significance

Save as disclosed below in item 24, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries and controlling Shareholders (as defined in the SEHK Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisting at the end of FY2025 or at any time during FY2025.

23 Management Contracts

Save for service contracts of the Executive Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during FY2025.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Continuing Connected Transactions

We have entered into certain transactions with connected persons and these transactions constitute continuing connected transactions within the meaning under the SEHK Listing Rules (the “**Continuing Connected Transactions**”).

Other than the connected transactions set out in this section, the Group currently does not have any other on-going connected transaction.

Continuing Connected Transactions exempt from circular, independent financial advice and Shareholders’ approval requirements

1. License agreement with Maxon Motor

As disclosed in the announcements of the Company dated 27 December 2018, 28 December 2021 and 27 December 2024, the following transactions of the Group constituted connected transactions of the Company.

We have entered into a license agreement on 21 October 2016 (and supplemented by a letter of agreement dated 21 October 2016) with Maxon Motor AG (“**Maxon Motor**”), one of our major suppliers and also our connected person at the subsidiary level, and which provides us with the exclusive supply of servo motors, gears, encoders and electronic control system fitting to such servo motors in China, Singapore, Malaysia, Thailand, Hong Kong, Taiwan, Indonesia, the Philippines and Vietnam. On 27 December 2024, we entered into renewal supply agreements (the “**2024 Renewal Supply Agreements**”) with Maxon Motor. The salient terms of the 2024 Renewal Supply Agreements are set out below:

Contract period: The term of the agreement is three years from 1 January 2025 to 31 December 2027. Under the agreement, we may commence negotiations regarding the extension of the agreement at least three months from the end of its term.

Pricing: The price charged by Maxon Motor is based on the price list of Maxon Motor offered to all its non-end users customers (whether independent or otherwise) and valid from time to time. We have the discretion to determine the resale prices of the supplied products.

Purchase quantity: We agreed to purchase the quantity of the relevant products per calendar year as agreed upon during the budgeting phase of the preceding year. The quantity of the relevant products may be adjusted within a rolling forecasting during the calendar year if there are appropriate reasons.

Territory: We are authorised to sell products within China, Singapore, Malaysia, Thailand, Hong Kong, Taiwan, Indonesia, the Philippines and Vietnam. We have undertaken not to actively acquire customers for supplied products or establish any branch or maintain any storage place outside of our designated geographical area. Maxon Motor is not permitted to sell its products to our competitors or competing businesses within the designated geographical area. Maxon Motor is also required to pass on all inquiries of potential customers in the designated geographic area to us, unless the direct support is requested of, or direct orders are placed with, Maxon Motor.

Credit term: We have been granted a credit term of 30 to 60 days.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Continuing Connected Transactions (Cont'd)

Continuing Connected Transactions exempt from circular, independent financial advice and Shareholders' approval requirements (cont'd)

1. License agreement with Maxon Motor (cont'd)

Warranty and product return: Maxon Motor warrants that the products are free from defects in material and workmanship and that it has obtained product liability insurance. Maxon Motor further agrees to replace, repair or refund the reduced value of any defective products within the warranty period of 12 months, on the condition that its products were not used incorrectly or altered.

Limitation of liabilities: Maxon Motor's liabilities for defects in a particular product are limited to 5% of the total payments made by the relevant subsidiary of the Group to Maxon Motor for that product during the preceding six months. In case of direct claims by third parties against Maxon Motor, the Group has to indemnify Maxon Motor to the extent that the claim exceeds the agreed maximum thresholds for warranty or liability.

Termination: The 2024 Renewal Supply Agreement can be terminated by either party to such agreement at any time by giving six months' prior written notice to the end of a calendar month.

Logistics and delivery: We bear the transportation costs and the risk of the products being damaged during transit.

Relationship

Maxon Motor is an associate of Interelectric AG ("**Interelectric**"). Interelectric owns 50% of the shareholding interest in Maxon Motor (Suzhou) Co., Ltd ("**Maxon Suzhou**"), Maxon Motor International Trading (Shanghai) Co., Ltd ("**Maxon Shanghai**"), Maxon Motor SEA Pte. Ltd. ("**Maxon SEA**") and Maxon Motor Taiwan Co., Ltd. ("**Maxon Taiwan**") and hence, Maxon Motor is a connected person of the Company at the subsidiary level.

Historical transaction amount

For the years ended 31 December 2025 and 31 December 2024, the total purchase amounts paid and payable by the Group to Maxon Motor amounted to approximately S\$54,573,000 and S\$56,998,000, respectively.

Proposed annual cap

For the years ending 31 December 2026 and 2027, the total purchase amounts payable by the Group to Maxon Motor are not expected to exceed S\$79,350,000 and S\$91,250,000, respectively.

Implication under the SEHK Listing Rules

As Maxon Motor is a connected person of our Company at the subsidiary level and in light of the view of our Directors (including the Independent Non-Executive Directors) as described under the paragraph headed "Confirmation from Our Directors in relation to Continuing Connected Transactions" below, the transactions as contemplated under the license agreement with Maxon Motor are subject to the reporting, annual review and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Chapter 14A.101 of the SEHK Listing Rules.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Continuing Connected Transactions (Cont'd)

Continuing Connected Transactions exempt from circular, independent financial advice and Shareholders' approval requirements (cont'd)

2. Service agreements with Maxon Motor

As disclosed in the announcements of the Company dated 27 December 2018, 28 December 2021 and 27 December 2024, the following transactions of the Group constituted connected transactions of the Company.

We have entered into six service agreements on 15 February 2008, 28 January 2014, 1 September 2016, 27 December 2018, 27 December 2021 and 27 December 2024, respectively (and supplemented by a letter agreement dated 1 September 2016) with Maxon Motor, and which are in relation to the provision of information technology services by Maxon Motor to Maxon Suzhou. On 27 December 2024, we have entered into the renewal service agreement (the "**2024 Renewal Service Agreement**") with Maxon Motor. The salient terms of the 2024 Renewal Service Agreement are set out below:

Contract period: The service agreements are valid from 1 January 2025 up to and including 31 December 2027, or such other earlier date as the parties to the agreements may otherwise agree in writing.

Pricing: The service fee payable to Maxon Motor by Maxon Suzhou shall not be less favourable than those charged against independent third parties of Maxon Motor from time to time. We will obtain quotation from not less than three independent suppliers that provide similar services. Based on the fee quotes provided by other independent suppliers, the Group will be able to ensure that the service fee payable to Maxon Motor by the parties represent the prevailing market price and on normal commercial terms.

Relationship

Maxon Motor is an associate of Interelectric. Interelectric owns 50% of the shareholding interest in Maxon Suzhou, Maxon Shanghai, Maxon SEA and Maxon Taiwan and hence, Maxon Motor is a connected person of our Company at the subsidiary level.

Historical transaction amount

For the years ended 31 December 2025 and 31 December 2024, the total service fees paid and payable by the Group to Maxon Motor amounted to approximately S\$377,000 and S\$357,000, respectively.

Proposed annual cap

For the financial years ending 31 December 2026 and 2027, the total service fees payable by the Group to Maxon Motor are not expected to exceed S\$547,000 and S\$657,000, respectively.

Implication under the SEHK Listing Rules

As Maxon Motor is a connected person of our Company at the subsidiary level and in light of the view of our Directors (including the Independent Non-Executive Directors) as described under the paragraph headed "Confirmation from our Directors in relation to Continuing Connected Transactions" below, the transactions as contemplated under each of the framework agreements with Maxon Motor are subject to the reporting, annual review and announcement requirements but exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Chapter 14A.101 of the SEHK Listing Rules.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Continuing Connected Transactions (Cont'd)

Continuing Connected Transactions exempt from circular, independent financial advice and Shareholders' approval requirements (cont'd)

3. Master supply agreement with Dirak Holding

As disclosed in the announcements of the Company dated 3 January 2020, 3 December 2021, 6 December 2022, 18 December 2025 and 22 January 2026, the following transactions of the Group constituted connected transactions of the Company.

We have entered into a master supply agreement for the sale of the hinges and locks products and the related knowhow being made in China ("**Product A**") from the Group to the Dirak Holding GmbH ("**Dirak Holding**") and its subsidiaries ("**Dirak Group**") and the sale of the hinges and locks products and the related knowhow being made in Germany ("**Product B**") from the Dirak Group to the Group in January 2020, December 2021 and supplemented by a letter of agreement dated 6 December 2022 with Dirak Holding. On 18 December 2025, we entered into the renewal service agreement (the "**2025 Renewal of Supply Agreement**") with Dirak Holding.

Dirak Holding is one of our major suppliers and also our connected person at the subsidiary level, and engages in developing and manufacturing of innovative engineering components broadly including hinges, locks, latches, fasteners and other industrial hardware with quick latching snap technology for enclosure construction. The salient terms of the 2025 Renewal Supply Agreement are set out below:

Contract period: The term of the agreement is three years from 1 January 2026 to 31 December 2028. Under the agreement, we may commence negotiations regarding the extension of the agreement at least three months from the end of its term.

Pricing: The prices for Product A and Product B are taking into account the following factors:

For Product A

- (i) Pricing is determined on an order-by-order basis using a cost-plus approach. Costs are primarily established through arm's length negotiations between the parties and are based on raw material costs, manufacturing overheads, and additional expenses such as depreciation-related fees, auxiliary materials, and labour costs. Profit margins of not less than 10% are taking into account factors such as product type and procurement terms, and are finalised through arm's length negotiations in accordance with standard commercial practices.
- (ii) To ensure the sales of Product A to Dirak Group are conducted on normal commercial terms, or on terms no less favourable than terms available to independent third parties, the management would on an annual basis review the prices by comparing the orders from unrelated third parties so that the price and terms offered to Dirak Group are fair and reasonable and comparable to those offered to unrelated third parties.
- (iii) The prices offered to Dirak Group are prepared by business department, reviewed by the department head and approved by the assistant general manager. These procedures are the same as those adopted in sales to independent third parties.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Continuing Connected Transactions (Cont'd)

Continuing Connected Transactions exempt from circular, independent financial advice and Shareholders' approval requirements (cont'd)

3. Master supply agreement with Dirak Holding (cont'd)

For Product B

- (i) The price charged by the Dirak Group is based on the price list of Dirak Group offered to all its non-end user customers (whether independent or otherwise) and valid from time to time.
- (ii) The Group and Dirak Group shall determine the final sales price through arm's length negotiations after considering market prices for similar products from independent third parties on the market, taking into account such as industry standards, market conditions, product or service specifications, scope, and business volume. When feasible, the Group shall refer to at least two similar comparable transactions with independent third parties during the same period and negotiate with the counterparty to determine the final sales price.

Proposed annual caps

For Product A

In respect of Product A, for the financial years ending 31 December 2026, 2027 and 2028, the total purchase price payable by the Dirak Group to the Group is not expected to exceed S\$16.0 million, S\$21.0 million and S\$27.0 million, respectively.

For Product B

In respect of Product B, for the financial years ending 31 December 2026, 2027 and 2028, the total purchase price payable by the Group to the Dirak Group is not expected to exceed S\$1.5 million, S\$1.5 million and S\$1.5 million, respectively.

Relationship

Dirak Holding owns a 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.

Historical transaction amount

For the financial years ended 31 December 2025 and 2024, the total transaction amount of Product A amounted to approximately S\$12,089,000 and S\$9,582,000, respectively.

For the financial years ended 31 December 2025 and 2024, the total transaction amount of Product B amounted to approximately S\$1,082,000 and S\$850,000, respectively.

Implication under the SEHK Listing Rules

As Dirak Holding is a connected person of our Company at the subsidiary level and in light of the view of our Directors (including the Independent Non-Executive Directors) as described under the paragraph headed "Confirmation from Our Directors in relation to Continuing Connected Transactions" below, the transactions as contemplated under the master supply agreement with Dirak Holding are subject to the reporting, annual review and announcement requirements but exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the SEHK Listing Rules.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Continuing Connected Transactions (Cont'd)

Continuing Connected Transactions exempt from circular, independent financial advice and Shareholders' approval requirements (cont'd)

4. Confirmation from Directors in relation to Continuing Connected Transactions

The Company's external auditor was engaged to report on the Group's Continuing Connected Transactions in accordance with Singapore Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued a letter containing the findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group in accordance with Rule 14A.56 of the SEHK Listing Rules:

- Nothing has come to the external auditor's attention that causes the external auditor to believe that the disclosed Continuing Connected Transactions have not been approved by the Company's Board;
- For transactions involving the provision of goods or services by the Group, nothing has come to the external auditor's attention that causes the external auditor to believe that the disclosed Continuing Connected Transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- Nothing has come to the external auditor's attention that causes the external auditor to believe that the disclosed Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- With respect to the aggregate amount of each of the Continuing Connected Transactions, nothing has come to the external auditor's attention that causes the external auditor to believe that the disclosed Continuing Connected Transactions have exceeded the annual cap as set by the Company.

5. Agreements with Maxon Motor and Dirak Holding

In addition, all of the Continuing Connected Transactions disclosed herein constitute related party transactions set out in Note 33 to the consolidated financial statements. All other related party transactions as described in Note 33 to the consolidated financial statements do not fall under the definition of "Continuing Connected Transactions" or "connected transaction" under the SEHK Listing Rules.

Pursuant to Rule 14A.55 of the SEHK Listing Rules, the Independent Non-Executive Directors of the Company have reviewed these transactions and confirmed that the Continuing Connected Transactions have been entered into:

- In the ordinary and usual course of business of the Group;
- On normal commercial terms or better; and
- According to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company confirms that the Company has complied with the disclosure requirements under Chapter 14A of the SEHK Listing Rules in respect of the Continuing Connected Transactions set out above.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

25 Related Party Transactions

The Group entered into certain transactions with its related parties during FY2025.

Details of the related party transactions are set out in Note 33 to the consolidated financial statements. Except as disclosed above, none of the related party transactions constitute a connected transaction or Continuing Connected Transactions under the SEHK Listing Rules.

26 Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2025, the persons who (other than a Director or the Chief Executive) or entities which have interests or short positions in the Shares and underlying Shares which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name	Capacity	Number of Shares			Approximate percentage of the issued Shares ⁽³⁾
		Personal interests	Corporate interests	Total	
Assetraise ⁽¹⁾	Beneficial owner	147,687,399	-	147,687,399	32.57%
Ms. Thang ⁽¹⁾	Interest of controlled corporation	-	147,687,399	147,687,399	32.57%
NTSP ⁽²⁾	Beneficial owner	39,309,827	-	39,309,827	8.67%
Mr. Loke Wai San ("Mr. Loke") ⁽²⁾	Interest of controlled corporation	-	39,309,827	39,309,827	8.67%
NEG 2 ⁽²⁾	Interest of controlled corporation	-	39,309,827	39,309,827	8.67%
NT Fund 2 ⁽²⁾	Interest of controlled corporation	-	39,309,827	39,309,827	8.67%
Tuas Fund Investments Pte Ltd ("TF") ⁽²⁾	Interest of controlled corporation	-	39,309,827	39,309,827	8.67%
Fullerton Fund Investments Pte Ltd ("FF") ⁽²⁾	Interest of controlled corporation	-	39,309,827	39,309,827	8.67%
Temasek Holdings (Private) Limited ("TH") ⁽²⁾	Interest of controlled corporation	-	39,309,827	39,309,827	8.67%

Notes:

(1) Assetraise, which is beneficially owned by Mr. Teo and his spouse Ms. Thang, are the beneficial owner of 147,687,399 shares. By virtue of the SFO, Mr. Teo and his spouse Ms. Thang, are deemed to be interested in these.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26 Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (cont'd)

- (2) These Shares were held by NTSP. NT Fund 2 is the owner of 100% of the shares of the NTSP and is therefore treated as having an interest. TF is a limited partner of NT Fund 2, with an investment amount of not less than one-third. TF is directly wholly owned by FF. FF is directly wholly owned by TH. Therefore, each of TF, FF and TH is deemed to be interested in the 39,309,827 Shares held by NTSP pursuant to SFO. For the avoidance of doubt, each of TF, FF and TH do not have a deemed interest in the 39,309,827 Shares held by NTSP under the SFA. NEG 2 is the general partner of NT Fund 2 and therefore NEG 2 is deemed to have an interest in the Shares. Mr. Loke is entitled to control not less than 20% of the votes attached to the voting shares in NEG 2, and therefore are deemed to be interested in all of the Shares held by NTSP.
- (3) The calculation is based on the total number of 453,402,040 (2024: 448,590,125) shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any entities or persons (who were not a Director or the Chief Executive) who had an interest or short position in the Shares or underlying Shares which have been disclosed to the Company under the provisions to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

27 Pre-Emptive Rights

There are no provisions for pre-emptive rights under the constitution of the Company or laws of the Singapore where the Company was incorporated.

28 Corporate Governance

The Company has complied with the principles and guidelines as set out in the 2018 Code and the HK CG Code, where applicable. Please refer to the section headed "Corporate Governance Report" in this annual report.

29 Compliance with Singapore Listing Manual and Hong Kong Model Code for Securities Transaction

In compliance with Rules 1207(19) of the SGX-ST Listing Manual and the Model Code, the Company has adopted its own internal compliance code on terms no less exacting than the required standards of the Model Code and these are applicable to all its employees in relation to their dealings in the Company's securities. Additionally, specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout FY2025.

The Company and its employees are not allowed to deal in the Shares during the period commencing 30 days immediately before the announcement of the Company's half-yearly results, and 60 days immediately before the announcement of the Company's full year results, and ending on the date of the announcement of the relevant results.

The Directors, management and executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company's securities on short-term considerations.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 Major Customers and Suppliers

In FY2025, the Group sold less than 30.0% of its goods and services to its 5 largest customers.

In FY2025, purchases attributable to the Group's largest supplier accounted for approximately 15.4% of the Group's total purchases and aggregate purchases attributable to the five largest suppliers of the Group accounted for approximately 52.7% of the Group's total purchases.

To the best knowledge of the Directors, none of the Directors, or their respective close associates, or Shareholders owning more than 5% of the Company's issued share capital had any beneficial interests in any of the five largest customers or suppliers.

31 Tax Relief

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising any rights in relation to, the Shares, they are advised to consult a professional in taxation.

32 Environmental Policies and Performance

The Group is highly aware of the importance of environment protection. Accordingly, the Group has implemented environmental protection measures and has also encouraged staff to only consume electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste.

The Group continuously endeavours to promote environmental and social responsibility to employees, as well as contribute to the community. The Group is always in compliance with all the relevant laws and regulations. As a socially responsible enterprise, the Group should keep promoting and enhancing the relevant environmental and social sustainable development of the regions and community.

Details of the Environmental Policies and Performance of the Group are set out in the section headed "Environmental, Social and Governance" of this annual report.

33 Donations

The Group made charitable donation of S\$266,000 (2024: S\$40,000) during FY2025.

34 Directors' Interests in a Competing Business

During FY2025 and up to the date of this statement, none of the Directors are considered to have any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and have any other conflicts of interest, as required to be disclosed under the SEHK Listing Rules.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

35 Deed of Non-Competition

The Company has received the written confirmations from Mr. Teo and his spouse Ms. Thang, in respect of the compliance with the provisions of the deed of non-competition (the “**Deed of Non-competition**”) for FY2025 and up to the date of this statement, entered into between the controlling Shareholders and the Company as set out in the section headed “Relationship with Controlling Shareholders – Non-Competition Undertaking” of the prospectus of the Company.

The Independent Non-Executive Directors had reviewed and confirmed that the controlling Shareholders have complied with the Deed of Non-competition and the Deed of Non-competition has been enforced by the Company in accordance with its terms during FY2025 and up to the date of this annual report.

36 Equity-Linked Agreement

Other than the ISDN PSP 2022 disclosed above, no equity-linked agreements were entered into by the Company during FY2025 or subsisted at the end of FY2025, which required the Company to issue any of its Shares.

37 Sufficiency of Public Float

Upon dual listing of the Shares on the Main Board of the SEHK, the Company shall maintain a sufficient public float from the date of listing to the date of this annual report. Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed minimum percentage of public float since 12 January 2017 (i.e. the date of dual listing) to the date of this annual report as required under the SEHK Listing Rules.

38 External Auditor

The External Auditor, Moore Stephens LLP has expressed their willingness to accept re-appointment. Moore Stephens LLP will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of Moore Stephens LLP as the External Auditor is expected to be proposed at the forthcoming AGM.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

39 Update on The Directors' Information Under Rule 13.51B(1) of the SEHK Listing Rules

Subsequent to the date of the interim report for the six months ended 30 June 2025 of the Company, the change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules is set out below:

Name of Director	
Ms. Heng Su-Ling Mae	Resigned as independent non-executive director of Grand Venture Technology Limited (stock code: JLB), a company listed on Mainboard of the SGX ST (delisted from SGX-ST since 4 November 2025), with effect from 6 November 2025

The Board has, on the date of this statement, authorised these consolidated financial statements for issue.

On behalf of the Board of Directors,

.....
TEO CHER KOON
Managing Director and President

.....
TAN SOON LIANG
Chairman

Singapore
16 March 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISDN HOLDINGS LIMITED (Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ISDN Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISDN HOLDINGS LIMITED (Incorporated in Singapore)

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
<p>Service concession arrangements</p> <p>We refer to Note 3(t), 3(u), Note 4(ii)(a), Note 5, Note 19 and Note 29 to the financial statements.</p> <p>The Group has applied SFRS(I) INT 12 Service Concession Arrangements in its recognition of service concession arrangements and revenue from these arrangements.</p> <p>As at 31 December 2025, the Group has service concession receivables of S\$126.9 million arising from existing service concession arrangements and has recognised S\$4.7 million of operating income, S\$4.9 million of finance income and S\$49.3 million of construction income in relation to the service concession arrangements.</p> <p>We have determined the accounting treatment of service concession arrangements and their revenue recognition as a key audit matter because of the significant judgement and estimation involved in measuring the service concession receivables and the related revenue.</p> <p>The determination of the fair values of the service concession receivables under these concession agreements entail complex calculations and significant estimations such as discount rates, margin used, concession period, future cash flows and other factors used in the determination of the amortised cost of the financial asset and the corresponding revenue.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> ▪ Assessed the Group's process in evaluating the applicability of SFRS(I) INT 12 and reviewed the associated agreements to assess whether these agreements are appropriately identified as service concession arrangements within the scope of SFRS(I) INT 12. ▪ Obtained an understanding of the management process for measuring service concession receivables as well as the operating income and finance income from these service concession arrangements. ▪ Reviewed and challenged management's estimation in determining the fair values of the service concession receivables and revenue including the discount rates, margins used, concession period, estimates of future cash flows and other factors used in the determination of the amortised cost of the financial asset and the related revenue recognised during the year. ▪ Assessed the appropriateness of the related accounting entries made by management and reviewed the adequacy of the disclosure made relating to service concession arrangements in the financial statements. ▪ Reviewed the input for the operating income and finance income, and assessed the accounting entries made by the management. <p>Based on our audit procedures performed, we found the judgement applied and estimations used by management in the determination of service concession receivables and related revenue to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISDN HOLDINGS LIMITED (Incorporated in Singapore)

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment of goodwill</p> <p>We refer to Note 4(ii)(b) and Note 15 to the financial statements.</p> <p>The Group has goodwill amounting to S\$15.7 million arising from its various past acquisitions as at 31 December 2025. The goodwill has been allocated to the relevant cash generating unit ("CGU") as disclosed in Note 15 to the financial statements.</p> <p>The Group performs the annual impairment testing of goodwill by preparing value in use calculations ("VIU") to arrive at the recoverable amount of each CGU. These VIUs are based on cash flow forecasts of the CGUs, the preparation of which requires management to exercise significant judgement in determining the assumptions and estimates relating to budgeted growth margin, revenue growth rate, terminal growth rate and discount rate of each CGU. Accordingly, we determined this as a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> ▪ Held discussions with senior management to obtain an understanding of Group's planned strategies on revenue growth and cost initiatives for these CGUs. ▪ Reviewed the cash flow forecasts of each CGU by evaluating management's assumptions applied in the cash flow forecasts based on our knowledge of the CGUs' operations, performance and industry benchmarks. ▪ Assessed the appropriateness of the key inputs used in the discounted cash flow forecasts prepared by the management, such as growth rates and discount rates, to historical data, recent performance, and external market data. ▪ Checked the mathematical accuracy of the underlying calculations and performed sensitivity testing of management's analysis of the recoverable amount of the CGUs. <p>Based on our audit procedures performed, we found that the estimations used in the VIU calculations were reasonable and the relevant disclosures made in the financial statements to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISDN HOLDINGS LIMITED (Incorporated in Singapore)

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment of trade and other receivables</p> <p>We refer to Note 4(ii)(c) and (d), Note 19 and Note 34(a) to the financial statements.</p> <p>As at 31 December 2025, the carrying amount of the Group's trade and other receivables, net of allowance for expected credit loss ("ECL") of S\$8.0 million amounted to S\$108.4 million.</p> <p>The Group assess periodically and at each financial year end, the ECL associated with its receivables. When there is ECL impairment, the amount and timing of future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics.</p> <p>We focused on this area because of the materiality of the balances and the degree of judgement involved in determining the carrying amount of trade and other receivables, including any ECL, as at year end.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> ▪ Updated our understanding of the Group's processes and key controls relating to the monitoring of trade and other receivables and assessment of ECL. ▪ Reviewed and tested the aging of trade and other receivables. ▪ Reviewed and discussed with management on the reasonableness of significant judgements used by the management in assessing the recoverability of trade and other receivables. ▪ Evaluated the reasonableness of management's assumptions and inputs used to determine the ECL, through analyses of the aging profile of receivables, historical credit loss experience, and data used by management including best available forward-looking information. ▪ Checked the arithmetic accuracy of management's computation of the ECL. ▪ Checked the subsequent receipts from major debtors after the year end and obtained documentary evidence, representations and explanations from management to assess the recoverability of long outstanding debts, where applicable. ▪ Considered the adequacy of the disclosures relating to allowance for impairment loss on trade and other receivables and credit risk in Note 19 and Note 34(a) to the financial statements, respectively. <p>Based on available evidence, we found management's assessment of the allowance for ECL for trade and other receivables to be reasonable and the disclosures in the financial statements to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISDN HOLDINGS LIMITED (Incorporated in Singapore)

Other Information

Management is responsible for the other information. The other information comprises the information included in this annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISDN HOLDINGS LIMITED (Incorporated in Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Neo Keng Jin.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
16 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Notes	Group	
		2025 S\$'000	2024 S\$'000
Revenue	5	440,181	372,443
Cost of sales		(334,969)	(277,528)
Gross profit		105,212	94,915
Other operating income	6	3,831	4,224
Distribution costs		(32,792)	(29,773)
Administrative expenses		(41,814)	(41,764)
Net impairment losses on financial assets	34	(135)	(76)
Other operating expenses		(7,707)	(1,788)
Finance costs	7	(5,253)	(5,468)
Share of loss of associates, net		(269)	(616)
Profit before income tax	8	21,073	19,654
Income tax	10	(7,491)	(5,689)
Profit for the year		13,582	13,965
Other comprehensive income/(loss), net of tax:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
- Net fair value changes on cash flow hedge		9	(26)
- Fair value loss recognised on financial asset at fair value through other comprehensive income		(555)	(345)
- Exchange differences on translation		(2,621)	680
Total comprehensive income for the year		10,415	14,274
Profit for the year attributable to:			
Equity holders of the Company		6,756	8,522
Non-controlling interests		6,826	5,443
		13,582	13,965
Total comprehensive income for the year attributable to:			
Equity holders of the Company		4,131	8,546
Non-controlling interests		6,284	5,728
		10,415	14,274
Earnings per share (Singapore cents):	11		
Basic		1.50	1.91
Diluted		1.50	1.91

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	Group	
		2025 S\$'000	2024 S\$'000
ASSETS			
Non-current Assets			
Property, plant and equipment	12	65,980	65,758
Investment properties	13	363	381
Land use rights	14	1,844	1,009
Goodwill	15	15,732	12,911
Associates	17	6,421	6,746
Service concession receivables	19	123,930	81,654
Other financial assets	20	-	555
Deferred tax assets	26	379	381
Total non-current assets		214,649	169,395
Current Assets			
Inventories	18	65,599	67,411
Trade and other receivables and contract assets	19	108,399	119,455
Service concession receivables	19	2,993	2,993
Cash and bank balances	21	68,122	56,519
Total current assets		245,113	246,378
Total Assets		459,762	415,773
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	22	86,833	85,467
Reserves	23	123,075	121,264
		209,908	206,731
Non-controlling interests	16	43,555	40,481
Total Equity		253,463	247,212
Non-current Liabilities			
Bank borrowings	24	44,031	48,884
Lease liabilities	25	5,404	5,915
Deferred tax liabilities	26	531	588
Total non-current liabilities		49,966	55,387
Current Liabilities			
Bank borrowings	24	32,625	21,227
Lease liabilities	25	2,003	1,886
Trade and other payables	27	103,254	74,709
Contract liabilities	5	16,631	13,776
Current tax liabilities		1,820	1,576
Total current liabilities		156,333	113,174
Total Liabilities		206,299	168,561
Total Equity and Liabilities		459,762	415,773

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	Company	
		2025 S\$'000	2024 S\$'000
ASSETS			
Non-current Assets			
Property, plant and equipment	12	555	585
Subsidiaries	16	87,304	87,304
Deferred tax assets		8	6
Total non-current assets		87,867	87,895
Current Assets			
Other receivables	19	830	766
Amount owing by subsidiaries	16	48,717	43,211
Dividend receivable		6,800	3,600
Cash and bank balances	21	286	978
Total current assets		56,633	48,555
Total Assets		144,500	136,450
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	22	86,833	85,467
Reserves	23	53,038	44,312
Total Equity		139,871	129,779
Non-current Liabilities			
Lease liabilities	25	571	595
Total non-current liabilities		571	595
Current Liabilities			
Lease liabilities	25	24	23
Other payables	27	4,034	6,053
Total current liabilities		4,058	6,076
Total Liabilities		4,629	6,671
Total Equity and Liabilities		144,500	136,450

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Notes	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Merger reserve	Exchange translation reserve	Other reserves	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Group								
Balance at 1 January 2025	85,467	(436)	(9,181)	6,175	124,706	206,731	247,212	
Profit for the year	-	-	-	-	6,756	6,756	13,582	
Other comprehensive loss for the year	-	-	(2,079)	(546)	-	(2,625)	(3,167)	
Total comprehensive (loss)/income for the year	-	-	(2,079)	(546)	6,756	4,131	10,415	
Dividend paid in cash relating to FY2024	28	-	-	-	(702)	(702)	(702)	
Shares issued in-lieu of cash for dividend relating to FY2024	28	1,366	-	-	(1,366)	-	-	
Dividends to NCI	-	-	-	-	-	-	(5,670)	
Transfer to other reserves	-	-	-	426	(401)	25	(25)	
Capital contribution from NCI	-	-	-	-	-	-	341	
Acquisition of NCI	-	-	-	-	-	-	1,867	
Acquisition of NCI without a change in controlling subsidiary	-	-	-	(277)	-	(277)	277	
Balance at 31 December 2025	86,833	(436)	(11,260)	5,778	128,993	209,908	253,463	

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Notes	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Merger reserve	Exchange translation reserve	Other reserves	Retained earnings	Total		
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2024	84,755	(436)	(9,576)	6,495	117,384	198,622	42,043	240,665
Profit for the year	-	-	-	-	8,522	8,522	5,443	13,965
Other comprehensive income/(loss) for the year	-	-	395	(371)	-	24	285	309
Total comprehensive income/(loss) for the year	-	-	395	(371)	8,522	8,546	5,728	14,274
Dividend paid in cash relating to FY2023	-	-	-	-	(539)	(539)	-	(539)
Shares issued in-lieu of cash for dividend relating to FY2023	712	-	-	-	(712)	-	-	-
Dividends to NCI	-	-	-	-	-	-	(7,202)	(7,202)
Transfer to other reserves	-	-	-	51	51	102	(102)	-
Capital contribution from NCI	-	-	-	-	-	-	52	52
Acquisition of NCI	-	-	-	-	-	-	(38)	(38)
Balance at 31 December 2024	85,467	(436)	(9,181)	6,175	124,706	206,731	40,481	247,212

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Group	
	2025 S\$'000	2024 S\$'000
Cash Flows from Operating Activities		
Profit before income tax	21,073	19,654
Adjustments for:		
Allowance for impairment of trade and other receivables	262	136
Allowance for inventories obsolescence	2,409	1,494
Amortisation of land use rights	43	32
Depreciation of investment properties	19	19
Depreciation of property, plant and equipment	7,230	6,534
Gain on termination of leases	(20)	(29)
Interest expense	5,253	5,468
Interest income	(227)	(330)
Inventories written off	21	9
Loss/(Gain) on disposal of property, plant and equipment, net	11	(230)
Loss on deemed disposal of interest in an associate	-	41
Property, plant and equipment written off	3	9
Share of loss of associates, net	269	616
Trade and other receivables written off	-	5
Write back of allowance for impairment loss on trade and other receivables	(127)	(60)
Write back of allowance for inventories obsolescence	(74)	-
Foreign currency loss/(gain) on translation of foreign operations	4,532	(1,105)
Operating cash flow before working capital changes	40,677	32,263
Changes in working capital:		
Inventories	(544)	4,287
Trade and other receivables	16,515	(4,212)
Trade and other payables	17,767	7,950
Cash generated from operating activities before service concession arrangements	74,415	40,288
Change in receivables from service concession arrangements	(42,276)	(11,152)
Cash generated from operations after service concession arrangements	32,139	29,136
Interest paid	(4,389)	(5,207)
Interest received	227	330
Income tax paid	(7,402)	(5,878)
Net cash generated from operating activities	20,575	18,381

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Group	
	2025 S\$'000	2024 S\$'000
Cash Flows from Investing Activities		
Acquisition of land use rights	(889)	-
Dividend from associates	69	47
Net cash outflow on acquisition of subsidiaries	(1,158)	(376)
Proceeds from disposal of property, plant and equipment	161	909
Purchase of property, plant and equipment	(5,827)	(7,523)
Net cash used in investing activities	(7,644)	(6,943)
Cash Flows from Financing Activities		
Decrease in fixed deposit pledged and restricted bank deposit	390	377
Dividends to equity holders of the Company	(702)	(539)
Dividends to NCI	(4,443)	(5,704)
Interest expense on lease liabilities	(253)	(261)
Investment in associates	(15)	(2,203)
Proceeds from bank borrowings	28,403	9,344
Proceeds from NCI	341	2,742
(Repayment)/Proceeds from trust receipts and other borrowings, net	(408)	1,479
Repayments of bank borrowings	(21,881)	(16,713)
Repayments of lease liabilities, net	(3,020)	(2,571)
Net cash used in financing activities	(1,588)	(14,049)
Net increase/(decrease) in the cash and cash equivalents	11,343	(2,611)
Cash and cash equivalents at the beginning of the year	56,129	59,262
Effect of currency translation on the cash and cash equivalents	650	(522)
Cash and cash equivalents at the end of the year (Note 21)	68,122	56,129

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

ISDN Holdings Limited (the “**Company**”) is a public limited liability company incorporated and domiciled in Singapore and is dual listed on the Main Board of the SGX-ST and the Main Board of SEHK. The Company’s registered office and principal place of business is at 101 Defu Lane 10, Singapore 539222.

The immediate and ultimate holding company is Assetraise Holdings Limited, a company incorporated in the British Virgin Islands. Assetraise Holdings Limited is beneficially owned entirely by Mr. Teo Cher Koon, the Managing Director and President of the Company and his spouse, Ms. Thang Yee Chin.

The Company’s principal activities included the provision of technical consultancy, training services, and management services. The principal activities of its subsidiaries and associates are set out in Notes 16 and 17.

2 Adoption of New and Revised Singapore Financial Reporting Standards (International) (“SFRS(I)s”)

Adoption of New and Revised SFRS(I) issued which are effective

On 1 January 2025, the Group has adopted the new or amended SFRS(I) and SFRS(I) Interpretations (“**SFRS(I) INTs**”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new amendments SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Adoption of New and Revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the following standards have been issued and are relevant to the Group and Company but not yet effective:

Description		Effective for annual periods beginning on or after
Amendments to SFRS(I) 9 and SFRS(I) 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to SFRS(I)s – Volume 11</i>		1 January 2026
Amendments to SFRS(I) 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to SFRS(I) 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred indefinitely, early application is still permitted

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Adoption of New and Revised Singapore Financial Reporting Standards (International) G("SFRS(I)s") (cont'd)

SFRS(I) 18: Presentation and Disclosure in Financial Statements

This standard will replace SFRS(I)1-1 Presentation of Financial Statements. Whilst many of the requirements will remain consistent, the new standard will have impacts on the presentation of the Consolidated Statement of Profit and Loss and consequential impacts on the Consolidated Statement of Cash Flows. It will also require the disclosure of the non-SFRS(I) management performance measures and may impact the level of aggregation and disaggregation throughout the primary financial statements and the notes.

An entity is required to apply the amendments to SFRS(I) 1-1 for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. SFRS(I) 18 requires retrospective application with specific transition provisions.

Other than the above, the Directors do not expect any material impact from the application of these standards.

3 Material Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the SFRS(I)s as issued by the Accounting Standards Council. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

(b) Group Accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous-held equity interest in the acquiree over the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(b) Group Accounting (cont'd)

(i) Subsidiaries (cont'd)

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in SFRS(I) 3.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related cost is expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously-held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(b) Group Accounting (cont'd)

(i) Subsidiaries (cont'd)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interests in subsidiaries to non-controlling interests without loss of control are also recorded in equity.

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference in profit or loss.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Goodwill on acquisition of associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates is included in the carrying amount of the investments. Gains and losses on the disposal of associates include the carrying amounts of goodwill relating to the entity sold.

Investments in associates are accounted for using the equity method of accounting less impairment losses, if any. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

When the Group reduces its ownership interest in an associate, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(b) Group Accounting (cont'd)

(ii) Associates (cont'd)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(c) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purposes of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in Singapore Dollar ("S\$" or "SGD"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All values are rounded to the nearest thousand ("S\$'000") except when otherwise indicated.

(ii) Transactions and balances

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(c) Foreign Currencies (cont'd)

(ii) Transactions and balances (cont'd)

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and net investment in foreign operations, are recognised in the other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the net investment.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(c) Foreign Currencies (cont'd)

(iii) Translation of Group entities' financial statements (cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(d) Property, Plant and Equipment

(i) Measurement

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure related to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iii) Depreciation

Depreciation is recognised so as to write off the cost of assets, less their residual values over their estimated useful lives, using the straight-line method as follows:

Leasehold properties	remaining lease period of 17 years to 35 years
Leasehold improvements	2 to 20 years
Motor vehicles	5 to 6 years
Plant and equipment	5 to 10 years
Furniture, fittings and office equipment	1 to 10 years
Hydropower plant	20 years

Freehold land has an unlimited useful life and therefore is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(d) Property, Plant and Equipment (cont'd)

(iii) Depreciation (cont'd)

Construction-in-progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction-in-progress consists of construction costs including other attributable direct cost and finance costs incurred during the period of construction.

Construction-in-progress is classified to the appropriate category of property, plant and equipment when completed and ready for use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year and adjusted as appropriate at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(iv) Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Investment Properties

Investment properties which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over their estimated remaining useful lives of 45 years to 50 years.

The residual value, useful life and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(e) Investment Properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of retirement or disposal.

(f) Land Use Rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line method over the term of the land use rights. The amortisation period and method are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis. The effects of any revision are recognised in profit or loss when the changes arise.

(g) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated, from the acquisition date, to each of the Group's CGU or groups of CGU, that are expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

(h) Government Grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivables are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined using the weighted average method.

Cost includes the actual cost of materials and incidentals in bringing the inventories into store and for manufactured inventories, the cost of work-in-progress and finished goods comprises raw materials, direct labour and related production overheads.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Allowance is made for slow-moving and obsolete items.

(j) Financial Assets

(i) Classification and Measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("FVOCI") or through profit or loss ("FVPL"), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction services provided, and the right to receive cash depends only on the passage of time. Such financial assets are measured at fair value on initial recognition and classified as financial assets measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(j) Financial Assets (cont'd)

(i) Classification and Measurement (cont'd)

Subsequent measurement

Debt instruments mainly comprise of cash and bank balances, trade and other receivables and service concession receivables. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. For debt instrument that is measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss. Impairment losses are deducted from the gross carrying amount of these assets and are presented as separate line item in profit or loss.

Interest income is recognised in profit or loss and is included in the "other operating income" line item.

FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses (debt instruments measured at FVOCI that are not part of a designated hedging relationship) which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income" using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in profit or loss.

FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. For debt investment that is measured at FVPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss. Interest income from these financial assets is included in "other income" using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(j) Financial Assets (cont'd)

(i) Classification and Measurement (cont'd)

FVPL (cont'd)

In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVPL.

(ii) Impairment

At each reporting date, the Group assesses ECLs on the following financial instruments:

- financial assets that are debt instruments measured at amortised costs and FVOCI;
- contract assets (as defined in SFRS(I) 15); and
- financial guarantee contracts.

ECLs are probability-weighted estimate of credit losses. Credit losses are measured at the present value of all shortfalls between the cash flows due to the Group in accordance with contractual terms, and the cash flows that the Group actually expects to receive. ECLs are discounted at the effective interest rate of the financial asset. The Group records allowances on financial assets based on either the:

- 12-month ECLs – representing the ECLs that result from default events that are possible within the 12 months after the reporting date (or the expected life of the instrument if shorter); or
- Lifetime ECLs – representing the ECLs that result from all possible default events over the expected life of the contract.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - Trade receivables

For all trade receivables (including service concession receivables), the Group adopts a simplified approach whereby an allowance for lifetime ECLs is assessed upon initial recognition. The Group estimates lifetime ECLs using a provision matrix based on historical credit loss experience, adjusted for various factors including debtor-specific factors, forward-looking information such as industry and economic forecasts, and other as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(j) Financial Assets (cont'd)

(ii) Impairment (cont'd)

General approach – Other financial instruments and financial guarantee contracts (“FGC”)

For all other financial instruments on which ECLs are assessed, an allowance for 12-month ECLs is recorded upon initial recognition. The allowance is increased to lifetime ECLs if the credit risk at each reporting date has increased significantly as compared to the credit risk at initial recognition. In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group considers all reasonable and supportable information that is relevant and available without undue cost or effort including both historical credit experience and forward-looking information.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group regards the following as events of default:

- events that make it unlikely for the borrower to repay in full unless the Group undertakes actions to recover the assets (e.g., exercising rights over collateral or other credit enhancements); or
- the financial instrument has become overdue in excess of 90 days.

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial instrument on which ECLs assessment is required has become credit-impaired. This is the case when one or more events have occurred that are considered to be detrimental to the estimated future cash flows of the instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(j) Financial Assets (cont'd)

(ii) Impairment (cont'd)

Credit-impaired financial assets (cont'd)

Evidence that a financial asset is credit-impaired includes the observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event (e.g., more than 90 days past due);
- other lenders granting concessions (such as loan restructuring) to the borrower due to economic or contractual reasons, that would not have been considered in the absence of the borrower's financial difficulty;
- increasing likelihood that the borrower will enter bankruptcy or other financial re-organisation; and
- the disappearance of an active market for the borrower's securities due to financial difficulties.

For credit-impaired financial assets, interest income is determined by applying the effective interest rate to the net carrying amount of the financial asset (after deduction of ECLs allowance).

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, such as when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iii) Recognition and derecognition

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions. All regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(j) Financial Assets (cont'd)

(iii) Recognition and derecognition (cont'd)

On derecognition of a financial asset that is a debt instrument, the difference between the asset's carrying amount and the sum of the consideration received and the receivable is recognised in profit or loss. In addition, for a financial asset that is a debt instrument at FVOCI, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is reclassified to profit or loss.

On derecognition of an equity instrument at FVPL, the difference between the asset's carrying amount and the sum of the consideration received and the receivable is recognised in profit or loss. For equity investments at FVOCI, the difference is instead recognised directly in equity as part of retained earnings. Cumulative gains or loss previously accumulated in equity are also transferred directly to retained earnings upon derecognition of FVOCI equity investments.

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowings of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(l) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statements of financial position.

(m) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are charged to equity, net of any tax effects.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(n) Provisions (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(p) Financial Guarantees

The Company has issue corporate guarantee to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the bank if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee in the separate financial statements

Financial guarantees contracts are recognised as a financial liability at the time the guarantee is issued. Financial guarantee are measured initially at their fair values and, if not designated as at FVPL and do not arise from a transfer of a financial assets, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with ECL model under SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payment to reimburse the holder less any amounts that the Group expects to recover. Loss allowance for ECLs for financial guarantee issued are presented in the Group's statement of financial position as "bank borrowings".

Intra-group transactions with regards to the financial guarantees are eliminated on consolidation.

(q) Financial Liabilities

(i) Financial liabilities

The Group recognises financial liability on its statements of financial position when, and only when, the entity becomes a party to the contractual provisions of the instruments.

Financial liabilities (including bank borrowings and trade and other payables) are recognised initially at fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(q) Financial Liabilities (cont'd)

(i) Financial liabilities (cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the amortised cost of a financial liability.

Bank borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

(ii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability that has been derecognised and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(r) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(s) Impairment of Non-Financial Assets other than Goodwill

Non-financial assets other than goodwill are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(s) Impairment of Non-Financial Assets other than Goodwill (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(t) Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation (“**PO**”) by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

(i) Goods and services sold

The Group supplies integrated engineering solutions which comprise motion control solutions, specialised engineering solutions and industrial computing solutions to various industries.

Revenue from sale of goods and services in the ordinary course of business is recognised when the control of the goods and services has transferred, being when the goods and services are delivered to the customer, the customer has full discretion over the manner of distribution and price to sell the goods, and there is no unfulfilled performance obligation that could affect the customer’s acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has not have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has the objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this represents the point in time that the right to consideration is unconditional because only the passage of time is required before the payment is due.

Revenue is recognised at a point in time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(t) Revenue Recognition (cont'd)

(i) Goods and services sold (cont'd)

Certain sales contracts of the Group grant customers the right to return the product during a stipulated grace period (up to one year) if the customers are dissatisfied with the product. Therefore, a refund liability and a right to the returned goods are recognised in relation to goods expected to be returned. Accumulated experience is used to estimate the numbers of returns at the time of sale at a portfolio level using the expected value method. Because the level of product returns has been consistent over previous years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of the assumption and the estimated amount of returns are reassessed at each reporting date.

(ii) Service concession arrangements

Construction income

Revenue related to construction services under a service concession arrangement is recognised over time. Operation or service revenue is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

Operating income

The Group recognise revenue from renewable energy when the related services are rendered.

Finance income

Finance income is recognised using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the service concession period.

(iii) Rendering of services

Technical service income

Technical service income is recognised when the service has been performed and rendered.

Property management income

The Group provides property management service to tenants of its leasehold properties and is recognised when the service has been performed and rendered.

Administrative income, commission income and others

Administrative income, commission income and others are recognised in the period in which the services have been performed and rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(u) Service Concession Arrangements

The Group has entered into various service concession arrangements with local government authorities or agencies (the “Grantors”) to build and operate mini-hydropower plants with concession periods of 25 years from the commercial operating date and to transfer the plants to the Grantors at the end of the concession periods. Such concession arrangements fall within the scope of SFRS(I) INT 12 *Service Concession Arrangements*.

A financial asset (receivable under a service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from or at the direction of the Grantor for the construction services rendered and/or the consideration paid and payable by the Group for the right to manage and operate the infrastructure for public service. The Group has an unconditional right to receive cash if the Grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified requirements. The financial asset (receivable under a service concession arrangement) is accounted for in accordance with the policy set out for “Financial Assets” in Note 3(j) to the financial statements.

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure but does not have any contractual rights under the concession agreements to receive a fixed and determinable amount of payments during the concession period. The intangible asset (operating concession) is stated at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is provided on a straight-line basis over the operation phase of the concession periods.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration.

The Group currently does not have any intangible asset arising from its existing service concession arrangements.

(v) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

The Group and its subsidiaries which operate in various countries should comply with the relevant laws and regulations to contribute to the defined contribution schemes being administered by government agencies in various jurisdiction. The Group and its subsidiaries are required under the schemes to ensure that contributions are paid on monthly or quarterly for their eligible employees in respective jurisdiction. Both the Group and eligible employees are required to contribute a certain percentage of the employees’ relevant income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(v) Employee Benefits (cont'd)

(i) Defined contribution plans (cont'd)

The employers' contribution rates and limits of our geographical locations are set out as follows:

Countries	Rate of Contribution Employer	The Floor and Ceiling of Mandatory Provident Funds Contribution			Name of Defined Contribution Scheme
		Minimum monthly wage	Maximum monthly wage	Additional income ceiling	
Singapore	7.5% - 17.0%	SGD51 ^[1]	S\$7,400	S\$102,000 minus total ordinary wage subject to Central Provident Fund contributions for the year	Central Provident Fund
China	26.6% -38.7%	RMB2,360 ^[2]	RMB44,265	Not applicable	Social Security Fund
Hong Kong	5.0%	HKD7,100 ^[1]	HKD30,000	Not applicable	Mandatory Provident Fund
Malaysia	2.0% - 13.0%	No limit	No limit	Not applicable	Employees' Provident Fund
India	12.0%	No limit	No limit	Not applicable	Employees' Provident Fund
Indonesia	6.2% - 7.7%	No limit	No limit	Not applicable	Badan Penyelenggara Jaminan Social
Vietnam	21.5%	VND 4,960,000 ^[1]	VND 46,800,000	Not applicable	Social Security Fund
Thailand	5.0%	THB1,650 ^[1]	THB15,000	Not applicable	Social Security Fund
Taiwan	6.0%	No limit	TWD147,901 – TWD150,000	Not applicable	Social Security Fund

Notes:

^[1] Employers are not required to contribute for employees whose monthly wage is less than the monthly income base.

^[2] Employers are obligated to make contributions based on the minimum monthly income base for eligible employee whose monthly salary is less than the minimum monthly income base.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(v) Employee Benefits (cont'd)

(ii) Employee leave entitlements

No provision has been made for employee annual leave entitlements as generally any unconsumed annual leave not utilised will be forfeited.

(iii) Share-based compensation

The Group operates an equity-settled share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

When the options are exercised, the proceeds received (net of transaction costs) and the related balances previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued to the employees.

(w) Leases

(i) When the Group is a lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets in "property, plant and equipment" in the statement of financial position.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(w) Leases (cont'd)

(i) When the Group is a lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

Short-term lease and lease of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payment on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(w) Leases (cont'd)

(ii) When the Group is a lessor

Leases in which the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Sub-lease arrangements where the Group acts as an intermediate lessor are classified as finance or operating leases with reference to the right-of-use asset arising from the head lease, rather than the underlying asset. Where the Group has applied the short-term lease exemption to the head lease, then the sub-lease will be classified as an operating lease.

(x) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from (i) initial recognition of goodwill or (ii) initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit, and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(x) Income Tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale.

(iii) Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material Accounting Policies (cont'd)

(y) Related Parties

A related party is defined as a related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the “reporting entity”).

- a. A person or a close member of that person’s family is related to the Group and Company if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- b. An entity is related to the Group and the Company if any of the following conditions applies:
 - i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii. both entities are joint ventures of the same third party;
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - vi. the entity is controlled or jointly controlled by a person identified in (a);
 - vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(z) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group’s accounting policies, which are described in Note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(i) Critical Judgements in Applying Accounting Policies

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed below.

(a) Allowance for inventories obsolescence

Changes in market conditions and technology advances, and the corresponding effects on customer's demand levels and specification requirements, may result in excess, slow-moving or obsolete inventories that command selling prices below costs. At the end of each reporting period, the Group reviews the carrying amount of its inventories to ensure that they are stated at the lower of cost and net realisable value ("**NRV**"). Management uses judgement in the estimation of the NRV and allowance for inventories obsolescence, based on the best available facts and circumstances at the end of each reporting period. Inappropriate judgment in the estimates made could result in changes to the amount of the allowance for inventories obsolescence.

During the financial year, the Group recognised a net allowance for inventories obsolescence of S\$2,335,000 (2024: S\$1,494,000) (Notes 6 and 8). In addition, certain inventories which were determined to be obsolete and unusable amounting to S\$21,000 (2024: S\$9,000) (Note 8) were written off during the financial year.

The carrying amount of the Group's inventories and allowance for inventories obsolescence as at 31 December 2025 are set out in Note 18.

(ii) Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Service concession arrangements

The Group recognises revenue relating to construction services over time under the service concession arrangements. The progress is measured based on the Group's efforts towards the satisfaction of a performance obligation based on the costs incurred up to the date of the reporting period as a percentage of total estimated costs for each performance obligation in the contract.

The Group recognises the consideration received or receivable in exchange for the construction services as a financial receivable under a service concession arrangement. The consideration received or receivable shall be recognised initially at fair value.

The financial receivable under a service concession arrangement requires the Group to make an estimate of a number of factors, which include, *inter alia*, fair value of the construction services, expected future supply of electricity produced by the relevant mini-hydropower plant over its service concession period, future guaranteed receipts and unguaranteed receipts, and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates are determined by the Group's management based on their experience and assessment on current and future market conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(ii) Key Sources of Estimation Uncertainty (cont'd)

(a) Service concession arrangements (cont'd)

The Group recognises operating income when the related operating services in relation to the mini-hydropower plants are rendered. Finance income is recognised using the effective interest rate method by applying the rate to discount the estimate future cash receipts over the expected life of service concession arrangements.

The information about the service concession arrangements is disclosed in Note 29. The operating income, finance income and construction income recognised for the current financial year is disclosed in Note 5. The carrying amount of the Group's service concession receivables as at 31 December 2025 is disclosed in Note 19.

(b) Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. The recoverable amount of the CGU to which goodwill has been allocated is based on a VIU calculation. VIU is based on a cash flow forecast, the preparation of which requires management to use assumptions and estimates relating to budgeted growth margin, revenue growth rate, terminal growth rate and discount rate of each CGU. Changes to the assumptions and estimates used could result in changes in the carrying amount of the goodwill.

The details of the estimation of VIU and the carrying amount of the goodwill as at 31 December 2025 are set out in Note 15.

(c) Allowance for impairment loss of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on internal credit ratings for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates in the recent past two years. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between internal credit ratings, historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in the internal credit ratings of the customers. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Note 34(a). The carrying amount of the Group's trade receivables as at 31 December 2025 is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(ii) Key Sources of Estimation Uncertainty (cont'd)

(d) Allowance for impairment loss of other receivables

In determining the ECL, management has taken into account the historical default experience and the financial positions of the debtors, adjusted for factors that are specific to the debtor and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables. The above assessment is after taking into account the current financial positions of the entities.

The Group's credit risk exposure for other receivables are set out in Note 34(a) to the financial statements. Accordingly, for the purpose of impairment assessment for other receivables, the loss allowance is measured at an amount equal to 12-month ECL as disclosed in Note 34(a) to the financial statements.

The carrying amounts of the Group's other receivables as at 31 December 2025 are disclosed in Note 19.

(e) Income taxes

The Group has exposures to income taxes in numerous jurisdictions. To determine the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses at each tax jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Management also assessed the probabilities that deferred tax assets resulting from deductible temporary differences and unutilised tax losses, if any, can be utilised to offset future taxable income. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group has recognised income tax expense of S\$7,491,000 (2024: S\$5,689,000) (Note 10) for the FY2025.

The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 31 December 2025 are disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5 Revenue and Contract Liabilities and Contract Assets

(a) Disaggregation of Revenue

The Group's revenue is disaggregated by the type of goods or services provided to customers, geographical markets, and timing of goods or services transferred.

Segments	Engineering Solutions - Motion control	Other specialised engineering solutions	Industrial computing solutions	Renewable Energy	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2025						
Geographical markets						
Singapore	30,658	3,613	5,594	-	1,646	41,511
China	201,377	66,723	722	-	-	268,822
Hong Kong	11,434	37	63	-	-	11,534
Malaysia	11,640	1,330	3	-	2	12,975
Indonesia	613	85	75	58,856	-	59,629
Vietnam	15,252	720	3	-	-	15,975
Others	13,639	15,802	294	-	-	29,735
Total revenue from contracts with customers	284,613	88,310	6,754	58,856	1,648	440,181
Goods or services transferred at a point in time	282,010	87,341	6,528	-	566	376,445
Services transferred over time	2,603	969	226	53,993	1,082	58,873
Finance income from service concession arrangements	-	-	-	4,863	-	4,863

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5 Revenue and Contract Liabilities and Contract Assets (cont'd)

(a) Disaggregation of Revenue (cont'd)

Segments	Engineering Solutions - Motion control	Other specialised engineering solutions	Industrial computing solutions	Renewable Energy	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2024						
Geographical markets						
Singapore	24,657	3,448	4,666	-	1,144	33,915
China	194,332	61,678	22	-	-	256,032
Hong Kong	9,854	30	-	-	-	9,884
Malaysia	10,446	1,384	-	-	9	11,839
Indonesia	455	38	5	22,294	-	22,792
Vietnam	18,366	199	9	-	-	18,574
Others	7,473	11,293	641	-	-	19,407
Total revenue from contracts with customers	265,583	78,070	5,343	22,294	1,153	372,443
Goods or services transferred at a point in time	261,193	77,536	5,184	-	1,153	345,066
Services transferred over time	4,390	534	159	16,971	-	22,054
Finance income from service concession arrangements	-	-	-	5,323	-	5,323

Details of revenue from renewable energy are set out as follows:

	2025 S\$'000	2024 S\$'000
Construction income	49,332	12,007
Finance income	4,863	5,323
Operating income	4,661	4,964
	58,856	22,294

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5 Revenue and Contract Liabilities and Contract Assets (cont'd)

(b) Contract Liabilities

	Group		
	31 December	1 January	
	2025	2024	2024
	S\$'000	S\$'000	S\$'000
Contract liabilities	16,631	13,776	10,811

Contract liabilities

	Group	
	2025	2024
	S\$'000	S\$'000
Revenue recognised in the current year that was included in the contract liabilities at the beginning of the year	13,037	9,743
Changes due to cash received, excluding amount recognised as revenue during the year	15,892	12,708

Contract liabilities relate to the advances received for sales of goods. Contract liabilities are recognised as revenue when the performance obligation of transferring the goods is satisfied at a point in time. The increase in contract liabilities was mainly due to the increase in advances received from customers for sales of goods largely from China subsidiaries.

(c) Contract Assets

	Group		
	31 December	1 January	
	2025	2024	2024
	S\$'000	S\$'000	S\$'000
Contract assets	-	453	509

	Group	
	2025	2024
	S\$'000	S\$'000
<i>Contract assets</i> (Note 19) Recognised during the year	453	-

Contract assets relate to revenue representing the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 Other Operating Income

	Group	
	2025 S\$'000	2024 S\$'000
Interest income	227	330
Commission income	210	134
Foreign exchange gains, net	-	295
Gain on disposal of property, plant and equipment, net	-	230
Gain on termination of leases	20	29
Government grants	210	404
Operating lease rental income:		
- investment properties	67	67
- sub-let of office/warehouse premises	652	535
Property management income	630	580
Technical service income	451	524
Write back of allowance for inventories obsolescence*	74	-
Miscellaneous income	1,290	1,096
	3,831	4,224

* The write back of allowance for inventories obsolescence was due to the sale of goods above their net realisable values during the current financial year.

7 Finance Costs

	Group	
	2025 S\$'000	2024 S\$'000
Interest expense on:		
- bank loans	4,024	4,182
- trust receipts	193	169
- leases liabilities	253	261
- others	783	856
	5,253	5,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 Profit before Income Tax

	Group	
	2025 S\$'000	2024 S\$'000
Profit before income tax has been arrived at after charging:		
Amortisation of land use rights	43	32
Audit fees paid to:		
- auditors of the Company and other firms affiliated with Moore Global Network Limited*	389	359
- other auditors	189	188
Audit related services fee - Company's auditor	5	5
Depreciation of property, plant and equipment		
- recognised in cost of sales	2,344	1,944
- recognised in distribution costs	360	324
- recognised in administrative expenses	4,526	4,266
	7,230	6,534
Depreciation of investment properties	19	19
Other operating expenses included:		
- trade and other receivables written off	-	5
- allowance for inventories obsolescence	2,409	1,494
- inventories written off	21	9
- foreign exchange losses, net	5,151	-
- property, plant and equipment written off	3	9
- loss on disposal of property, plant and equipment, net	11	-
- loss on deemed disposal of interest in an associate	-	41

* There was no non-audit fee paid/payable to the Company's auditors during FY2025 and FY2024.

9 Employee Benefits

	Group	
	2025 S\$'000	2024 S\$'000
Directors' fees	216	216
Directors' remuneration		
- salaries and related costs	3,136	3,383
- defined contribution plans	18	18
Key management personnel (other than directors)		
- salaries and related costs	1,022	984
- defined contribution plans	65	64
Other than directors and key management personnel		
- salaries and related costs	44,639	40,080
- defined contribution plans	5,623	5,127
	54,719	49,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 Employee Benefits (cont'd)

Details of Directors' emoluments are set out as follows:

	Directors' fees S\$'000	Directors' remuneration S\$'000	Other benefits S\$'000	Discretionary bonuses S\$'000	Retirement scheme contributions S\$'000	Total S\$'000
2025						
Independent Non-Executive Directors						
- Tan Soon Liang (Chairman)	63	-	-	-	-	63
- Sho Kian Hin	51	-	-	-	-	51
- Heng Su-Ling Mae	51	-	-	-	-	51
Non-Executive Director						
- Toh Hsiang-Wen Keith	51	-	-	-	-	51
Executive Directors						
- Teo Cher Koon	-	1,278	57	1,167	18	2,520
- Kong Deyang	-	127	48	459	-	634
	216	1,405	105	1,626	18	3,370
2024						
Independent Non-Executive Directors						
- Tan Soon Liang (Chairman)	59	-	-	-	-	59
- Sho Kian Hin	34	-	-	-	-	34
- Heng Su-Ling Mae	34	-	-	-	-	34
- Lim Siang Kai	21	-	-	-	-	21
- Soh Beng Keng	17	-	-	-	-	17
Non-Executive Director						
- Toh Hsiang-Wen Keith	51	-	-	-	-	51
Executive Directors						
- Teo Cher Koon	-	1,275	75	1,466	18	2,834
- Kong Deyang	-	128	48	391	-	567
	216	1,403	123	1,857	18	3,617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 Employee Benefits (cont'd)

(a) Directors' inducement and termination benefits

None of the Directors received or will receive any inducement and termination benefits during FY2025 and FY2024.

(b) Directors' waived emoluments

None of the Directors waived or agreed to waive any emoluments during FY2025 and FY2024.

(c) Consideration provided to third parties for making available Directors' services

The Company did not pay consideration to any third parties for making available Directors' services during FY2025 and FY2024.

(d) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors during FY2025 and FY2024.

There were no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors during FY2025 and FY2024.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during FY2025 and FY2024.

(f) Defined contribution plans contributed by the Group are fully and immediately vested in the employees upon their payment to the schemes. There are no contributions forfeited by the Group on behalf of its employees who leave the schemes prior to vesting fully in such contribution. Hence, there is no forfeited contributions that may be used by the Group to reduce the contribution payables. The Group does not establish any enterprise annuity plans for its employees.

Five highest paid individuals

For the FY2025 and FY2024, of the five individuals with highest emoluments pursuant to Appendix 16.25 of the SEHK Listing Rules, two are the Executive Directors whose emoluments are disclosed above. The aggregate of the emoluments in respect of the remaining individuals for FY2025 and FY2024 are set out below.

	Group	
	2025 S\$'000	2024 S\$'000
Salaries, allowance and benefits in kind	673	709
Discretionary bonuses	466	371
Retirement scheme contributions	60	61
	<u>1,199</u>	<u>1,141</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 Employee Benefits (cont'd)

Five highest paid individuals (cont'd)

Their emoluments paid by the Group are within the following bands:

	Group	
	2025	2024
	Number of individuals	
S\$300,001 to S\$400,000	2	2
S\$400,001 to S\$500,000	-	1
S\$500,001 to S\$600,000	1	1
S\$600,001 to S\$700,000	1	-
S\$2,500,001 to S\$3,000,000	1	1
	<u>5</u>	<u>5</u>

10 Income Tax

	Group	
	2025	2024
	S\$'000	S\$'000
Current income tax		
- Singapore	348	256
- China	6,011	4,762
- Outside Singapore and China	647	475
- Under provision in respect of prior years	543	273
	7,549	5,766
Deferred taxation (Note 26)		
- Withholding tax on the profits of the Group's subsidiaries	(34)	-
- Deferred tax expense relating to the origination and reversal of temporary differences	(24)	(77)
	(58)	(77)
	<u>7,491</u>	<u>5,689</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 Income Tax (cont'd)

The income tax expense on the profit before income tax varies from the amount of income tax expense determined by applying the applicable tax rates in each jurisdiction the Group operates in due to the following differences:

	Group	
	2025 S\$'000	2024 S\$'000
Profit before income tax	21,073	19,654
Income tax calculated at applicable tax rates	4,971	4,174
Non-deductible expenses	1,459	934
Non-taxable income	(757)	(896)
Singapore statutory stepped income exemption and tax rebate	(52)	(52)
Deferred tax assets not recognised	1,326	1,244
Share of results of associates	40	17
Utilisation of deferred tax benefits previously not recognised	(5)	(5)
Withholding tax on undistributed earnings of certain of the Group's China subsidiaries	(34)	-
Under provision in respect of prior years:		
- income tax	543	273
	7,491	5,689

Non-deductible expenses relate to certain operating expenses which are not deductible for tax purposes in the jurisdictions the Group operates in.

The corporate tax rate applicable to the Company and those entities of the Group incorporated in Singapore is 17% (2024: 17%). The corporate tax rate applicable to those entities of the Group incorporated in Malaysia is 24% (2024: 24%).

The statutory tax rate for Hong Kong profit is 16.5% on the assessable profits arising during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime. Under the two-tiered profits tax rate regime, the first Hong Kong Dollar 2 million of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018/2019.

For those entities of the Group operating in China, China income tax is calculated at the applicable tax rate in accordance with the Corporate Income Tax Law. The income tax rate for both domestic and foreign-investment enterprises is at 25%.

The remaining entities of the Group operating in jurisdictions other than the above have either no taxable income or are not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 Income Tax (cont'd)

Unrecognised tax losses

As at 31 December 2025, the Group has unutilised tax losses of approximately S\$51.7 million (2024: S\$43.9 million) which can be carried forward and used to offset against future taxable income of those Group entities in which the tax losses arose, subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective jurisdictions in which they operate. Deferred tax asset arising from certain of these unutilised tax losses carried forward amounting to S\$51.7 million (2024: S\$43.9 million) has not been recognised in accordance with the Group's accounting policy stated in Note 3(x). The deferred tax asset not recognised is estimated to be S\$8.8 million (2024: S\$7.5 million).

The unutilised tax losses of Singapore entities of the Group have no expiry date, while the unutilised tax losses of China entities of the Group expire 5 years from the year the tax losses arose. Unutilised tax losses of entities of the Group from other jurisdictions are not material.

Unrecognised temporary differences relating to investments in subsidiaries

According to a joint circular of the Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No.1, only the profits earned by a foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be exempted from withholding tax. Whereas, dividends distributed of the profit generated thereafter, shall be subject to Enterprise Income Tax Law ("the EIT Law") at 10% (or at the concessionary rate of 5%, if applicable) and withheld by China entity, pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Details Implementation Rules.

As at 31 December 2025, deferred tax liabilities of S\$507,000 (2024: S\$541,000) (Note 26) have been recognised for taxes that would be payable based on the applicable concessionary rate of 5% withholding tax on the expected distributable earnings of certain of the Group's subsidiaries in China in the foreseeable future. No deferred tax has been recognised on the undistributed earnings of the remaining Group's subsidiaries in China as management has determined that these earnings will not be distributable in the foreseeable future. Such temporary difference for which no deferred tax liability has been recognised aggregate to approximately S\$48.8 million (2024: S\$47.3 million). The deferred tax liability not recognised is estimated to be S\$2.4 million (2024: S\$2.4 million).

11 Earnings Per Share

	Group	
	2025	2024
	Singapore cents per share	Singapore cents per share
Basic earnings per share	1.50	1.91
Fully diluted earnings per share	1.50	1.91

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11 Earnings Per Share (cont'd)

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
Profit for the year attributable to equity holders of the Company	6,756	8,522
Weighted average number of ordinary shares for the purposes of basic earnings per share	450,330,324	446,920,125

Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares of the Company.

The Group has no dilution in its earnings per share as at 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12 Property, Plant and Equipment

Group 2025	Freehold land S\$'000	Leasehold properties S\$'000	Leasehold improvements S\$'000	Motor vehicles S\$'000	Plant and equipment S\$'000	Hydro power plant S\$'000	Furniture, fittings and office equipment S\$'000	Construction in progress S\$'000	Total S\$'000
At 1 January	3,199	40,756	6,482	4,309	14,991	17,372	8,303	2,723	98,135
Additions	-	2,336	942	274	3,600	234	967	284	8,637
Acquisition through business combination	-	30	-	125	1,400	-	105	-	1,660
Disposals	-	-	-	(90)	(304)	-	(33)	-	(427)
Written off	-	(2,536)	(151)	-	(291)	-	(254)	-	(3,232)
Translation adjustment	(329)	(503)	(71)	(51)	(227)	(1,448)	(57)	(227)	(2,913)
At 31 December	2,870	40,083	7,202	4,567	19,169	16,158	9,031	2,780	101,860
At 1 January	-	9,655	3,398	3,361	8,568	1,303	6,092	-	32,377
Depreciation for the year	-	3,314	691	311	1,323	807	784	-	7,230
Disposals	-	-	-	(80)	(146)	-	(29)	-	(255)
Written off	-	(2,321)	(151)	-	(291)	-	(251)	-	(3,014)
Translation adjustment	-	(115)	(44)	(60)	(81)	(109)	(49)	-	(458)
At 31 December	-	10,533	3,894	3,532	9,373	2,001	6,547	-	35,880
At 31 December	2,870	29,550	3,308	1,035	9,796	14,157	2,484	2,780	65,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12 Property, Plant and Equipment (cont'd)

Group	Freehold land	Leasehold properties	Leasehold improvements	Motor vehicles	Plant and equipment	Hydro power plant	Furniture, fittings and office equipment	Construction in progress	Total
2024	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost									
At 1 January	4,824	35,450	5,856	4,247	11,976	17,578	7,527	6,940	94,398
Additions	-	3,749	1,334	300	3,012	-	909	2,216	11,520
Acquisition through business combination	-	184	58	-	26	-	12	-	280
Reclassification	(1,622)	6,406	2	1	(4)	-	1	(6,406)	(1,622)
Disposals	-	-	(741)	(195)	(43)	-	(4)	-	(983)
Written off	-	(5,068)	(65)	(36)	(19)	-	(157)	-	(5,345)
Translation adjustment	(3)	35	38	(8)	43	(206)	15	(27)	(113)
At 31 December	3,199	40,756	6,482	4,309	14,991	17,372	8,303	2,723	98,135
Accumulated depreciation									
At 1 January	-	11,499	2,955	3,194	7,527	439	5,595	-	31,209
Depreciation for the year	-	2,990	632	332	1,046	869	665	-	6,534
Reclassification	-	-	2	1	(4)	-	1	-	-
Disposals	-	-	(140)	(130)	(30)	-	(4)	-	(304)
Written off	-	(4,854)	(65)	(36)	(13)	-	(154)	-	(5,122)
Translation adjustment	-	20	14	-	42	(5)	(11)	-	60
At 31 December	-	9,655	3,398	3,361	8,568	1,303	6,092	-	32,377
Net book value									
At 31 December	3,199	31,101	3,084	948	6,423	16,069	2,211	2,723	65,758

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12 Property, Plant and Equipment (cont'd)

	Leasehold properties S\$'000	Furniture, fittings and office equipment S\$'000	Total S\$'000
Company			
<u>2025</u>			
Cost			
At 1 January	685	68	753
Addition	-	20	20
At 31 December	685	88	773
Accumulated depreciation			
At 1 January	105	63	168
Depreciation for the year	33	17	50
At 31 December	138	80	218
Net book value			
At 31 December	547	8	555
<u>2024</u>			
Cost			
At 1 January	685	60	745
Addition	-	8	8
At 31 December	685	68	753
Accumulated depreciation			
At 1 January	74	58	132
Depreciation for the year	31	5	36
At 31 December	105	63	168
Net book value			
At 31 December	580	5	585

The Group's major leasehold properties are set out below.

Description and location	Gross Area (approximately)	Use	Encumbrance
<u>Leasehold properties</u>			
No. 1128 Jiangxing East Road Wujiang Economic Development Zone China	40,657 sq. m	Office, workshop and warehouse	Mortgaged for banking facilities
101 Defu Lane 10 Singapore 539222	3,959 sq. m	Office, workshop and warehouse	Mortgaged for banking facilities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12 Property, Plant and Equipment (cont'd)

As at 31 December 2025, the net book value of the leasehold properties set out above that are mortgaged to secure the Group's bank borrowings was S\$22,552,000 (2024: S\$23,583,000) (Note 24).

In the previous financial year, the Group reclassified the construction in progress of S\$6,406,000 in relation to the construction of a new building in Wu Jiang, Suzhou, China office to leasehold properties upon the completion of construction.

During the current financial year, the Group acquired right-of-use assets under leasing arrangements amounting to S\$2,336,000 (2024: S\$3,749,000). Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 25.

During the year, a write-off of S\$215,000 (2024: S\$214,000) included in leasehold properties were arose from the termination of the leasing arrangements.

During the current financial year, the Group acquired property, plant and equipment with an aggregate cost amounting to S\$8,637,000 (2024: S\$11,520,000) of which S\$2,336,000 (2024: S\$3,749,000) relates to right-of-use assets and S\$474,000 (2024: S\$248,000) were acquired by means of finance lease. Cash payments of S\$5,827,000 (2024: S\$7,523,000) were made to purchase property, plant and equipment.

13 Investment Properties

	Group	
	2025 S\$'000	2024 S\$'000
Cost		
Balance at 1 January	952	945
Translation adjustment	4	7
Balance as at 31 December	956	952
Accumulated depreciation		
Balance at 1 January	571	549
Depreciation for the year	19	19
Translation adjustment	3	3
Balance at 31 December	593	571
Net book value		
Balance at 31 December	363	381

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13 Investment Properties (cont'd)

The Group applies the cost model for its investment properties. The market value of these investment properties approximates S\$600,000 (2024: S\$557,000) as at the statement of financial position date based on directors' valuations. The valuations were arrived at by reference to market evidence of transaction prices for similar properties. The fair value hierarchy is disclosed in Note 34(b).

The Group's investment properties are set out below.

Description and location	Gross Area (approximately)	Tenure	Use	Encumbrance
<u>Freehold building</u> H.S.(D) 224335 Lot No. PTD 41692 Mukim Senai-Kulai District Johor, Malaysia	270 sq. m	Freehold building	Leased out to third party	None
<u>Leasehold properties</u> No. 85 Genting Lane #05-01A Guan Hua Warehouse Building Singapore 349569	95 sq. m	60 years expiring December 2041	Leased out to third party	None
No. 85 Genting Lane #05-01 Guan Hua Warehouse Building Singapore 349569	170 sq. m	60 years expiring December 2041	Leased out to third party	None

Investment properties are leased to third parties. During the financial year, rental income from these investment properties amounted to S\$67,000 (2024: S\$67,000); and direct operating expenses amounted to S\$13,000 (2024: S\$12,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14 Land Use Rights

	Group	
	2025 S\$'000	2024 S\$'000
Cost		
Balance at 1 January	1,511	1,510
Addition	889	-
Translation adjustment	(16)	1
Balance at 31 December	2,384	1,511
Accumulated amortisation		
Balance at 1 January	502	469
Amortisation for the year	43	32
Translation adjustment	(5)	1
Balance at 31 December	540	502
Net book value		
Balance at 31 December	1,844	1,009
Amount to be amortised:		
- not later than one year	144	31
- later than one year but not later than five years	576	124
- later than five years	1,124	854
	1,844	1,009

The land use rights relate to three (2024: two) parcels of state-owned land situated in China. The land use rights have a remaining tenure of 31 to 50 years (2024: 32 years).

As at 31 December 2025 and 2024, the land use rights are mortgaged to secure the Group's bank borrowings as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15 Goodwill

	Group	
	2025 S\$'000	2024 S\$'000
Balance at 1 January	12,911	12,227
Additions	2,821	684
Balance at 31 December	15,732	12,911

Impairment testing of goodwill

The goodwill arising on consolidation relates to the excess of the cost of acquisitions over the fair value of the Group's share of the net identifiable assets acquired in the following subsidiaries ("**cash-generating units**" or "**CGUs**") under the respective operating segments as set out below.

	Group	
	2025 S\$'000	2024 S\$'000
Engineering Solutions – Motion Control		
- Servo Dynamics (Thailand) Co., Ltd (" Servo Thailand ")	75	75
- TDS Technology (S) Pte Ltd (" TDS ")	2,103	2,103
- IDI Laser	684	684
Other Specialised Engineering Solution		
- Dirak Asia	9,508	9,508
- IFME Works	1,993	-
Renewable Energy		
- Aenergy Holdings Company Limited (" Aenergy ")	541	541
- PT Funda	139	-
Others		
- Singpilot Holding	689	-
	15,732	12,911

The Group assessed the recoverable amount of each CGU based on value in use calculations, which uses cash flow projections based on financial budgets approved by management covering a five-year period. A long-term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for the countries in which the CGU operates. The growth rates used are based on the average historical growth rate of each CGU and past experience and with reference to the long-term average growth rates of the industries and markets in which the CGUs operate. The discount rate was a pre-tax measure based on the Group's weighted average cost of capital, adjusted for certain adjustment factors to reflect specific risks relating to the CGU. The pre-tax discount rates used, were estimated to reflect the then market assessments of the time value of money and the risks specific to the CGUs' pre-tax cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15 Goodwill (cont'd)

The key assumptions used in the estimation of value-in-use are set out below.

	Group	
	2025	2024
Engineering Solutions – Motion Control		
Growth rates	2.0% to 5.0%	2.5% to 5.0%
Perpetual growth rate	2.0% to 3.0%	2.0% to 3.0%
Pre-tax discount rate	9.6% to 13.0%	11.0% to 12.0%
Other Specialised Engineering Solution		
Growth rates	2.0% to 8.0%	3.0% to 8.0%
Perpetual growth rate	2.0% to 3.5%	4.0%
Pre-tax discount rate	10.4% to 10.5%	11.0%
Renewable Energy		
Revenue estimate	Estimates based on the mini-hydropower plant capacity of 4.6 and 10 megawatts	
Pre-tax discount tax	11.2%	13.0%
Others		
Growth rates	5.0%	N.A
Perpetual growth rate	2.0%	N.A
Pre-tax discount rate	10.4%	N.A

Sensitivity analysis

Management believes that any reasonably possible change in the key assumptions i.e. growth rates and pre-tax discount rates, on which the recoverable amounts were based would not cause the carrying amounts of the major CGUs, namely TDS, IDI Laser, Dirak Asia, Aenergy, IFME Works and Singpilot Holding, (the sensitivity analysis excludes Servo Thailand and PT Funda since the goodwill is considered not to be significant) to exceed their recoverable amounts.

If the management's estimated growth rates and pre-tax discount rates applied to the discounted cash flows for the major CGUs are decreased and increased by 1% (2024: 1%), respectively, the relevant excess of recoverable amount over carrying amount would decrease to S\$1,646,000, S\$5,297,000, S\$24,592,000 and S\$900,000 (2024: S\$7,158,000, S\$8,671,000, S\$111,000 and Nil) for engineering solutions – motion control, other specialised engineering solution, renewable energy and others CGU respectively, but will still be in excess of their carrying amounts of the respective CGUs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries

	Company	
	2025	2024
	S\$'000	S\$'000
Non-current assets		
Unquoted equity shares, at cost	36,783	36,783
Issue of ordinary shares related to share award	1,387	1,387
Capital injection by way of capitalisation of loan	35,507	35,507
Loans to subsidiaries	13,627	13,627
	<u>87,304</u>	<u>87,304</u>
Current assets		
Amounts owing by subsidiaries (interest-free) (a)	25,677	24,962
Amounts owing by subsidiaries (interest-bearing) (a)	24,801	19,868
	<u>50,478</u>	<u>44,830</u>
Less: Allowance for impairment loss	(1,761)	(1,619)
	<u>48,717</u>	<u>43,211</u>

Note:

- (a) The amounts owing by the subsidiaries are non-trade in nature, unsecured and are repayable on demand. For those interest-bearing amounts, interest is charged at 2.4% to 7.4% per annum.

The loans to subsidiaries, which are quasi-equity loans, form part of the Company's net investment in the subsidiaries. The loans are unsecured and interest-free, and the settlement is neither planned nor likely to be settled in the foreseeable future. As the loans are, in substance, a part of the Company's net investment in the subsidiaries, they are accordingly stated at cost.

The Group has effective equity interest in certain subsidiaries of less than 50%. In assessing whether the Group has control over the entities where it holds less than a majority of voting rights, the Group has concluded that it holds the substantive rights to direct the entities' relevant activities (i.e. financing and operating activities) and/or there are strong operational barriers or incentives that would prevent (or deter) the other third parties from exercising their rights, and/or has majority of the board representatives. As the Group has determined to have control over these entities, they are accordingly accounted for as subsidiaries.

The movement in the allowance for impairment loss during the financial year is as follows:

	Company	
	2025	2024
	S\$'000	S\$'000
Balance at the beginning of the year	1,619	1,644
Allowance for impairment on the amount owing by subsidiaries	142	-
Write back of allowance for impairment loss on amount owing by subsidiaries	-	(11)
Write off allowance for impairment loss on amount owing by subsidiaries	-	(14)
Balance at the end of the year	<u>1,761</u>	<u>1,619</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

The subsidiaries of the Group as at the statement of financial position date are set out below.

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
<u>Held by the Company</u>					
Motion Control Group Pte. Ltd. ⁽¹⁾	Singapore	S\$17,531,255	100	100	Investment holding
Servo Dynamics Pte Ltd ⁽¹⁾	Singapore	S\$1,600,000	100	100	Motion control solutions
Portwell Singapore Pte Ltd ⁽¹⁾	Singapore	S\$100,000	100	100	Industrial computing solutions
Leaptron Engineering Pte. Ltd. ⁽¹⁾	Singapore	S\$300,000	100	100	Other specialised engineering solutions
ISDN Investments Pte. Ltd. ⁽¹⁾	Singapore	S\$49,263,908	100	100	Investment holding
<u>Held by Motion Control Group Pte. Ltd.</u>					
Precision Motion Control Pte Ltd ⁽¹⁾	Singapore	S\$300,000	100	100	Motion control solutions
Servo Technologies Sdn. Bhd. ⁽⁴⁾	Malaysia	MYR1,400,000	100	100	Motion control solutions
Servo Dynamics (Thailand) Co., Ltd ⁽⁴⁾	Thailand	THB16,900,000	59.7	59.7	Motion control solutions
Servo Engineering Sdn Bhd ⁽⁴⁾	Malaysia	MYR350,000	90	90	Motion control solutions
Servo Dynamics (H.K.) Limited ⁽⁴⁾	Hong Kong	HK\$128,570	100	100	Motion control solutions
Eisele Asia Co., Ltd ^{(4) (5) (10)}	China	US\$210,000	50	50	Other specialised engineering solutions
IGB (HK) Company Ltd	Hong Kong	HK\$16,815	70.9	70.9	Investment holding
Servo Dynamics Sdn Bhd ⁽⁴⁾	Malaysia	MYR3	100	100	Motion control solutions
Excel Best Industries (Suzhou) Co., Ltd ^{(3) (8)}	China	US\$6,000,000	100	100	Properties holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
Held by <u>Motion Control Group Pte. Ltd.</u> (cont'd)					
Weiyi M&E Equipment (Shanghai) Co., Ltd ^{(2) (8)}	China	US\$140,000	100	51	Inactive
IRSS Pte. Ltd. ⁽¹⁾	Singapore	S\$200,000	65	65	Motion control solutions
Suzhou PDC Co., Ltd ^{(3) (8)}	China	US\$4,800,000	100	100	Properties holding
Gateway Motion (Shanghai) Co., Ltd ^{(2) (4) (8)}	China	US\$500,000	100	100	Motion control solutions
JAPV Mechanical Technology (Wu Jiang) Co., Ltd ^{(2) (11)}	China	US\$450,000	95.3	95.3	Other specialised engineering solutions
DBASIX Singapore Pte. Ltd. ⁽¹⁾	Singapore	S\$1,600,000	75	75	Investment holding
TDS Technology (S) Pte Ltd ⁽¹⁾	Singapore	S\$1,000,000	61.2	61.2	Motion control solutions
ISDN Enterprise Management (Wu Jiang) Co., Ltd ^{(2) (8)}	China	US\$100,000	100	100	Investment holding
Accel Technologies (China) Co., Ltd ^{(2) (8)}	China	US\$210,000	100	100	Other specialised engineering solutions
A Tracks Pte. Ltd. ⁽¹⁾	Singapore	S\$100	70	70	Motion control solutions
Dirak Asia Pte Ltd ^{(1) (5) (7)}	Singapore	S\$554,690	49	49	Other specialised engineering solutions
ISDN Software Business Pte. Ltd. ⁽¹⁾	Singapore	S\$100,000	100	100	Industrial computing solutions
Su Zhou Servo Dynamics Co., Ltd ^{(3) (8)}	China	US\$3,000,000	100	100	Motion control solutions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
Held by <u>Motion Control Group Pte. Ltd.</u> (cont'd)					
Performance Leadership Pte. Ltd. ⁽¹⁾	Singapore	S\$106,122	50.6	50.6	Corporate training services and motivational course providers
NovaPeak Pte. Ltd. ⁽¹⁾	Singapore	S\$400,000	90	90	Industrial automation, drone services, big data analytic, consultancy and training services
IDI Laser Services Pte Ltd ⁽¹⁾	Singapore	S\$1,830,000	70	70	Laser solutions
Fuji Master (Penang) Sdn. Bhd. ⁽⁴⁾	Malaysia	MYR1,500,000	75.5	75.5	Motion control solutions
ISDN Precision System Co Ltd ⁽⁴⁾	Taiwan	TWD40,000,000	70	70	Motion control solutions
ISDN Engineering Private Limited ⁽⁴⁾	India	INR11,160,000	90	90	Motion control solutions
IFME Works Pte. Ltd. ^{(1) (12)}	Singapore	S\$600,000	51	-	Other specialised engineering solutions
Held by <u>IDI Laser Services Pte Ltd</u>					
IDI Dynamics Pte. Ltd. ⁽¹⁾	Singapore	S\$200,000	66.5	70	Laser solutions
Held by <u>ISDN Software Business Pte. Ltd.</u>					
ISDN-NJ Software Business Co., Ltd. ^{(2) (11)}	China	RMB7,000,000	70	70	Industrial computing solutions
Held by <u>Precision Motion Control Pte Ltd</u>					
Air Vacuum Automation Vietnam Company Limited ⁽⁴⁾	Vietnam	VND6,900,000,000	51	51	Motion control solutions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
Held by <u>Servo Dynamics Pte Ltd</u>					
Maxon Motor (Suzhou) Co., Ltd ^{(3) (5) (10)}	China	US\$690,000	50	50	Motion control solutions
Maxon Motor International Trading (Shanghai) Co., Ltd ^{(3) (5) (10)}	China	US\$200,000	50	50	Motion control solutions
Servo Dynamics Engineering Company Limited ⁽⁴⁾	Vietnam	US\$500,000	51	51	Motion control solutions
Maxon Motor SEA Pte. Ltd. ^{(1) (5)}	Singapore	S\$1,000,000	50	50	Motion control solutions
Maxon Motor Taiwan Co., Ltd. ^{(4) (5)}	Taiwan	TWD5,000,000	50	50	Motion control solutions
Servo Dynamics Philippines, Inc. ⁽⁴⁾	Philippines	US\$210,000	100	100	Industrial computing solutions
Held by <u>Su Zhou Servo Dynamics Co., Ltd</u>					
Beijing Junyizhicheng Technology Developing Co., Ltd ^{(2) (9)}	China	RMB2,000,000	100	100	Motion control solutions
Beijing Bei Cheng Xin Kong Ci Fu Technology Co., Ltd ^{(3) (5) (9)}	China	RMB5,000,000	50	50	Other specialised engineering solutions
Held by <u>Beijing Bei Cheng Xin Kong Ci Fu Technology Co., Ltd</u>					
Bei Cheng Information Technology (Tianjin) Co., Ltd. ^{(2) (5) (9)}	China	RMB10,000,000	50	50	Other specialised engineering solutions
Held by <u>IGB (H.K.) Co., Ltd</u>					
ISDN Precision Gearboxes Co. Ltd ^{(2) (8)} (formerly known as SEJINIGB (China) Co., Ltd)	China	US\$510,000	70.9	70.9	Other specialised engineering solutions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
Held by <u>DBASIX Singapore Pte. Ltd.</u> Shanghai DBASIX M&E Equipment Co., Ltd ^{(2) (8)}	China	US\$870,000	75	75	Other specialised engineering solutions
DBASIX Malaysia Sdn Bhd ⁽⁴⁾	Malaysia	MYR500,000	75	75	Other specialised engineering solutions
Held by <u>Shanghai DBASIX M&E Equipment Co., Ltd</u> Dbasix Suzhou Co., Ltd ^{(2) (9)}	China	RMB1,000,000	75	75	Other specialised engineering solutions
Held by <u>TDS Technology (S) Pte Ltd</u> ADL Control (S) Pte. Ltd. ^{(1) (5)}	Singapore	S\$100,000	45.9	45.9	Motion control solutions
TDS Technology (Penang) Sdn Bhd ^{(4) (5)}	Malaysia	MYR100,000	48.9	48.9	Motion control solutions
SDL Control (Penang) Sdn Bhd ⁽⁴⁾	Malaysia	MYR2	61.2	61.2	Motion control solutions
TDS Technology (Thailand) Company Limited ^{(3) (5)}	Thailand	THB10,000,000	28.2	28.2	Motion control solutions
Held by <u>ISDN Investments Pte. Ltd.</u> Agri Source Pte. Ltd. ⁽¹⁾	Singapore	S\$250,000	100	100	Investment holding
ISDN Resource Pte. Ltd. ⁽¹⁾	Singapore	S\$1,000,000	100	100	Investment holding
ISDN Energy Pte. Ltd. ⁽¹⁾	Singapore	S\$1,960	100	100	Inactive
ERST Asia Pacific Pte. Ltd. ⁽¹⁾	Singapore	S\$300,000	51	51	Sales and marketing of bioscience products
LAA Energy HK Company Limited	Hong Kong	HK\$1	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
Held by <u>ISDN Investments Pte. Ltd.</u> (cont'd)					
ISDN Green Energy Pte. Ltd. ⁽¹⁾ (formerly known as ISDN Advanced Manufacturing Pte. Ltd.)	Singapore	S\$100	100	100	Develop, design and manufacture advance manufacturing equipment and provide advance manufacturing services
ISDN (Jiangxi) Technologies Co., Ltd. ^{(2) (8)}	China	US\$3,000,000	100	100	Other specialised engineering solutions
ISDN Bantaeng Pte. Ltd. ⁽¹⁾	Singapore	S\$205,254	100	100	Investment holding
Aenergy Holdings Company Limited ⁽⁴⁾	Hong Kong	HK\$258,010,861	67.1	67.1	Investment holding
ISDN (Zhejiang) Precision Technology Co., Ltd. ^{(2) (8)}	China	US\$1,300,000	100	100	Other specialised engineering solutions
AR Robotics and Automation Pte. Ltd. ⁽¹⁾	Singapore	US\$500,000	100	100	Industrial computing solutions
ISDN Jiangxi Management Co Ltd. ^{(6) (8)}	China	US\$15,000,000	100	-	Properties holding
Held by <u>ISDN Green Energy Pte. Ltd.</u> (formerly known as <u>ISDN Advanced Manufacturing Pte. Ltd.</u>)					
Singpilot Holding Pte. Ltd. ^{(1) (12)}	Singapore	S\$300,100	51	-	Investment holding
Held by <u>ISDN Energy Pte. Ltd.</u>					
ISDN Energy (Cambodia) Co., Ltd.	Cambodia	KHR200,000,000	100	100	Inactive
PT Funda Konstruksi Engineering ^{(4) (12)}	Indonesia	IDR50,000,000,000	51	-	Renewable Energy

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
Held by <u>ISDN (Jiangxi) Technologies Co., Ltd</u> ISDN Energy Storage Solutions Co Ltd ⁽²⁾	China	RMB4,500,000	80	80	Motion control solutions
Held by <u>AR Robotics and Automation Pte. Ltd.</u> AR Biotech Pte. Ltd. ⁽¹⁾	Singapore	S\$1	100	100	Inactive
Held by <u>LAA Energy HK Company Limited</u> PT LAA Energy ⁽⁴⁾	Indonesia	IDR140,100,000,000	95	95	Inactive
PT Munte Bumi Energi ⁽⁴⁾	Indonesia	IDR20,000,000,000	90	90	Inactive
Held by <u>Agri Source Pte. Ltd.</u> Agri Source Farms Sdn Bhd ⁽⁴⁾	Malaysia	MYR600,000	100	100	Inactive
Dietionary Farm Holding Pte. Ltd. ⁽¹⁾	Singapore	S\$1,200,000	100	100	Investment holding
Prima Infrastructure Sdn Bhd ⁽⁴⁾⁽⁵⁾	Malaysia	MYR500,000	49	49	Land holding
Held by <u>Dietionary Farm Holding Pte. Ltd.</u> Dietionary Farms Sdn Bhd ⁽⁴⁾	Malaysia	MYR350,000	100	100	Carrying out hydroponic growing with the application of our in-house motion control solutions
Held by <u>Singpilot Holding Pte. Ltd.</u> Singpilot Pte. Ltd. ⁽¹⁾⁽¹²⁾	Singapore	S\$4,250,000	51	-	Autonomous vehicle technologies, and the broader EV market

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
Held by <u>ISDN Energy Storage Solutions Co Ltd</u>					
ISDN Renewable Energy Co Ltd ^{(6) (9)}	China	RMB4,500,000	56	-	Renewable Energy
Held by <u>Aenergy Holdings Company Limited</u>					
PT Potensia Tomini Energi ⁽⁴⁾	Indonesia	IDR10,000,000,000	59.1	59.1	Inactive
PT Charma Paluta Energi ⁽⁴⁾	Indonesia	IDR3,600,000,000	53.7	53.7	Renewable Energy
PT SDM Bahagia Sejahtera ⁽⁴⁾	Indonesia	IDR20,000,000,000	67.1	67.1	Investment holding
PT Abantes Energi Indonesia ⁽⁴⁾	Indonesia	IDR20,000,000,000	59.1	59.1	Inactive
PT Simalem Bumi Energi ⁽⁴⁾	Indonesia	IDR20,000,000,000	59.1	59.1	Renewable Energy
PT Senina Hidro Energi ⁽⁴⁾	Indonesia	IDR20,000,000,000	59.1	59.1	Renewable Energy
PT Karo Bumi Energi ⁽⁴⁾	Indonesia	IDR20,000,000,000	59.1	59.1	Renewable Energy
PT Galang Hidro Energi ⁽⁴⁾	Indonesia	IDR20,000,000,000	59.1	59.1	Inactive
PT Alabama Energi ⁽⁴⁾	Indonesia	IDR5,000,000,000	53.7	53.7	Renewable Energy
PT Bukit Lau Energi ⁽⁴⁾	Indonesia	IDR20,000,000,000	67.1	67.1	Inactive
Held by <u>PT SDM Bahagia Sejahtera</u>					
PT Punggawa Datara Energi ⁽⁴⁾	Indonesia	IDR14,375,000,000	53.7	53.7	Inactive
Held by <u>ISDN Bantaeng Pte. Ltd.</u>					
PT ISDN Bantaeng Corporation	Indonesia	IDR14,623,000,000	85	85	Inactive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Registered/ issued and fully paid share capital*	Effective equity interest held by the Group		Principal activities
			2025 %	2024 %	
Held by <u>Dirak Asia Pte Ltd</u>					
Suzhou Dirak Co., Ltd ^{(3) (5) (7) (8)}	China	RMB10,000,000	49	49	Other specialised engineering solutions
Suzhou D Snap Technologies Co., Ltd ^{(3) (5) (7) (8)}	China	US\$1,750,000	49	49	Other specialised engineering solutions
Dirak Taiwan Co., Ltd ^{(2) (5) (7)}	Taiwan	TWD5,000,000	29.9	29.9	Other specialised engineering solutions
Zhuzhou Dirak Technology Co., Ltd ^{(2) (5) (7) (8)}	China	RMB1,000,000	49	49	Other specialised engineering solutions
Held by <u>Suzhou Dirak Co., Ltd</u>					
Beijing Dirak Co., Ltd ^{(3) (5) (7) (9)}	China	RMB500,000	31.9	31.9	Other specialised engineering solutions
Dirak (Tianjin) Group Co., Ltd ^{(3) (7) (9)}	China	RMB100,000	49	49	Other specialised engineering solutions
Held by <u>Leaptron Engineering Pte. Ltd.</u>					
PT Leaptron Engineering	Indonesia	IDR4,860,400,000	100	100	Inactive

*Registered paid-up capital as at 31 December 2025, disclosed in the local currency of respective subsidiary

- (1) Audited by Moore Stephens LLP Singapore
- (2) Audited or reviewed by Moore Stephens LLP Singapore for SFRS(I) consolidation purposes
- (3) Audited by member firms of Moore Global Network Limited in the respective countries
- (4) Audited by other firms of certified public accountants
- (5) Accounted as a subsidiary as the Group has control over the entity
- (6) Incorporated during the financial year
- (7) The other 1% ownership interest is held by the Managing Director and President of the Company
- (8) Wholly owned foreign enterprise registered under China law
- (9) Limited liability company registered under China law
- (10) Jointly owned foreign enterprise registered under China law
- (11) Sino-foreign joint venture
- (12) Acquired during the year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interests:

Name of subsidiary	Country of incorporation/ principal place of business	Proportion of ownership and voting rights held by NCI		Total comprehensive income/(loss) allocated to NCI		Accumulated NCI	
		2025	2024	2025	2024	2025	2024
		%	%	S\$'000	S\$'000	S\$'000	S\$'000
Dirak Asia subgroup	Singapore	51.0	51.0	1,597	887	13,217	11,986
Maxon Suzhou	China	50.0	50.0	4,154	3,302	4,866	3,898
Aenergy Holdings Company Limited subgroup (" Aenergy subgroup ")	Hong Kong	32.9	32.9	(867)	78	16,483	17,233
Individual immaterial subsidiaries with NCI				1,400	1,461	8,989	7,364
Total				6,284	5,728	43,555	40,481

Dirak Asia subgroup was established under the law of Singapore on 30 September 1997 with an approved registered capital of S\$554,000. Dirak Asia subgroup is principally engaged in the other specialised engineering solutions. Dirak Asia subgroup is 50% owned by Dirak Holding GmbH, 49% by MCG and 1% by Mr. Teo.

Maxon Suzhou was established under the laws of China on 4 September 1995 with an approved registered capital of US\$210,000. Maxon Suzhou is principally engaged in the provision of motion control solutions. Maxon Suzhou is 50% owned by Servo Singapore and 50% by Interelectric since September 2002.

Aenergy subgroup was established under the law of Hong Kong on 27 March 2013 with an approved registered capital of HK\$18,181. Aenergy subgroup is principally engaged in construction of hydropower plants. In 2020, a wholly-owned subsidiary, ISDN Investments had subscribed for 16,543 ordinary shares in the share capital of Aenergy. Following the completion of the subscription, ISDN Investments hold 31,476 ordinary shares in the share capital of Aenergy representing 67.1% of the total issued and paid-up capital of Aenergy. Aenergy subgroup is 67.1% owned by ISDN Investments, 23.2% by Robert Alexander Stone and 9.7% by SHS Holdings Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

The summarised financial information for the Dirak Asia subgroup, Maxon Suzhou and Aenergy subgroup are set out below. The summarised financial information below represents amounts before intergroup eliminations.

Summarised statement of financial position

	Dirak Asia subgroup		Maxon Suzhou		Aenergy subgroup	
	2025	2024	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current						
Assets	34,488	34,124	28,923	25,354	15,193	23,976
Liabilities	(12,445)	(14,613)	(19,288)	(17,809)	(75,943)	(40,046)
Net current assets/(liabilities)	22,043	19,511	9,635	7,545	(60,750)	(16,070)
Non-current						
Assets	5,139	5,142	504	751	142,684	102,793
Liabilities	(928)	(814)	(99)	(192)	(31,772)	(34,280)
Share based payment given by ISDN Holdings Limited	(338)	(338)	(308)	(308)	-	-
Net non-current assets	3,873	3,990	97	251	110,912	68,513
Net assets	25,916	23,501	9,732	7,796	50,162	52,443

Summarised statement of comprehensive income

	Dirak Asia subgroup		Maxon Suzhou		Aenergy subgroup	
	2025	2024	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	47,485	43,123	65,842	60,341	58,856	22,294
Profit/(Loss) before income tax	3,389	1,949	11,152	8,791	(2,637)	248
Income tax	(257)	(210)	(2,843)	(2,187)	(2)	(11)
Profit /(Loss) after tax and total comprehensive income/(loss)	3,132	1,739	8,309	6,604	(2,639)	237

Other summarised information

Cash flow generated from/(used in) operating activities	4,525	2,145	7,103	10,870	(4,509)	(3,149)
Dividends to NCI during the year	(216)	(91)	(3,129)	(5,011)	-	-
Acquisition of property, plant and equipment	(1,594)	(1,389)	(18)	(43)	(406)	(3)

Significant restrictions

The nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests are:

Cash and cash equivalents of S\$12,331,000 (2024: S\$9,197,000) held by Maxon Suzhou and Maxon Shanghai in China are subject to local exchange control regulations. These control regulations place restrictions on the amount of currency being exported other than through dividends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

(a) ISDN Jiangxi Management Co Ltd.

In 2025, the Company's direct wholly-owned subsidiary, ISDN Investments incorporated a wholly-owned subsidiary, ISDN Jiangxi Management with a total registered capital of US\$15.0 million (equivalent to S\$20.3 million). ISDN Jiangxi Management is wholly-owned by ISDN Investments and will be principally engaged in the business of management services and properties holding.

(b) Fuji Master (Penang) Sdn. Bhd.

In 2025, the Company's direct wholly-owned subsidiary, MCG made a further capital injection into its 75.5% effective-owned subsidiary, FM Penang, by increasing FM Penang's paid-up share capital from MYR455,000 to MYR975,000 (equivalent to approximately S\$138,000 to S\$297,000) through the subscribing for an additional 520,000 ordinary shares at the subscription price of MYR1 per share in the capital of FM Penang ("**Additional Subscription in FM Penang**"). Following the Additional Subscription in FM Penang, the Group's effective interest in FM Penang remains unchanged at 75.5%.

(c) Gateway Motion (Shanghai) Co., Ltd

In 2025, the Company's direct wholly-owned subsidiary, MCG capitalised a dividend payment of US\$290,000 (equivalent to S\$375,000) declared by its wholly-owned subsidiary, Gateway. Following the capitalisation of the dividend, the total paid-up share capital of Gateway increased from US\$210,000 (equivalent to S\$293,000) to US\$500,000 (equivalent to S\$668,000). Upon the completion of capitalisation, the Group's effective interest in Gateway remains unchanged at 100.0%.

(d) Suzhou Dirak Co., Ltd

In 2025, the Company's indirect 49.0%-owned subsidiary, Suzhou Dirak increased its registered share capital from US\$1,000,000 (equivalent to approximately RMB7,407,000) to RMB10,000,000. Suzhou Dirak is a wholly-owned subsidiary of Dirak Asia. Following the completion of the Increase in Share Capital, Dirak Asia capitalised a dividend payment of RMB8,262,000 (equivalent to approximately S\$1,485,000) declared by its wholly-owned subsidiary, Suzhou Dirak. Upon the capitalisation of the dividend payment, Suzhou Dirak's total paid-up share capital increased from RMB1,738,000 (equivalent to approximately S\$376,000) to RMB10,000,000 (equivalent to approximately S\$1,861,000). Following the completion of the Increase in Share Capital and the capitalisation of dividend payment, the Group's effective interest in Suzhou Dirak remains unchanged at 49.0%.

(e) ISDN (Zhejiang) Precision Technology Co., Ltd.

In 2025, the Company's indirect wholly-owned subsidiary, ISDN ZJ, effected a reduction in its registered share capital from US\$20,000,000 to US\$1,500,000. Following the Decrease in Share Capital, the Group's effective interest in ISDN ZJ remains unchanged at 100.0%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

(f) IDI Dynamics Pte. Ltd.

In 2025, the Company's indirect 70.0%-owned subsidiary, IDI Laser entered a joint venture with Accelerate to subscribe additional shares in the capital of IDI Dynamics. IDI Laser has agreed to subscribe for an additional 189,999 ordinary shares in IDI Dynamics (together with the existing 1 ordinary share held by IDI Laser, (representing 95.0% of the total issued shares capital of IDI Dynamics) for a total consideration of S\$189,999 and Accelerate agreed to subscribe for 10,000 ordinary shares in IDI Dynamics for a total consideration of S\$10,000. Following the Subscription, the Group's effective interest in IDI Dynamics is 66.5%.

(g) ISDN (Jiangxi) Technologies Co., Ltd

In 2025, the Company's indirect wholly-owned subsidiary, ISDN Jiangxi effected a reduction in its registered share capital from US\$20,000,000 to US\$5,000,000. Following the completion of the Decrease in Share Capital of ISDN Jiangxi, the Group's effective interest in ISDN Jiangxi remains unchanged at 100.0%.

(h) Weiyi M&E Equipment (Shanghai) Co., Ltd

In 2025, the Company's direct wholly-owned subsidiary, MCG entered into a Share Transfer Agreement with Shanghai Junkong Trading Co., Ltd. to acquire the remaining 49.0% shareholding in the share capital of Weiyi at a consideration price of RMB1. Following the completion of the Weiyi Acquisition, Weiyi became a wholly-owned subsidiary of MCG and an indirect wholly-owned subsidiary of the Company.

(i) ISDN Precision System Co Ltd

In 2025, the Company's direct wholly-owned subsidiary, MCG further financed the working capital of its 70.0%-owned subsidiary, ISDN Taiwan by increasing its capital injection from TWD14,000,000 to TWD28,000,000 (equivalent to approximately S\$572,000 to S\$1,152,000) by subscription for an additional 1,400,000 ordinary shares at the subscription price of TWD10 per share in the capital of ISDN Taiwan. Following the Further Investment in ISDN Taiwan, MCG holds a total of 2,800,000 ordinary shares at TWD10 per share in the capital of ISDN Taiwan, the Group's effective interest in ISDN Taiwan remains unchanged at 70.0%.

(j) ISDN Renewable Energy Co Ltd

In 2025, the Company's indirect 80.0%-owned subsidiary, ISDN Solutions incorporated a 70.0%-owned subsidiary namely, ISDN Renewable in China. Upon the Incorporation, the total registered capital is RMB16,000,000 (equivalent to approximately S\$2,930,000). ISDN Renewable is principally engaged in the business of providing technical services, technology development and consulting, technology transfer and technology promotion, and research and development of new energy technologies. Following the Incorporation, ISDN Solutions make a capital injection of RMB3,500,000 (equivalent to approximately S\$641,000) in ISDN Renewable for working capital purposes. Following the ISDN Renewable Capital Injection and a separate capital injection of RMB1,000,000 (equivalent to S\$183,000) by a NCI, the paid-up capital of ISDN Renewable is RMB4,500,000 (equivalent to approximately S\$824,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

(k) ISDN Energy Storage Solutions Co Ltd

In 2025, the Company's indirect wholly-owned subsidiary, ISDN Jiangxi made a capital injection of RMB3,500,000 (equivalent to approximately S\$641,000) to its 80.0%-owned subsidiary, ISDN Solutions. Following the ISDN Solution Capital Injection, the paid-up capital of ISDN Solutions increased from RMB1,000,000 to RMB4,500,000 (equivalent to approximately S\$187,000 to S\$828,000). Upon the completion of the ISDN Solution Capital Injection, the Group's effective interest in ISDN Solutions remains unchanged at 80.0%.

(l) Acquisition of subsidiaries

PT Funda Konstruksi Engineering

On 13 August 2025, the Company's indirect wholly-owned subsidiary, ISDN Energy acquired an aggregate amount of 25,500 common shares from three individual shareholders of PT Funda, comprising 250 shares from Zhang Jitao, 10,500 shares from Chen Dong, and 14,750 shares from Wu Lei. The consideration for the 25,500 common shares is IDR25,500,000,000 (equivalent to S\$1,962,000). Following the Acquisition from the PT Funda Shareholders, ISDN Energy hold 25,500 common shares in PT Funda and its effective shareholding in PT Funda is 51.0%. PT Funda is principally engaged in the construction and installation of electrical power installations, power generation, and hydroelectric power plants.

IFME Works Pte. Ltd.

On 15 May 2025, the Company's direct wholly-owned subsidiary, MCG acquired 79,102 ordinary shares in IFME Works, representing 51.0% of the entire issued and paid up capital at a consideration of S\$2,502,000. Following the Acquisition, IFME Works became a subsidiary of MCG and the Group with an effective interest of 51.0%.

Singpilot Holding Pte. Ltd.

On 3 September 2025, the Company's indirect wholly-owned subsidiary, ISDN Advanced acquired 51.0% of the share capital of Singpilot Holding for a purchase consideration of S\$300,000. Singpilot Holding owns 100% of Singpilot. Following the completion of the Singpilot Acquisition, ISDN Advanced holds 10,409 ordinary shares in the share capital of Singpilot Holding, representing 51.0% of its total issued and paid-up capital. As a result, the Group has an effective interest of 51.0% in both Singpilot Holding and Singpilot. Subsequently, ISDN Advanced changed its company name to ISDN Green Energy Pte. Ltd. on 3 October 2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

(I) Acquisition of subsidiaries (cont'd)

Assets acquired and liabilities at the date of acquisition

The fair value of the identifiable assets and liabilities of the acquired subsidiaries as at the acquisition date are as follows:

	IFME Works S\$'000	PT Funda S\$'000	Singpilot Holding S\$'000	Total S\$'000
Cash and bank balances	563	967	114	1,644
Trade and other receivables	588	7,440	72	8,100
Property, plant and equipment	63	1,597	-	1,660
Trade and other payables	(187)	(6,428)	(518)	(7,133)
Lease liabilities	(30)	-	-	(30)
Bank borrowings	-	-	(431)	(431)
Total identifiable net assets/(liabilities) at fair value	997	3,576	(763)	3,810
Non-controlling interests	(488)	(1,753)	374	(1,867)
Fair value of identifiable net assets/(liabilities) acquired	509	1,823	(389)	1,943
<u>Consideration</u>				
Consideration transferred	2,502	1,962	300	4,764
Less: fair value of identifiable net (assets)/liabilities acquired	(509)	(1,823)	389	(1,943)
Goodwill arising on acquisition (Note 15)	1,993	139	689	2,821
<u>Net cash outflow/(inflow) arising from acquisition of subsidiaries</u>				
Consideration transferred	2,502	-	300	2,802
Cash and cash equivalents acquired	(563)	(967)	(114)	(1,644)
Net cash outflow/(inflow) from acquisition of subsidiaries	1,939	(967)	186	1,158

As at 31 December 2025, the consideration transferred for the acquisition of PT Funda remains unpaid.

Goodwill arising on acquisition

Goodwill arose in the acquisition of IFME Works, PT Funda and Singpilot Holding because the consideration for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Subsidiaries (cont'd)

(I) Acquisition of subsidiaries (cont'd)

Impact of acquisitions on the results of the Group

Included in the profit for the year is S\$351,000 attributable to the additional business generated by PT Funda, losses of S\$2,000 and S\$113,000 attributable to IFME Works and Singpilot Holding respectively. Revenue for the year includes S\$981,000 in respect of IFME Works, nil in respect of PT Funda and S\$10,000 in respect of Singpilot Holding.

Had these business combinations been effected at 1 January 2025, the revenue of the Group would have been S\$441.5 million, and the profit for the year would have been S\$13.9 million. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

17 Associates

	Group	
	2025	2024
	S\$'000	S\$'000
Unquoted equity shares, at cost	3,407	3,392
Share of post-acquisition profits	6,122	6,391
Dividends received	(2,414)	(2,345)
Translation adjustment	22	24
	<u>7,137</u>	<u>7,462</u>
Allowance for impairment loss on investment in associates	(716)	(716)
Loans to associates	57	57
Allowance for impairment on loan to associates	(57)	(57)
	<u><u>6,421</u></u>	<u><u>6,746</u></u>

All of the above associates are accounted for using the equity method in these consolidated financial statements.

As at 31 December 2025, investment in associates includes goodwill of S\$2,158,000 (2024: S\$2,158,000).

During the financial year, the Group recognised dividend income of S\$69,000 (2024: S\$47,000) from its investments in associates. The dividend of S\$69,000 (2024: S\$47,000) has been received in cash.

Loans to associates represent quasi-equity loans, which form part of the Group's net investment in the associates. These loans to associates are unsecured and interest-free, and the settlement is neither planned nor likely to be settled in the foreseeable future. As the loans are, in substance, a part of the Group's net investment in the associate, they are accordingly stated at cost.

There were no movements in the allowance for impairment loss on investment in associates and allowance for impairment on loan to associates during the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Associates (cont'd)

Assessment of impairment

As at 31 December 2025, management carried out an impairment assessment on the Group's investment in associates. Based on management's judgement, no additional allowance for impairment loss was recognised on the investment in an associate (2024: nil). The allowance for impairment loss represented the full write-down of the underlying investment in an associate as the recoverability of the investment is uncertain due to the significant decline in the financial performance and/or financial position of the relevant associate.

Associates which are individually material

The summarised financial information in respect of the Group's material associates, not adjusted for the percentage of equity interest held by the Group is set out below.

(a) JM Vistec System Pte. Ltd. and its subsidiaries ("JM Vistec subgroup")

	JM Vistec subgroup	
	2025	2024
	S\$'000	S\$'000
Current assets	7,343	8,076
Non-current assets	1,051	806
Current liabilities	(5,470)	(4,603)
Non-current liabilities	(1,302)	(1,099)
Revenue	11,806	10,795
Loss for the year	(1,277)	(961)
Total comprehensive loss	(1,277)	(961)

Reconciliation of the above summarised financial information to the carrying amount of the interest in JM Vistec subgroup recognised in the consolidated financial statements:

	2025	2024
	S\$'000	S\$'000
Net assets of JM Vistec subgroup	1,622	3,180
Proportion of the Group's ownership	40%	40%
Share of net assets of the Group's interest in JM Vistec subgroup	649	1,272
Goodwill	29	29
Carrying amount of the Group's interest in JM Vistec subgroup	678	1,301

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Associates (cont'd)

Associates which are individually material (cont'd)

(b) Prestech Industrial Automation Pte. Ltd. ("Prestech")

	Prestech	
	2025	2024
	S\$'000	S\$'000
Current assets	4,612	3,909
Non-current assets	4,363	4,497
Current liabilities	(649)	(505)
Non-current liabilities	(68)	(5)
Revenue	4,242	3,895
Profit for the year	546	460
Total comprehensive income	546	460

Reconciliation of the above summarised financial information to the carrying amount of the interest in Prestech recognised in the consolidated financial statements:

	2025	2024
	S\$'000	S\$'000
Net assets of Prestech	8,258	7,896
Proportion of the Group's ownership	37.5%	37.5%
Share of net assets of the Group's interest in Prestech	3,097	2,961
Goodwill	41	41
Carrying amount of the Group's interest in Prestech	3,138	3,002

(c) Fuji Master Engineering Sdn. Bhd. ("Fuji Master")

	Fuji Master	
	2025	2024
	S\$'000	S\$'000
Current assets	4,064	2,474
Non-current assets	2,955	2,862
Current liabilities	(2,784)	(1,288)
Non-current liabilities	(2,929)	(2,921)
Revenue	3,838	3,739
Profit for the year	62	787
Total comprehensive income	62	787

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Associates (cont'd)

Associates which are individually material (cont'd)

(c) Fuji Master Engineering Sdn. Bhd. ("**Fuji Master**") (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Fuji Master recognised in the consolidated financial statements:

	2025	2024
	S\$'000	S\$'000
Net assets of Fuji Master	1,306	1,127
Proportion of the Group's ownership	30%	30%
Share of net assets of the Group's interest in Fuji Master	392	338
Goodwill	1,913	1,913
Carrying amount of the Group's interest in Fuji Master	<u>2,305</u>	<u>2,251</u>

(d) The summarised financial information of the associates that are individually not material, and not adjusted for the percentage of equity interest held by the Group, is as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
Assets and Liabilities:		
- total assets	107	138
- total liabilities	(152)	(198)
Results:		
- revenue	181	117
- loss for the year	(33)	(62)
- other comprehensive loss	(33)	(62)
Goodwill	<u>175</u>	<u>175</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Associates (cont'd)

The activities of the associates are strategic to the Group's activities. The associates of the Group as at the statement of financial position date are set out below:

Name	Country of incorporation/ principal place of business	Effective equity interest held by the Group		Principal activities
		2025 %	2024 %	
Held by <u>Motion Control Group Pte. Ltd.</u>				
DKM South Asia Pte Ltd ⁽²⁾	Singapore	35	35	Motion control solutions
Precision Motion Control Philippines Inc. ⁽²⁾	Philippines	40	40	Motion control solutions
Prestech Industrial Automation Pte. Ltd. ⁽²⁾	Singapore	37.5	37.5	Motion control solutions
JM Vistec System Pte. Ltd. ⁽²⁾	Singapore	40	40	Other specialised engineering solutions
Fuji Master Engineering Sdn. Bhd. ⁽²⁾	Malaysia	30	30	Motion control solutions
Centronics Automation Technology Pte. Ltd. ⁽²⁾	Singapore	30	30	Motion control solutions
Held by <u>JM Vistec System Pte. Ltd.</u>				
JM Vistec (Suzhou) Co., Ltd ⁽²⁾	China	40	40	Other specialised engineering solutions
JM Vision Technologies Co., Ltd ⁽²⁾	Taiwan	40	40	Other specialised engineering solutions
JM Vistec System (Thailand) Co., Ltd ⁽²⁾	Thailand	19.6	19.6	Other specialised engineering solutions
SofKore GmbH ^{(2) (3)}	Germany	40	40	Other specialised engineering solutions
Elementary Optomation (S) Pte. Ltd. ⁽²⁾	Singapore	40	40	Other specialised engineering solutions
Elementary Optomation (Suzhou) Co., Ltd. ⁽²⁾	China	40	40	Other specialised engineering solutions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Associates (cont'd)

The activities of the associates are strategic to the Group's activities. The associates of the Group as at the statement of financial position date are set out below: (cont'd)

Name	Country of incorporation/ principal place of business	Effective equity interest held by the Group		Principal activities
		2025	2024	
		%	%	
Held by <u>ISDN Resource Pte. Ltd.</u>				
PT Leaptron Armadatrans International ⁽²⁾	Indonesia	49	49	Inactive
Held by <u>Servo Dynamics Pte Ltd</u>				
Dafang AI Pte. Ltd. ^{(1) (4)}	Singapore	30	-	Other specialised engineering solutions

⁽¹⁾ Audited by Moore Stephens LLP Singapore

⁽²⁾ Audited by other firms of certified public accountants for statutory purposes

⁽³⁾ In the process of striking off

⁽⁴⁾ Acquired during the year

(a) Dafang AI Pte. Ltd.

In 2025, the Company's wholly-owned subsidiary, Servo Singapore invested 15,000 ordinary shares, representing 30.0% of the issued share capital of Dafang AI for a total consideration of S\$15,000. Following the completion of the Investment in Dafang AI, the Group's effective interest in Dafang AI is 30.0%, which is accordingly accounted for as an associate of the Company. The principal activities of Dafang AI are (i) engineering design and consultancy activities N.E.C.; and (ii) renting of other machinery, equipment and tangible goods N.E.C.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18 Inventories

	Group	
	2025	2024
	S\$'000	S\$'000
Components parts	61,903	62,665
Finished goods	13,126	11,013
Work-in-progress	2,550	4,319
Goods-in-transit (finished goods)	1,201	879
Total inventories at cost	<u>78,780</u>	<u>78,876</u>
Less: Allowance for inventories obsolescence	(13,181)	(11,465)
Total inventories at the lower of cost and net realisable value	<u>65,599</u>	<u>67,411</u>
Cost of inventories sold recognised as cost of sales in the consolidated statement of comprehensive income	<u>328,223</u>	<u>265,542</u>

Movements in the allowance for inventories obsolescence as below:

	Group	
	2025	2024
	S\$'000	S\$'000
Balance at the beginning of the year	11,465	9,881
Add: Allowance for inventories obsolescence	2,409	1,494
Less: Write back of allowance for inventories obsolescence	(74)	-
Less: Allowance for inventories obsolescence written off	(526)	-
Translation adjustment	(93)	90
Balance at the end of the year	<u>13,181</u>	<u>11,465</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Trade and Other Receivables and Contract Assets

	Group		Company	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
<u>Non-current:</u>				
Service concession receivables (Note 29)	123,930	81,654	-	-
<u>Current:</u>				
Service concession receivables (Note 29)	2,993	2,993	-	-
<u>Current:</u>				
Trade receivables, net of impairment (a):				
- note receivables (b)	15,376	19,443	-	-
- trade receivables	70,725	69,160	-	-
- associates	81	126	-	-
- related parties	4,928	5,069	-	-
	91,110	93,798	-	-
<u>Other receivables, net of impairment:</u>				
Advances to associates (c)	89	55	3	3
Advances to related parties(c)	187	126	-	-
Deposits	1,076	719	1	1
Loans to associates (d)	226	27	-	-
Sundry debtors	3,058	4,879	704	700
Amounts owing from NCI (e)	3,440	1,695	-	-
	8,076	7,501	708	704
Contract assets (Note 5)	-	453	-	-
Advances paid to suppliers	5,719	14,624	-	-
Prepayments	3,494	3,079	122	62
	108,399	119,455	830	766

- (a) Trade receivables are non-interest bearing and are usually due within 30 – 90 days (2024: 30 - 90 days) term.
- (b) The note receivables from banks mature at varying dates within the next twelve months from the end of the reporting period.
- (c) The advances to associates and related parties are non-trade, unsecured, interest-free, and are repayable on demand in cash.
- (d) The loans to associates are unsecured, interest-free, and repayable on demand.
- (e) Amounts owing from NCI is non-trade, interest-free and repayable on demand in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Trade and Other Receivables and Contract Assets (cont'd)

(f) The aging analysis of trade receivables of the Group based on invoice date is as follows:

	Group	
	2025 S\$'000	2024 S\$'000
Within 30 days	36,593	40,337
31 - 90 days	32,664	29,197
Over 90 days	21,853	24,264
	91,110	93,798

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL as disclosed in the accounting policy Note 3(j)(ii). The Group's exposure to credit risks, and allowance for impairment loss on trade receivables (and other receivables), are disclosed in Note 34(a).

20 Other Financial Assets

	Group	
	2025 S\$'000	2024 S\$'000
Equity investment measured at fair value through other comprehensive income		
-Unquoted equity share		
At 1 January	555	900
Fair value loss recognised on financial asset at fair value through other comprehensive income	(555)	(345)
At 31 December	-	555

The investment in an unquoted equity share represents a 10% equity interest in Cotrust System Co., Ltd., a company involved in the development of the lithiumion power battery system and the energy storage system.

As per the Group's investment policy, the investment in equity instrument is not held for trading. Instead, it is held mainly for long-term strategic purposes. Accordingly, this investment is designated at FVOCI as management believes that recognising short-term fluctuations in the investment's FVPL would not be consistent with the Group's strategy of holding this investment for long-term purposes.

In the opinion of management, the investment in an unquoted equity security approximates its fair value as at 31 December 2025. Information of the fair value measurement is disclosed in Note 34(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21 Cash and Bank Balances

	Group		Company	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Cash and bank balances	65,179	53,709	286	378
Fixed deposits	2,943	2,810	-	600
	68,122	56,519	286	978
Effective interest rate per annum	0.01% to 2.1%	0.1% to 4.5%	0.2%	4.5%

The fixed deposits have a maturity period of 1 to 3 months (2024: 1 to 3 months) which are not held for investment purposes but are placed to have better yield returns than cash at banks. These fixed deposits are readily convertible to cash to meet the Group and the Company's cash commitments in the short term, if required.

For the purpose of presentation in the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised the following:

	Group	
	2025 S\$'000	2024 S\$'000
Cash and bank balances and fixed deposits	68,122	56,519
Less: fixed deposits pledged	-	(390)
Cash and cash equivalents	68,122	56,129

Included in the fixed deposits pledged is an amount of approximately nil (2024: S\$390,000) for banker's performance guarantee issue to the Grantor in relation to one of the service concession arrangements disclosed in Note 29.

As at 31 December 2025, cash and cash equivalents denominated in Chinese Renminbi amounted to approximately S\$31,908,000 (2024: S\$25,785,000). The Chinese Renminbi is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Chinese Renminbi for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 Share Capital

	Group and Company			
	2025		2024	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and fully paid:				
At 1 January	448,590,125	85,467	446,000,209	84,755
Shares issued in lieu of cash for dividend	4,811,915	1,366	2,589,916	712
At 31 December	453,402,040	86,833	448,590,125	85,467

Shares do not have any par value. The holders of shares are entitled to receive dividends as and when declared by the Company. All shares carry one vote per share without restrictions and rank equally with respect to the Company's residual assets.

On 22 August 2025, the Company issued 4,811,915 New Shares under the Company's Scrip Dividend Scheme at an issue price of S\$0.284 (for Singapore Shareholders) and HK\$1.744 (for Hong Kong Shareholders).

Following the allotment and issuance of New Shares, the number of ordinary shares as at 31 December 2025 is 453,402,040 (31 December 2024: 448,590,125). No treasury shares were held as at 31 December 2025 (31 December 2024: nil). The number of shares held as subsidiary holdings as at 31 December 2025 is nil (31 December 2024: nil).

As at 31 December 2025 till the date of this statement, the Company does not have any existing warrants or convertibles (31 December 2024: nil).

There were no sales, transfer, disposal, cancellation and/or use of treasury shares during the current financial year reported on.

23 Reserves

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Merger reserve (a)	(436)	(436)	-	-
Exchange translation reserve (b)	(11,260)	(9,181)	-	-
Other reserves (c)	5,778	6,175	(178)	(178)
Retained earnings	128,993	124,706	53,216	44,490
	123,075	121,264	53,038	44,312

Movements in reserves for the Group are set out in the consolidated statement of changes in equity.

- (a) The merger reserve arose from the difference between the nominal value of shares issued by the Company and the nominal value of shares of the subsidiaries acquired under the pooling-of-interest method of consolidation in 2005.
- (b) The exchange translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of Group entities whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

23 Reserves (cont'd)

(c) Other reserves comprise of statutory reserve fund[#] and fair value reserve.

	Group	
	2025 S\$'000	2024 S\$'000
At 1 January	6,175	6,495
Transfer to other reserves	426	51
Net fair value changes on cash flow hedge	9	(26)
Fair value loss recognised on financial asset at fair value through other comprehensive income	(555)	(345)
Acquisition of NCI without a change in controlling subsidiary	(277)	-
At 31 December	5,778	6,175

[#] In accordance with the relevant laws and regulations of China, the subsidiaries of the Group in China should set aside a statutory reserve fund by way of appropriation of 10% of their profit after tax as reported in China statutory financial statements each year.

The statutory reserve fund may be used to offset any accumulated losses or increase the registered capital of the subsidiaries, subject to approval from the relevant China authorities. The appropriation of the cumulative total of the statutory reserve fund is capped at 50% of the subsidiary's registered capital. The statutory reserve is not available for dividend distribution to shareholders.

24 Bank Borrowings

	Group	
	2025 S\$'000	2024 S\$'000
Non-current liabilities		
Secured bank loans	41,804	46,749
Unsecured bank loans	2,227	2,135
	44,031	48,884
Current liabilities		
Secured bank loans	8,441	10,376
Unsecured bank loans	20,606	6,865
Unsecured trust receipts (a)	3,578	3,986
	32,625	21,227
Total interest-bearing liabilities	76,656	70,111
Repayable:		
- not later than one year	32,625	21,227
- later than one year but not later than two years	12,521	17,368
- later than two years but not later than five years	27,835	29,607
- more than five years	3,675	1,909
	76,656	70,111

(a) The payment terms of trust receipt in the supplier financing arrangement is 180 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Bank Borrowings (cont'd)

Terms and conditions of the outstanding bank borrowings are as follows:

Group	Currency	Nominal interest rate	Year of maturity	Group	
				2025 S\$'000	2024 S\$'000
Secured bank loan	USD	COF+3.00%	2025	-	3,350
Secured bank loan	USD	SOFR+3.00%	2028	8,492	12,241
Secured bank loan	USD	SOFR+2.00%	2028	19,809	23,571
Secured bank loan	SGD	Fixed rate 2.65%	2026	324	1,615
Secured bank loan	SGD	SORA+0.20%	2032	2,505	2,803
Secured bank loan	SGD	SORA+0.65%	2025	-	335
Secured bank loan	SGD	SORA+3.00%	2028	1,824	2,448
Secured bank loan	MYR	COF+4.70%	2027	104	147
Secured bank loan	RMB	LPR+0.53%	2026	1,834	1,860
Secured bank loan	RMB	LPR+0.20%	2027	367	930
Secured bank loan	RMB	LPR+0.30%	2033	2,935	7,825
Secured bank loan	RMB	LPR-0.55%	2034	3,852	-
Secured bank loan	IDR	IndoNIA+2.90%	2030	8,201	-
Unsecured bank loan	USD	SOFR+2.20%	2026	713	507
Unsecured bank loan	USD	SOFR+3.50%	2026	12,964	1,458
Unsecured bank loan	RMB	Fixed rate 3.20%	2025	-	930
Unsecured bank loan	RMB	LPR-0.55%	2027	1,834	1,860
Unsecured bank loan	RMB	Fixed rate 3.10%	2026	1,467	-
Unsecured bank loan	SGD	COF+1.50%	2026	2,000	1,800
Unsecured bank loan	SGD	SORA+1.80%	2026	2,990	1,950
Unsecured bank loan	SGD	Fixed rate 4.25%	2025	-	106
Unsecured bank loan	SGD	Fixed rate 3.00%	2025	-	62
Unsecured bank loan	SGD	Fixed rate 7.75%	2028	229	212
Unsecured bank loan	SGD	Fixed rate 9.88%	2030	31	-
Unsecured bank loan	SGD	Fixed rate 7.75%	2029	298	-
Unsecured bank loan	VND	BLR+3.00%	2026	305	115
Trust receipt 1	SGD	COF+1.15%	2026	305	525
Trust receipt 2	JPY	COF+1.15%	2026	260	-
Trust receipt 3	EURO	EURIBOR+1.15%	2026	244	199
Trust receipt 4	USD	SOFR+1.15%	2026	1,356	946
Trust receipt 5	USD	BLR+3.00%	2026	757	734
Trust receipt 6	SGD	COF+1.25%	2025	-	1,582
Trust receipt 7	MYR	COF+1.50%	2026	276	-
Trust receipt 8	SGD	COF+1.75%	2026	380	-
Total interest-bearing liabilities				76,656	70,111

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Bank Borrowings (cont'd)

Certain of the bank loans of the Group are secured over leasehold properties (Note 12), land use rights (Note 14) and corporate guarantees provided by the Company and other subsidiaries as well as personal guarantee by the directors of the subsidiaries.

The weighted average effective interest rate of the Group's bank borrowings is 4.95% (2024: 5.04%) per annum.

The reconciliation of movement of liabilities to cash flows arising from financing activities is presented below.

	Non-Cash changes			Cash flows		31 December S\$'000
	1 January S\$'000	Additions S\$'000	Others S\$'000	Proceeds S\$'000	Repayments S\$'000	
Group						
<u>2025</u>						
Bank borrowings	66,125	-	431	28,403	(21,881)	73,078
Trust receipts	3,986	10,758	-	-	(11,166)	3,578
	<u>70,111</u>	<u>10,758</u>	<u>431</u>	<u>28,403</u>	<u>(33,047)</u>	<u>76,656</u>
<u>2024</u>						
Bank borrowings	73,177	-	317	9,344	(16,713)	66,125
Trust receipts	2,507	15,392	-	-	(13,913)	3,986
	<u>75,684</u>	<u>15,392</u>	<u>317</u>	<u>9,344</u>	<u>(30,626)</u>	<u>70,111</u>

25 Leases Liabilities

	Group		Company	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Non-current liabilities				
- lease liabilities (secured)	80	22	-	-
- lease liabilities (unsecured)	5,324	5,893	571	595
	<u>5,404</u>	<u>5,915</u>	<u>571</u>	<u>595</u>
Current liabilities				
- lease liabilities (secured)	146	140	-	-
- lease liabilities (unsecured)	1,857	1,746	24	23
	<u>2,003</u>	<u>1,886</u>	<u>24</u>	<u>23</u>
Total interest-bearing liabilities	<u>7,407</u>	<u>7,801</u>	<u>595</u>	<u>618</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

25 Leases Liabilities (cont'd)

Group as Lessee

(a) Nature of the Group's leasing activities

The Group has lease contracts for leasehold properties (including warehouse and office premises), motor vehicles and plant and equipment. The Group's obligations under these leases are secured by the lessor's title to the leased assets.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(b) Carrying amount of right-of-use assets classified within property, plant and equipment

	Group		
	Leasehold Properties	Motor Vehicles and Plant and Equipment	Total
	S\$'000	S\$'000	S\$'000
<u>2025</u>			
At 1 January	7,515	568	8,083
Additions	2,366	553	2,919
Depreciation	(2,552)	(70)	(2,622)
Write off	(215)	-	(215)
Translation	(117)	16	(101)
At 31 December	<u>6,997</u>	<u>1,067</u>	<u>8,064</u>
<u>2024</u>			
At 1 January	6,135	405	6,540
Additions	3,933	248	4,181
Depreciation	(2,334)	(138)	(2,472)
Write off	(214)	-	(214)
Translation	(5)	53	48
At 31 December	<u>7,515</u>	<u>568</u>	<u>8,083</u>
		Company	
		Leasehold Properties	
		2025	2024
		S\$'000	S\$'000
At 1 January		580	611
Depreciation		(33)	(31)
At 31 December		<u>547</u>	<u>580</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

25 Leases Liabilities (cont'd)

Group as Lessee (cont'd)

(c) Lease liabilities

A reconciliation of lease liabilities arising from financing activities is as follows:

	1 January S\$'000	Additions S\$'000	Cash flows S\$'000	Non-cash changes		31 December S\$'000
				Termination of leases S\$'000	Accretion of interest S\$'000	
Group						
<u>2025</u>						
Lease liabilities	7,801	2,861	(3,273)	(235)	253	7,407
<u>2024</u>						
Lease liabilities	6,403	4,212	(2,832)	(243)	261	7,801

	1 January S\$'000	Cash flows S\$'000	Non-cash changes		31 December S\$'000
			Accretion of interest S\$'000		
Company					
<u>2025</u>					
Lease liabilities	618	(51)	28		595
<u>2024</u>					
Lease liabilities	640	(51)	29		618

The maturity analysis of lease liabilities is disclosed in Note 34(a).

(d) Amounts recognised in profit or loss

	Group		Company	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Depreciation	2,622	2,472	33	31
Short-term lease and low value leases	290	73	-	-
Interest expense on lease liabilities	253	261	28	29
Total amount recognised in profit or loss	3,165	2,806	61	60

(e) Total cash outflow

The Group and the Company have total cash outflows for leases of S\$3,273,000 and S\$51,000 (2024: S\$2,832,000 and S\$51,000) respectively in FY2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26 Deferred Taxation

	Group	
	2025 S\$'000	2024 S\$'000
Deferred tax assets		
- to be recovered after one year	379	381
Deferred tax liabilities		
- to be settled after one year	(531)	(588)
	Recognised	Translation
	in profit	adjustment
	or loss	31 December
	S\$'000	S\$'000
Group	1 January	31 December
2025	S\$'000	S\$'000
<u>Deferred tax assets</u>		
Provisions	309	35
Property, plant and equipment (including right-of-use assets)	(161)	125
Lease liabilities	233	(159)
	381	1
	(11)	(3)
	333	379
<u>Deferred tax liabilities</u>		
Withholding tax on distributable earnings	(541)	34
Others	(47)	23
	(588)	57
	-	-
	(507)	(24)
	(588)	(531)
2024		
<u>Deferred tax assets</u>		
Provisions	281	26
Property, plant and equipment (including right-of-use assets)	-	(161)
Lease liabilities	-	233
	281	98
	2	2
	309	381
<u>Deferred tax liabilities</u>		
Withholding tax on distributable earnings	(541)	-
Others	(27)	(21)
	(568)	(21)
	-	1
	(541)	(47)
	(568)	(588)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

27 Trade and Other Payables

	Group		Company	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Trade payables (a):				
- trade payables	39,638	32,703	-	-
- associates	37	119	-	-
- related parties	6,331	9,644	-	-
	46,006	42,466	-	-
Accrued operating expenses (b)	2,742	2,170	122	417
Accrued salaries and bonuses	9,913	8,915	2,539	1,385
Amount owing to NCI (c)	11,549	11,265	-	-
Amount owing to subsidiaries (d)	-	-	1,255	4,114
Other payables (e)	33,044	9,893	118	137
	103,254	74,709	4,034	6,053

- (a) Trade payables are non-interest bearing and are usually settled within 30 - 90 days (2024: 30 - 90 days) term.
- (b) Included in accrued operating expenses of the Group was an amount of S\$89,000 (2024: S\$153,000) being interest payable on bank borrowings.
- (c) The amounts owing to NCI are non-trade, unsecured, interest-free and repayable on demand in cash except for amounts owing to NCI of S\$8,274,000 (2024: S\$8,558,000), which bear interest of 7.3% (2024: 8.6%) per annum.
- (d) The amounts owing to subsidiaries are non-trade, unsecured, interest-free, and repayable on demand in cash.
- (e) Included in other payables of the Group was an amount of S\$4,613,000 (2024: S\$3,386,000) being dividend payable to non-controlling interests and construction cost payables of S\$24,806,000 (2024: S\$2,564,000) in relation to hydropower plants.
- (f) The aging analysis of trade payables of the Group based on invoice date is as follows:

	Group	
	2025 S\$'000	2024 S\$'000
Within 30 days	25,745	26,613
31 - 90 days	13,715	11,490
Over 90 days	6,546	4,363
	46,006	42,466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Dividends

	Group and Company	
	2025	2024
	S\$'000	S\$'000
Tax-exempt (one-tier) final dividend of 0.47 Singapore cents (2024: 0.28 Singapore cents) per share paid in respect of FY2024	2,068	1,251

On 22 August 2025, a final dividend of 0.47 Singapore cents per ordinary share, which included scrip dividend alternatives offered to the shareholders of the Company (the “Shareholders”) was paid to the shareholders as the final dividend in respect of FY2024.

On 24 August 2024, a final dividend of 0.28 Singapore cents per ordinary share was paid to the Shareholders as the final dividend in respect of FY2023.

The scrip dividend alternatives were accepted by the shareholders as follows:

	Group and Company	
	2025	2024
	S\$'000	S\$'000
Dividends:		
Cash	702	539
Scrip dividend	1,366	712
	2,068	1,251

The Board of Directors of the Company recommends the payment of a tax-exempt (one-tier) final dividend of 0.53 Singapore cents (equivalent to 3.28 Hong Kong cents) per share in respect of FY2025 to be approved by the Shareholders of the Company at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders’ equity as an appropriation of retained earnings in FY2025, subject to the shareholders’ approval at the Company’s forthcoming Annual General Meeting.

Tax consequences of proposed dividends

The above-mentioned proposed dividends to the shareholders by the Company have no income tax consequences (2024: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

29 Service Concession Arrangements

The Group has a 67.1% interest in Aenergy subgroup, which is primarily involved in developing mini-hydropower plant projects in Indonesia. Aenergy, through its subsidiaries, entered into four long term service concession arrangements with PT PLN (Persero) (the “Grantor”), an Indonesia government-owned corporation to build and operate four mini-hydropower plants, namely PLTM Anggoci, PLTM Kandibata I (“Lau Biang 1”), PLTM Kandibata II (“Lau Biang 2”) and PLTM Kinepen (“Lau Biang 3”) (collectively the “Power Plants”) in North Sumatra Province, Indonesia.

Pursuant to the service concession arrangements, the Group has to develop (build, operate and transfer (“BOT”)), including designing, planning, engineering, financing and constructing, testing and commissioning of, the Power Plants. The concession period is 25 years from the commercial operation date. The Group will be responsible for any maintenance services required during the concession period. Under the terms of the agreement, the Group agreed to distribute and sell all electricity produced by the Power Plants to the Grantor and the Grantor agreed to buy all the electricity generated by the Power Plants at the purchase prices determined in the relevant power purchase agreements. At the end of the concession period, the Power Plants become the property of the Grantor and the Group will have no further involvement in its operations or maintenance requirements.

The service concession agreements do not contain a renewal option. The rights of the Grantor to terminate the agreement include failure to perform any material obligation under the arrangement by the Group and in the event of a material breach in the terms of the agreement. The rights of the Group to terminate the agreement include failure of the Grantor to make payments under the agreement, a material breach in the terms of the agreement, and any changes in law that would render it impossible for the Group to fulfil its obligations/requirements under the agreement.

Lau Biang 1 has commercialised on 31 December 2022 whereas PLTM Anggoci has commercialised on 15 June 2023.

	Group	
	2025	2024
	S\$'000	S\$'000
Contract cost incurred plus recognised profit less anticipated losses		
As at 1 January	84,647	73,496
Arising during the year	49,332	12,007
Derecognised upon invoicing	(2,928)	(3,070)
Foreign exchange gain	2,933	3,079
Translation adjustment	(7,061)	(865)
Net contract work as at 31 December	<u>126,923</u>	<u>84,647</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

29 Service Concession Arrangements (cont'd)

	Group	
	31 December	
	2025	2024
	S\$'000	S\$'000
Representing:		
Gross amounts due from customer for contract work	126,923	84,647

The amounts for the service concession arrangements are not yet due for payment and will be settled by revenue to be generated during the operation periods of the service concession arrangements. Amounts billed will be transferred to trade receivables (Note 19). No impairment loss was recognised by the Group at 31 December 2025 and 2024 in respect of the service concession receivables.

The Group commenced the construction of hydropower plants, Lau Biang 2 and Lau Biang 3 in 2024 and 2025 respectively. As at 31 December 2025, the Group has performance guarantees issued to the Grantor in relation to the development of mini-hydropower plants, Lau Biang 2 and Lau Biang 3 amounting to approximately S\$1.7 million (2024: S\$2.3 million).

30 Segment Information

The business of the Group is organised into the following business segments:

- Engineering Solutions - Motion Control
- Other Specialised Engineering Solutions
- Industrial Computing Solutions
- Renewable Energy

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3(z). Segment results represent the profit earned by each segment without allocation of corporate expenses, rental income, share of profit/(loss) of associates, interest income, finance costs and income tax. Segment assets/liabilities are all operating assets/liabilities that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance. Segment revenue includes transfer between operating segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. The transfers are eliminated on consolidation. No operating segments have been aggregated to form the reportable segments above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 Segment Information (cont'd)

(a) Reportable Operating Segments

	Engineering Solutions - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Others		Elimination		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue														
External sales	284,613	265,583	88,310	78,070	6,754	5,343	58,856	22,294	1,648	1,153	-	-	440,181	372,443
Inter-segment sales	2,499	4,667	4,342	3,279	50	453	-	-	-	7	(6,891)	(8,406)	-	-
	287,112	270,250	92,652	81,349	6,804	5,796	58,856	22,294	1,648	1,160	(6,891)	(8,406)	440,181	372,443
Results														
Segment results	15,959	15,258	7,517	3,488	141	122	3,343	5,606	372	(628)	-	-	27,332	23,846
Share of loss of associates, net	(269)	(616)	-	-	-	-	-	-	-	-	-	-	(269)	(616)
Corporate (expenses)/income													(1,683)	960
Rental income													719	602
Interest income													227	330
Finance costs													(5,253)	(5,468)
Profit before income tax													21,073	19,654
Income tax													(7,491)	(5,689)
Profit for the year ended 31 December													13,582	13,965

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 Segment Information (cont'd)

(a) Reportable Operating Segments (cont'd)

	Engineering Solutions - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Others		Elimination		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets														
Segment assets	150,611	159,818	60,588	57,860	2,035	1,519	154,102	121,856	6,788	4,011	(5,000)	(5,716)	369,124	339,348
Goodwill	2,862	2,862	11,501	9,508	-	-	680	541	689	-	-	-	15,732	12,911
Associates	6,421	6,746	-	-	-	-	-	-	-	-	-	-	6,421	6,746
Investment properties													363	381
Cash and bank balances													68,122	56,519
Consolidated total assets as at 31 December													<u>459,762</u>	<u>415,905</u>
Liabilities														
Segment liabilities	60,101	52,617	25,338	26,419	758	1,050	35,342	11,102	1,097	1,793	(5,000)	(5,716)	117,636	87,265
Bank borrowings and lease liabilities													84,063	77,912
Income tax liabilities													1,820	1,576
Others unallocated corporate liabilities													2,780	1,940
Consolidated total liabilities as at 31 December													<u>206,299</u>	<u>168,693</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 Segment Information (cont'd)

(a) Reportable Operating Segments (cont'd)

	Engineering Solutions - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Others		Elimination		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other information														
Cost of sales	215,099	198,748	68,763	62,923	3,765	3,152	46,251	11,986	1,091	719	-	-	334,969	277,528
Capital expenditure on														
- Property, plant and equipment	2,008	3,428	2,977	4,276	10	7	1,002	58	304	2	-	-	6,301	7,771
- Land use rights	-	-	-	-	-	-	-	-	889	-	-	-	889	-
Other non-cash expenses:														
- Allowance for inventories obsolescence	2,070	1,012	297	447	-	-	-	-	42	35	-	-	2,409	1,494
- Allowance for impairment loss on trade and other receivables	172	57	10	19	-	-	2	4	78	56	-	-	262	136
- Amortisation of land use rights	31	32	-	-	-	-	-	-	12	-	-	-	43	32
- Depreciation of investment properties	19	19	-	-	-	-	-	-	-	-	-	-	19	19
- Depreciation of property, plant and equipment	3,966	3,464	2,180	2,003	84	75	988	980	12	12	-	-	7,230	6,534
- Inventories written off	9	8	12	1	-	-	-	-	-	-	-	-	21	9
- Property, plant and equipment written off	-	9	3	-	-	-	-	-	-	-	-	-	3	9
- Trade receivables written off	-	1	-	4	-	-	-	-	-	-	-	-	-	5
- Write back of allowance of inventories obsolescence	(60)	-	(14)	-	-	-	-	-	-	-	-	-	(74)	-
- Write back of allowance for impairment loss on trade receivables	(11)	(33)	(13)	(26)	-	-	-	-	(103)	(1)	-	-	(127)	(60)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 Segment Information (cont'd)

(b) Geographical Information

The Group operates in six principal geographical areas - Singapore (country of domicile), China, Hong Kong, Malaysia, Indonesia and Vietnam.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue from external customers		Non-current assets	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Singapore	41,511	33,915	26,107	23,054
China	268,822	256,032	33,146	32,983
Hong Kong	11,534	9,884	152	105
Malaysia	12,975	11,839	4,242	4,078
Indonesia	59,629	22,792	148,340	106,413
Vietnam	15,975	18,574	420	825
Others	29,735	19,407	2,242	1,937
	440,181	372,443	214,649	169,395

(c) Information about Major Customers

The Group's revenue from any single external customer is less than 10%.

31 Commitments

(a) Operating Lease Commitments

Where the Group is a lessor

The Group leases out investment properties and sub-let of office/warehouse premises under non-cancellable operating leases. These leases have varying terms and renewal rights.

At the statement of financial position date, commitments in respect of non-cancellable operating leases as lessor are as follows:

	Group	
	2025 S\$'000	2024 S\$'000
Future minimum lease payment receivable:		
- not later than one year	722	878
- one to two years	111	684
- two to three years	52	212
	885	1,774

The remaining tenure period of the aforesaid operating leases are within 1 to 3 years (2024: 1 to 3 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31 Commitments (cont'd)

(b) Capital Commitments

Capital expenditure contracted for at the consolidated statement of financial position date but not recognised in the financial statements is as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
Commitment in respect of acquisition of plant and equipment*	12,027	51,162

* Capital expenditures mainly in relation to construction of mini hydropower plants.

32 Corporate Guarantees

	Company	
	2025	2024
	S\$'000	S\$'000
Corporate guarantees provided to banks in connection with banking facilities granted to subsidiaries	63,192	57,299

The corporate guarantees disclosed above were not recorded at fair value, as in the opinion of the management, the difference in the interest rates, by comparing the actual rates charged by the banks with these guarantees made available, with the estimated rates that the banks would have charged had those guarantees not been available, is not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

33 Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions of the Group and the subsidiaries with their related parties at mutually agreed amounts during the financial year:

	Group		Subsidiaries	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Sales to associates	(70)	(180)	-	-
Sales to related parties	(6,300)	(3,025)	(12,546)	(9,903)
Purchases from associates	68	93	-	-
Purchases from related parties	6,481	7,775	55,829	58,237
Administrative income charged to associates	(26)	(31)	-	-
Administrative income charged to related parties	(85)	(175)	(55)	(56)
Rental charged to associates	-	(1)	-	-
Rental charged to a related party	(381)	(219)	(2)	(2)
Interest charged to related party	-	-	(8)	(9)
Management fee charged to related party	(496)	(450)	(8)	(8)
Other expenses charged by related parties	-	-	398	384
Other income charged to related parties	(282)	(179)	(30)	(37)
Other income charged to associates	-	(47)	-	-
Service income charged to associates	(1)	(84)	-	-

The related parties mainly pertain to:

- (i) The entities appointed the Managing Director of the Group as their director.
- (ii) NCI of certain subsidiaries and the related parties of the NCI.

The remuneration of the Group's key management personnel, which includes the Directors of the Company, are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's activities expose it to foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy, which remains unchanged from prior year, seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The AC provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases transaction, loans/funds to third parties/investees and bank borrowings that are denominated in a currency other than the respective functional currencies of the entities of the Group. The currencies giving rise to this risk are primarily RMB, USD, Swiss Franc ("CHF") and Euro.

To manage the foresaid foreign currency risk, the Group maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments of purchases in the same currency denomination.

In addition, the Group adopts the use of forward currency contracts to mitigate the foreign currency risk where viable. Under the Group risk management policy, any hedging transaction amount up to S\$2.0 million in equivalent requires prior approval from the Managing Director of the Company. Any hedging transaction amount more than S\$2.0 million in equivalent requires prior approval from the AC. As at the statement of financial position date, the Group did not have any outstanding forward currency contracts.

In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under OCI and foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

As at 31 December 2025, the Group was also exposed to unrealised foreign exchange risk arising from the translation of inter-company balances denominated in currencies different from the functional currencies of the respective subsidiaries. The primary currencies giving rise to this exposure are the IDR and the USD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Foreign currency risk (cont'd)

The Group's foreign currency exposure based on the information provided to key management is as follows:

	RMB S\$'000	USD S\$'000	CHF S\$'000	EURO S\$'000
Group				
<u>2025</u>				
Financial assets				
Trade and other receivables	66,621	131,557	818	2,940
Cash and bank balances	32,952	16,234	1,593	1,949
	<u>99,573</u>	<u>147,791</u>	<u>2,411</u>	<u>4,889</u>
Financial liabilities				
Bank borrowings	12,288	44,091	-	244
Trade and other payables	34,963	15,846	311	4,374
	<u>47,251</u>	<u>59,937</u>	<u>311</u>	<u>4,618</u>
Net financial assets	52,322	87,854	2,100	271
Less: Net financial assets denominated in the respective entities' functional currencies	(50,858)	-	-	-
Currency exposure	<u>1,464</u>	<u>87,854</u>	<u>2,100</u>	<u>271</u>
<u>2024</u>				
Financial assets				
Trade and other receivables	73,124	93,108	1,085	2,422
Cash and bank balances	25,785	8,548	1,505	1,132
	<u>98,909</u>	<u>101,656</u>	<u>2,590</u>	<u>3,554</u>
Financial liabilities				
Bank borrowings	13,406	42,807	-	199
Trade and other payables	37,496	14,807	243	2,101
	<u>50,902</u>	<u>57,614</u>	<u>243</u>	<u>2,300</u>
Net financial assets	48,007	44,042	2,347	1,254
Less: Net financial assets denominated in the respective entities' functional currencies	(46,665)	-	-	-
Currency exposure	<u>1,342</u>	<u>44,042</u>	<u>2,347</u>	<u>1,254</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Foreign currency risk (cont'd)

If the following currencies strengthen by 5% (2024: 5%) against S\$ at the statement of financial position date, with all other variables being held constant, the effect arising from the net financial assets/ (liabilities) position will be as follows:

	Group	
	2025 S\$'000	2024 S\$'000
RMB	73	67
USD	4,393	2,202
CHF	105	117
EURO	14	63

A 5% strengthening of S\$ against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, with all other variables being held constant.

No disclosure for foreign currency risk has been made for the Company as it was considered not to be a significant risk. Financial assets and financial liabilities of the Company denominated in foreign currencies as at the statement of financial position date were not significant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate. The Group's exposure to interest rates arises primarily from interest-earning financial assets and interest-bearing financial liabilities.

Interest-earning financial assets primarily relate to fixed deposits that are short term in nature and are not held for speculative purposes but are placed to have better yield returns than cash at banks. Management does not expect fixed deposit rates to fluctuate materially in the coming year from the current level and hence does not present the sensitivity analysis.

Interest-bearing financial liabilities mainly relate to bank borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The Group's bank borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD, RMB, USD and IDR. If the SGD, RMB, USD and IDR interest rates increase/ decrease by 0.5% (2024: 0.5%) with all other variables being held constant, the Group's profit before tax will be approximately lower/higher by S\$50,000, S\$54,000, S\$220,000 and S\$41,000 respectively (2024: S\$57,000, S\$62,000, S\$214,000 and nil) as a result of higher/lower interest expenses on these bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers with an appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on an ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level and at the Group level by management.

The Group does not identify specific concentrations of credit risk with regards to trade receivables and contract assets, as the amounts recognised in the statement of financial position resemble a large number of receivables from various customers. In addition, the Group has credit exposure from certain other receivables as disclosed in Note 19. Management believes that there is no significant change in the credit quality of these debtors, based on their knowledge of the debtors' businesses and its financial condition, as well as the on-going business dealings/relationships with the debtors. As the Group does not hold any collateral, other than for those other receivables disclosed in Note 19, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 30.

The Group has established credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information and sale limits are established for each customer, which represents the maximum open amount. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determined the ECLs on trade receivables by using a provision matrix, estimated based on the Group's past two years historical credit loss experience, including their credit characteristics, geographical location, and adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Exposure to credit risk

The exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
<u>By geographical areas</u>		
Singapore	13,216	10,479
China	65,817	72,158
Hong Kong	2,561	3,345
Malaysia	2,507	1,416
Indonesia	767	1,282
Vietnam	3,516	4,161
Others	2,726	1,410
	<u>91,110</u>	<u>94,251</u>

The Group measures its credit risk on customers based on the Group's internal credit ratings. The internal credit ratings for customers are segmented by geographical region, age of customer relationship and past credit loss experience with the customers and also defined using qualitative and quantitative factors that are indicative of the risk of default. The Group's provision for loss allowance is based on the Group's past due as the Group's historical credit loss experience does not show significantly different loss patterns for different customers' credit rating by geographic region as shown in the table below.

Customer internal credit rating

- A These parties are good pay masters with timely payment within the credit terms. Management is of the opinion that credit risk to these parties are relatively low/minimal, therefore no provision is required.
- B Payment usually takes 1 to 3 months after credit terms. Payment is certain and with low risk of default.
- C Payment usually takes more than 3 months after credit terms. Payment is certain and risk of default are fair.
- D Parties that fall within this category are smaller establishments and has a longer payment process. Risk of default is sub-standard.
- E Default is possible. Risk of credit impaired is high.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Exposure to credit risk (cont'd)

The Group's credit risk exposure in relation to trade receivables and contract assets from contracts with customers under SFRS(I) 9 as at 31 December are set out in the provision matrix as presented below.

Customer internal credit ratings	China			Singapore and others			Total loss allowance S\$'000
	Weighted average loss rate (%)	Gross carrying amount S\$'000	Loss allowance S\$'000	Weighted average loss rate (%)	Gross carrying amount S\$'000	Loss allowance S\$'000	
Group							
<u>2025</u>							
A	0.00%	44,093	-	0.00%	13,866	-	-
B	0.07%	12,568	(9)	0.01%	7,710	(1)	(10)
C	0.43%	6,746	(29)	0.37%	3,514	(13)	(42)
D	0.72%	2,466	(18)	0.66%	218	(1)	(19)
E	100.00%	106	(106)	100.00%	1,413	(1,413)	(1,519)
		<u>65,979</u>	<u>(162)</u>		<u>26,721</u>	<u>(1,428)</u>	<u>(1,590)</u>
<u>2024</u>							
A	0.00%	47,262	-	0.00%	13,275	-	-
B	0.09%	11,894	(11)	0.01%	5,439	(1)	(12)
C	0.43%	11,695	(51)	0.34%	3,215	(11)	(62)
D	0.73%	1,379	(10)	0.64%	177	(1)	(11)
E	100.00%	81	(81)	100.00%	1,290	(1,290)	(1,371)
		<u>72,311</u>	<u>(153)</u>		<u>23,396</u>	<u>(1,303)</u>	<u>(1,456)</u>

The movements in relation to credit loss allowance for impairment of trade receivables during the year are as follows:

	Lifetime ECL	
	2025 S\$'000	2024 S\$'000
Group		
As at 1 January per SFRS(I) 9	1,456	1,507
Allowance for impairment on trade receivables	178	71
Write back of allowance for impairment loss on trade receivables	(24)	(59)
Written off	(14)	(66)
Translation adjustment	(6)	3
	<u>134</u>	<u>(51)</u>
As at 31 December per SFRS(I) 9	<u>1,590</u>	<u>1,456</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Service concession receivables

As disclosed in Notes 19 and 29, the Group has service concession receivables from service concession arrangements in relation to mini-hydropower plants in Indonesia. Management estimates the loss allowance on service concession receivables equal to lifetime ECL, taking into account credit quality of the Grantor and the future prospects of the relevant industry. There has been no change in estimation technique or significant assumptions made as at the reporting date in assessing the loss allowance for these service concession receivables. Accordingly, the Group measured the impairment loss allowance using lifetime ECL and determined that the ECL is insignificant.

Other receivables

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in measuring the loss allowance using 12-month ECL (other than those disclosed below).

The Group's credit risk exposure in relation to other receivables under SFRS(I) 9 as at 31 December are set out in the provision matrix as presented below.

Customer internal credit ratings	China			Singapore and others			
	Weighted average loss rate (%)	Gross carrying amount S\$'000	Loss allowance S\$'000	Weighted average loss rate (%)	Gross carrying amount S\$'000	Loss allowance S\$'000	Total loss allowance S\$'000
Group							
<u>2025</u>							
A	0.00%	584	-	0.00%	5,830	-	-
B	0.07%	-	-	0.01%	5	-	-
C	0.43%	-	-	0.37%	104	-	-
D	0.72%	673	(5)	0.66%	891	(6)	(11)
E	100.00%	7	(7)	100.00%	6,401	(6,401)	(6,408)
		<u>1,264</u>	<u>(12)</u>		<u>13,231</u>	<u>(6,407)</u>	<u>(6,419)</u>
<u>2024</u>							
A	0.00%	911	-	0.00%	4,645	-	-
B	0.09%	-	-	0.01%	30	(1)	(1)
C	0.43%	187	(1)	0.34%	181	(1)	(2)
D	0.73%	411	(3)	0.64%	1,149	(7)	(10)
E	100.00%	5	(5)	100.00%	6,424	(6,424)	(6,429)
		<u>1,514</u>	<u>(9)</u>		<u>12,429</u>	<u>(6,433)</u>	<u>(6,442)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Other receivables (cont'd)

The following table shows the movement in relation to credit loss allowance for impairment of other receivables during the year:

	12-month ECL	
	2025	2024
	S\$'000	S\$'000
Group		
Balance as at 1 January	6,442	6,375
Impairment loss recognised in profit or loss*	84	65
Write back of allowance for impairment loss on other receivables	(103)	(1)
Translation adjustment	(4)	3
Balance as at 31 December	6,419	6,442

* The impairment loss recognised relates to the ECLs mainly on certain other receivables as disclosed in Note 19 as there has been a significant increase in credit risk since initial recognition (considered non-performing under the Group's credit risk grading guidelines described below). The loss allowance for these receivables have been accordingly measured using lifetime ECL.

Cash and bank balances

Bank deposits are with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECL for cash and cash equivalents those used for debt investments. The amount of the allowance on cash and cash equivalents was immaterial.

Amounts owing by subsidiaries and financial guarantees to subsidiaries

As at 31 December 2025, the Company has amounts owing by subsidiaries as disclosed in Note 16. The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry and country in which the counterparties operate in, and concluded that there has been no significant increase in credit risk since the initial recognition of the amounts owing by subsidiaries. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

The Company has issued financial guarantees to banks for borrowings of its subsidiaries (Note 32). These guarantees are subject to the impairment requirement under SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligation in the near future and hence, does not expect significant credit losses arising from these guarantee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Credit risk grading guideline

The Group's dedicated risk management team management has established the Group's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Group's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Categories	Description	Basis of recognition of ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Under-performing	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
Non-performing	There is evidence indicating that the asset is credit impaired.	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

Credit risk exposure and significant credit risk concentration

The credit quality of the Group and the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal rating/ external rating	ECL	Gross amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Group					
<u>2025</u>					
Service concession receivables	Note 1	Lifetime ECL (simplified)	126,923	-	126,923
Trade receivables	Note 1	Lifetime ECL (simplified)	57,959	-	57,959
Trade receivables	Under-performing	Lifetime ECL (not credit impaired)	33,222	(71)	33,151
Trade receivables	Non-performing	Lifetime ECL (credit impaired)	1,519	(1,519)	-
Other receivables*	Performing	12-month ECL	6,414	-	6,414
Other receivables*	Under-performing	Lifetime ECL (not credit impaired)	1,673	(11)	1,662
Other receivables*	Non-performing	Lifetime ECL (credit impaired)	6,408	(6,408)	-
Cash and bank balances#	AA to BAA	12-month ECL	68,122	-	68,122

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Credit risk exposure and significant credit risk concentration (cont'd)

	Internal rating/ external rating	ECL	Gross amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Group (cont'd)					
<u>2024</u>					
Service concession receivables	Note 1	Lifetime ECL (simplified)	84,647	-	84,647
Trade receivables	Note 1	Lifetime ECL (simplified)	60,084	-	60,084
Trade receivables	Under-performing	Lifetime ECL (not credit impaired)	33,799	(85)	33,714
Trade receivables	Non-performing	Lifetime ECL (credit impaired)	1,371	(1,371)	-
Contract assets	Performing	12-month ECL	453	-	453
Other receivables*	Performing	12-month ECL	5,556	-	5,556
Other receivables*	Under-performing	Lifetime ECL (not credit impaired)	1,958	(13)	1,945
Other receivables*	Non-performing	Lifetime ECL (credit impaired)	6,429	(6,429)	-
Cash and bank balances#	AA to BAA	12-month ECL	56,519	-	56,519
<hr/>					
	Internal rating/ external rating	ECL	Gross amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Company					
<u>2025</u>					
Amounts owing by subsidiaries	Note 2	12-month ECL	48,978	(261)	48,717
Amounts owing by subsidiaries	Non-performing	Lifetime ECL (credit impaired)	1,500	(1,500)	-
Other receivables*	Performing	12-month ECL	708	-	708
Cash and bank balances#	AA	12-month ECL	286	-	286
<hr/>					
<u>2024</u>					
Amounts owing by subsidiaries	Note 2	12-month ECL	43,330	(119)	43,211
Amounts owing by subsidiaries	Non-performing	Lifetime ECL (credit impaired)	1,500	(1,500)	-
Other receivables*	Performing	12-month ECL	704	-	704
Cash and bank balances#	AA	12-month ECL	978	-	978

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Credit risk exposure and significant credit risk concentration (cont'd)

Note 1: The Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL.

Note 2: The Company measured the impairment loss allowance using 12-month ECL.

* Excluded prepayments and advances to suppliers.

Most of the balances are with the banks/financial institutions with international credit rating of AA to A. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As at 31 December 2025, the Group maintains the following lines of credit:

- (i) S\$0.7 million (2024: S\$0.5 million) of overdraft facilities;
- (ii) S\$1.4 million (2024: S\$2.6 million) of foreign exchange contract hedging limit;
- (iii) S\$73.2 million (2024: S\$72.8 million) of other banking facilities (including letter of credit, trust receipt, banker's acceptance, export credit, bill of exchange, bank guarantee etc);
- (iv) S\$31.4 million (2024: S\$37.6 million) of term loan facilities; and
- (v) S\$30.1 million (2024: S\$41.6 million) of term loan under IE Singapore's Internationalisation Finance Scheme (IFS-TL).

The bank facilities set out above that are unutilised as at 31 December 2025 amounted to approximately S\$57.8 million (2024: S\$81.0 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

	Carrying amount S\$'000	Cash flows			More than five years S\$'000
		Contractual cash flows S\$'000	Within one year S\$'000	Within two to five years S\$'000	
Group					
<u>2025</u>					
Bank borrowings	76,656	85,485	36,142	45,478	3,865
Lease liabilities	7,407	7,425	2,018	2,733	2,674
Trade and other payables	103,254	103,254	103,254	-	-
	<u>187,317</u>	<u>196,164</u>	<u>141,414</u>	<u>48,211</u>	<u>6,539</u>
<u>2024</u>					
Bank borrowings	70,111	79,046	24,378	49,802	4,866
Lease liabilities	7,801	7,812	1,897	2,672	3,243
Trade and other payables	74,709	74,709	74,709	-	-
	<u>152,621</u>	<u>161,567</u>	<u>100,984</u>	<u>52,474</u>	<u>8,109</u>
Company					
<u>2025</u>					
Lease liabilities	595	856	51	203	602
Other payables	4,034	4,034	4,034	-	-
	<u>4,629</u>	<u>4,890</u>	<u>4,085</u>	<u>203</u>	<u>602</u>
<u>2024</u>					
Lease liabilities	618	906	51	203	652
Other payables	6,053	6,053	6,053	-	-
	<u>6,671</u>	<u>6,959</u>	<u>6,104</u>	<u>203</u>	<u>652</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Liquidity risk (cont'd)

The table below shows the contractual expiry by the maturity profile of the Group's financial guarantees. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within one year S\$'000	Within two to five years S\$'000	Total S\$'000
Group			
<u>2025</u>			
Financial guarantees in relation to contracts	2,312	65	2,377
<u>2024</u>			
Financial guarantees in relation to contracts	1,947	2,062	4,009

(b) Fair Value

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(b) Fair Value (cont'd)

Fair value of assets and liabilities that are not measured at fair value on recurring basis but fair value disclosures are required as follows:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000	Carrying amounts S\$'000
<u>2025</u>					
Assets					
<i>Investment properties</i>					
Commercial property units located in Singapore (Note 13)	-	414	-	414	317
Commercial property unit located in Malaysia (Note 13)	-	186	-	186	46
	-	600	-	600	363
<u>2024</u>					
Assets					
<i>Investment properties</i>					
Commercial property units located in Singapore (Note 13)	-	414	-	414	335
Commercial property unit located in Malaysia (Note 13)	-	143	-	143	46
	-	557	-	557	381

The following summarises the significant methods and assumptions used in estimating the fair values of the financial instruments of the Group.

Non-current financial assets and financial liabilities

The fair values of long-term bank borrowings approximate their carrying amounts as estimated by using discounted cash flow analysis based on current lending rates for similar types of lending and borrowing arrangements.

The fair values of service concession receivables approximate their carrying amounts as the effective interest rates used approximate market interest rates.

The fair values of lease liabilities approximate the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 Financial Instruments (cont'd)

(b) Fair Value (cont'd)

Other financial assets and financial liabilities

The fair values of other financial assets and financial liabilities with a maturity of less than one year, which are primarily trade and other receivables, cash and bank balances, trade and other payables, short-term bank borrowings and short-term lease liabilities are assumed to approximate their carrying amounts because of the short-term period of maturity.

Other financial assets – unquoted equity investment measured at FVOCI

The investment in unquoted equity securities (Note 20) represents ordinary share subscribed in a private limited company that is not quoted on any market and does not have any comparable industry peer that is listed. The fair value of the equity investment is approximately its carrying amount based on management's assessment using the unobservable input (Level 3), i.e. the net assets of the investee entity. Management does not foresee any significant change in fair value of this equity investment.

35 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group manages its capital structure, and makes adjustment to it, in the light of changes in economic conditions. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during FY2025 and FY2024.

As disclosed in Note 23, the Group's subsidiaries in China are required to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant China authorities. This externally imposed capital requirement has been complied with by the relevant subsidiaries for the FY2025 and FY2024.

The Group monitors capital using a net debt-to-equity ratio, which is net debt divided by total equity. The Group includes within net debt, bank borrowings and leases liabilities, trade and other payables and contract liabilities, less cash and bank balances. Total equity includes equity attributable to the owners of the Company.

	Group	
	2025 S\$'000	2024 S\$'000
Net debt	135,826	109,878
Total equity	209,908	206,731
Net debt-to-equity ratio	65%	53%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

36 Subsequent Events

On 9 February 2026, the Company's direct wholly-owned subsidiary, ISDN Investments effected an internal restructuring (the "**Internal Restructuring**") of its said direct and indirect subsidiaries by acquiring all of the issued share capital of AR Biotech Pte. Ltd. ("**AR Biotech**") from AR Robotics and Automation Pte. Ltd. at a consideration of S\$1. Following the completion of the Internal Restructuring, AR Biotech became a direct wholly-owned subsidiary of ISDN Investments and the Group's effective interest in AR Biotech remains unchanged at 100.0%.

On 13 February 2026, the Company's direct wholly-owned subsidiary, MCG further financed the working capital of its 90.0%-owned subsidiary in India, ISDN Engineering Private Limited ("**ISDN Engineering**"), by increasing its capital injection from Rupees ("**INR**") 11,160,000 (equivalent to S\$178,000) to INR32,760,000 (equivalent to S\$483,000) by subscription for an additional 2,160,000 ordinary shares at the subscription price of INR10 per share in the capital of ISDN Engineering (the "**Further Investment in ISDN Engineering**"). Following the Further Investment in ISDN Engineering, MCG holds a total of 3,276,000 ordinary shares at INR10 per share in the capital of ISDN Engineering representing an unchanged 90.0% of the issued and paid-up share capital of ISDN Engineering.

37 Authorisation of Financial Statements

The financial statements for FY2025 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

DIRECTORSHIP

TAN SOON LIANG

Group companies

ISDN Holdings Limited

Other companies

ACH Investors Pte Ltd
Choo Chiang Holdings Limited
EuroSports Global Limited
Far East Group Limited
Omnibridge Capital Ltd
Omnibridge Capital Pte Ltd
Omnibridge Investments Ltd
Omnibridge Investments Pte Ltd
Omnibridge Investment Partners Pte Ltd
Spectra Secondary School
Stamford Land Corporation Ltd
Ti Investment Holdings Pte Ltd
Ti Ventures Pte Ltd
ValueMax Group Limited

TEO CHER KOON

Group companies

ISDN Holdings Limited
A Tracks Pte. Ltd.
Agri Source Farms Sdn Bhd
Agri Source Pte. Ltd.
AR Biotech Pte. Ltd.
AR Robotics and Automation Pte. Ltd.
Centronics Automation Technology Pte Ltd
DBASIX Malaysia Sdn Bhd
DBASIX Singapore Pte. Ltd.
Dietionary Farm Holding Pte. Ltd.
Dietionary Farms Sdn Bhd
Dirak (Tianjin) Group Co., Ltd
Dirak Asia Pte Ltd
Dirak Taiwan Co., Ltd.
Eisele Asia Co., Ltd
ERST Asia Pacific Pte. Ltd.
Excel Best Industries (Suzhou) Co., Ltd
Fuji Master Engineering Sdn. Bhd.
Gateway Motion (Shanghai) Co., Ltd
IDI Dynamics Pte. Ltd.
IDI Laser Services Pte Ltd
IFME Works Pte. Ltd. (Appointed on 15 May 2025)
IGB (H.K.) Co., Ltd
IRSS Pte. Ltd.
ISDN (Jiangxi) Technologies Co., Ltd.
ISDN (Zhejiang) Precision Technology Co., Ltd.
ISDN Bantaeng Pte. Ltd.
ISDN Energy (Cambodia) Co., Ltd.
ISDN Energy Pte. Ltd.
ISDN Enterprise Management (Wu Jiang) Co., Ltd.
ISDN Green Energy Pte. Ltd. (formerly known as ISDN Advanced Manufacturing Pte. Ltd.)
ISDN Investments Pte. Ltd.
ISDN Jiangxi Management Co Ltd. (Appointed on 26 March 2025)
ISDN Software Business Pte. Ltd.
ISDN-NJ Software Business Co., Ltd.
ISDN Precision System Co Ltd.
ISDN Precision Gearboxes Co., Ltd
LAA Energy HK Company Limited
Leaptron Engineering Pte. Ltd.
Maxon Motor (Suzhou) Co., Ltd
Maxon Motor International Trading (Shanghai) Co., Ltd.
Maxon Motor SEA Pte. Ltd.
Maxon Motor Taiwan Co., Ltd.
Motion Control Group Pte. Ltd.
NovaPeak Pte. Ltd.
Performance Leadership Pte. Ltd.
Portwell Singapore Pte Ltd
Precision Motion Control Phils. Inc.
Prestech Industrial Automation Pte. Ltd.
Prima Infrastructure Sdn Bhd
PT Abantes Energi Indonesia
PT Alabama Energy
PT Charma Paluta Energy
PT Funda Konstruksi Engineering
PT Galang Hidro Energi
PT Karo Bumi Energi
PT Munte Bumi Energi
PT Senina Hidro Energi

PT Simalem Bumi Energi
Servo Dynamics (H.K.) Limited
Servo Dynamics (Thailand) Co., Ltd
Servo Dynamics Philippines, Inc.
Servo Dynamics Pte Ltd
Servo Dynamics Sdn Bhd
Shanghai DBASIX M&E Equipment Co.,Ltd
Singpilot Holding Pte. Ltd. (Appointed on 3 September 2025)
Singpilot Pte. Ltd. (Appointed on 29 August 2025)
Su Zhou Servo Dynamics Co., Ltd.
Suzhou Dirak Co., Ltd
Suzhou PDC Co., Ltd
TDS Technology (Thailand) Company Limited
Zhuzhou Dirak Technology Co., Ltd.

Other companies

Assetraise Holdings Limited
COTRUST SYSTEM Co., Ltd
Sand Profile (HK) Co., Ltd
Sand Profile (Suzhou) Co., Ltd

KONG DEYANG

Group companies

ISDN Holdings Limited
Beijing Junyizhicheng Technology Developing Co., Ltd
Excel Best Industries (Suzhou) Co., Ltd
Gateway Motion (Shanghai) Co., Ltd
JAPV Mechanical Technology (Wujiang) Co., Ltd
Maxon Motor International Trading (Shanghai) Co., Ltd.
Maxon Motor (Suzhou) Co., Ltd
Shanghai DBASIX M&E Equipment Co.,Ltd
Suzhou PDC Co., Ltd
Su Zhou Servo Dynamics Co. Ltd
Weiyi M&E Equipment (Shanghai) Co., Ltd

Other companies

BOZHON Precision Industry Technology Co., Ltd

TOH HSIANG-WEN KEITH

Group companies

ISDN Holdings Limited

Partner

Novo Tellus Capital Partners Pte. Ltd.

Other companies

Novo Tellus Capital Partners Pte. Ltd.
NT Thor Holdings Pte. Ltd.
NT Thor Pte. Ltd.
SP Investment Holdings Limited
SP Manufacturing Pte. Ltd.
TDConnex Global Pte. Ltd.

SHO KIAN HIN

Group companies

ISDN Holdings Limited

Other companies

Brook Crompton Holdings Ltd. (Appointed on 19 May 2025)
Choo Chiang Holdings Ltd
Figtree Holdings Ltd
Hartanah Kencana Sdn Bhd.
JB Foods Limited
OUE Healthcare Limited

HENG SU-LING MAE

Group companies

ISDN Holdings Limited

Other companies

Chuan Hup Holdings Limited
Drew & Lee Investment (Private) Limited
Drew & Lee Holding (Private) Limited
Drew & Lee Land Pte. Ltd.
HRnetGroup Limited
Ossia International Limited
Progen Holdings Limited
Rex International Investments Pte. Ltd.
Rex International Holding Limited

SHAREHOLDERS' INFORMATION

AS AT 9 MARCH 2026

Issued and fully paid-up capital : 86,833,390
 Number of shares issued : 453,402,040
 Stock categories : Ordinary Shares
 Voting rights : One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS'

(As recorded in the Register of substantial shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Assetraise Holdings Limited ⁽¹⁾	147,687,399	32.57	-	-
Teo Cher Koon ⁽¹⁾	-	-	147,687,399	32.57
Thang Yee Chin ⁽¹⁾	-	-	147,687,399	32.57
NTCP SPV VI ⁽²⁾	39,309,827	8.67	-	-
Toh Hsiang-Wen Keith ⁽²⁾	-	-	39,309,827	8.67
Novo Tellus PE Fund 2, L.P. ⁽²⁾	-	-	39,309,827	8.67
New Earth Group 2 Ltd ⁽²⁾	-	-	39,309,827	8.67
Tuas Fund Investments Pte Ltd ⁽²⁾	-	-	39,309,827	8.67
Fullerton Fund Investments Pte Ltd ⁽²⁾	-	-	39,309,827	8.67
Temasek Holdings (Private) Limited ⁽²⁾	-	-	39,309,827	8.67
Loke Wai San ⁽²⁾	-	-	39,309,827	8.67

Notes:

⁽¹⁾ Assetraise Holdings Limited is beneficially owned by Mr. Teo Cher Koon and Ms. Thang Yee Chin. As such, Mr. Teo Cher Koon and Ms. Thang Yee Chin are deemed to have an interest in 147,687,399 shares held by Assetraise Holdings Limited.

⁽²⁾ NTCP SPV VI ("**NTSP**") holds 39,309,827 shares.

Novo Tellus PE Fund 2, L.P. ("**NT Fund 2**") holds 100% of shares in the capital of NTSP and therefore is deemed to have an interest in 39,309,827 shares held by NTSP.

Tuas Fund Investments Pte Ltd ("**TF**") is a limited partner of NT Fund 2, with an investment amount of not less than one-third. TF is directly wholly owned by Fullerton Fund Investments Pte Ltd ("**FF**"). FF is directly wholly owned by Temasek Holdings (Private) Limited ("**TH**"). Therefore, each of TF, FF and TH is deemed to be interested in the 39,309,827 shares held by NTSP pursuant to SFO. For the avoidance of doubt, each of TF, FF and TH do not have a deemed interest in the 39,309,827 shares held by NTSP under Securities and Futures Act 2001, as may be amended or modified from time to time ("**SFA**").

New Earth Group 2 Ltd ("**NEG 2**") is the general partner of NT Fund 2 and therefore is deemed to have an interest in 39,309,827 shares held by NTSP.

Mr. Loke Wai San and Mr. Toh Hsiang-Wen Keith are each entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in NEG 2, and therefore is deemed to have an interest in 39,309,827 shares held by NTSP.

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 9 March 2026, approximately 58.30% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual and Rule 8.08 of the SEHK Listing Rules.

STATISTICS OF SHAREHOLDINGS

AS AT 9 MARCH 2026

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	377	12.35	6,717	0.00
100 - 1,000	205	6.72	104,868	0.02
1,001 - 10,000	1,000	32.75	6,469,262	1.43
10,001 - 1,000,000	1,439	47.13	84,929,434	18.73
1,000,001 AND ABOVE	32	1.05	361,891,759	79.82
TOTAL	3,053	100.00	453,402,040	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HKSCC NOMINEES LIMITED	144,013,497	31.76
2	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	42,696,338	9.42
3	CITIBANK NOMINEES SINGAPORE PTE LTD	31,751,258	7.00
4	DBS NOMINEES (PRIVATE) LIMITED	21,641,591	4.77
5	MAYBANK SECURITIES PTE. LTD.	13,652,250	3.01
6	HSBC (SINGAPORE) NOMINEES PTE LTD	10,125,343	2.23
7	PHANG HOEI HUA	9,833,770	2.17
8	RAFFLES NOMINEES (PTE.) LIMITED	9,706,035	2.14
9	OCBC SECURITIES PRIVATE LIMITED	9,559,812	2.11
10	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	8,867,107	1.96
11	PHILLIP SECURITIES PTE LTD	8,549,253	1.89
12	LEE ENG TEIK	6,555,737	1.45
13	ASSETRAISE HOLDINGS LIMITED	4,949,329	1.09
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,437,812	0.98
15	TIGER BROKERS (SINGAPORE) PTE. LTD.	3,959,764	0.87
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,070,990	0.68
17	IFAST FINANCIAL PTE. LTD.	2,915,541	0.64
18	UOB KAY HIAN PRIVATE LIMITED	2,648,332	0.58
19	ABN AMRO CLEARING BANK N.V.	2,501,101	0.55
20	KONG DEYANG	2,050,000	0.45
	TOTAL	343,484,860	75.75

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of ISDN Holdings Limited (the “**Company**”) shall be held at 101 Defu Lane 10, Singapore 539222 on Thursday, 30 April 2026 at 9.30 a.m. to transact the following business:

AS ROUTINE BUSINESS

1. To receive and adopt the Directors’ statement and the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2025, together with the external auditor’s report thereon.

[**Ordinary Resolution 1**]

2. To declare a first and final tax-exempt (one-tier) dividend of 0.53 Singapore cents (equivalent to 3.28 Hong Kong cents) per ordinary share for the financial year ended 31 December 2025.

[**Ordinary Resolution 2**]

*Note: The scrip dividend scheme of the Company will be applicable to the first and final tax-exempt (one-tier) dividend (the “**Final Dividend**”), giving shareholders of the Company the option to receive the Final Dividend in the form of shares in the capital of the Company instead of cash.*

3. To approve the payment of Directors’ fees of S\$215,985 for the financial year ending 31 December 2026 (2025: S\$215,985).

[**Ordinary Resolution 3**]

4. To note the retirement of Mr. Tan Soon Liang (“**Mr. Tan**”) as a Director of the Company pursuant to Regulation 89 of the Constitution of the Company.

[See Explanatory Note (i)]

5. To re-elect Mr. Toh Hsiang-Wen Keith (“**Mr. Toh**”) who will retire by rotation pursuant to Regulation 89 of the Constitution of the Company and who, being eligible, offered himself for re-election.

[See Explanatory Note (ii)]

[**Ordinary Resolution 4**]

6. To appoint Mr. Lim Teck Chai, Danny (“**Mr. Lim**”) pursuant to Regulation 91 of the Constitution of the Company and who, being eligible, offered himself for election.

[See Explanatory Note (iii)]

[**Ordinary Resolution 5**]

7. To re-appoint Messrs Moore Stephens LLP as external auditor of the Company for the financial year ending 31 December 2026 and to authorise Directors of the Company to fix their remuneration.

[**Ordinary Resolution 6**]

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to passing with or without modifications, the following ordinary resolutions:

8. GENERAL MANDATE TO ISSUE NEW SHARES

"That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Act**"), the listing manual (the "**SGX-ST Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**SEHK**") and the constitution of the Company, authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue new shares in the capital of the Company ("**Shares**"), whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively "**Instruments**" and each, an "**Instrument**") that might or would require Shares to be allotted and issued, during the continuance of such authority or thereafter, including but not limited to the creation, allotment and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

- (b) allot and issue new Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force (notwithstanding that such allotment and issue of Shares in pursuance of any Instrument may occur after the authority conferred by this Resolution may have ceased to be in force),

PROVIDED ALWAYS THAT subject to any applicable regulation as may be prescribed by the SGX-ST and the SEHK:

- (A) the aggregate number of Shares to be allotted and issued pursuant to this Resolution (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Shares to be allotted and issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (B) below);

NOTICE OF ANNUAL GENERAL MEETING

(B) (subject to such manner of calculation as may be prescribed by the SGX-ST and the SEHK) for the purpose of determining the aggregate number of Shares that may be allotted and issued under sub-paragraph (A) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

- (I) new Shares arising from the conversion or exercise of the Instruments or any convertible securities,
- (II) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST and the Hong Kong Listing Rules; and
- (III) any subsequent bonus issue, consolidation or subdivision of Shares;

Any adjustments made in accordance with sub-paragraph (B)(I) and (B)(II) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution;

(C) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the SGX-ST Listing Manual (unless such compliance has been waived by the SGX-ST), the Hong Kong Listing Rules (unless such compliance has been waived by the SEHK) and the constitution of the Company; and

(D) the authority conferred by this Resolution shall continue in force until the earlier of:

- (I) the conclusion of the next annual general meeting of the Company;
- (II) the date by which the next annual general meeting of the Company is required by law to be held; and
- (III) the revocation or variation of the authority conferred by this Resolution by ordinary resolution passed by shareholders of the Company in general meeting."

[Ordinary Resolution 7]

9. ANNUAL MANDATE TO ISSUE NEW SHARES UNDER THE ISDN PSP

"That subject to and conditional upon the passing of Ordinary Resolution 7 contained in this Notice of Annual General Meeting (the "**General Share Issue Mandate**") and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") granting the listing of, and permission to deal in, such number of new shares in the capital of the Company ("**Shares**") which may be allotted and issued under the performance share plan of the Company (the "**ISDN PSP**");

- (a) the aggregate number of new Shares underlying all PSP Awards granted by the Directors of the Company pursuant to this Resolution (excluding PSP Awards that have lapsed or been cancelled in accordance with the rules of the ISDN PSP) shall not exceed 3% of the total number of Shares in the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the date on which the Shares are issued);

NOTICE OF ANNUAL GENERAL MEETING

- (b) authority be and is hereby given to the Directors of the Company to grant PSP Awards, allot and issue new Shares, procure the transfer of and otherwise deal with Shares under the ISDN PSP during the Relevant Period (as defined under sub-paragraph (c) below); and
- (c) for the purposes of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the date by which the next annual general meeting of the Company is required by law to be held; and
 - (iii) the revocation or variation of the authority conferred by this Resolution by ordinary resolution passed by shareholders of the Company in general meeting.

For the avoidance of doubt, the aggregate number of new Shares issued under the General Share Issue Mandate and this Resolution shall not exceed 50% of the total number of issued Shares as at the date of the passing of the resolutions relating to the General Share Issue Mandate and this Resolution, of which the aggregate number of Shares to be allotted and issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20% of the total number of issued Shares as at the date of the passing of the resolutions relating to the General Share Issue Mandate and this Resolution.”

[Ordinary Resolution 8]

- 10. To transact any other business which may be properly transacted at the Annual General Meeting.

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

Singapore, 30 March 2026

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr. Tan was appointed as an Independent Non-Executive Director on 18 August 2016 and has served as an Independent Non-Executive Director for nine (9) years. Pursuant to Listing Rule 210(5)(d)(iv), a director will not be independent if he has been a director of an issuer for an aggregate period of more than nine (9) years (whether before or after listing). Accordingly, Mr. Tan has indicated that he will not be seeking re-election at the Annual General Meeting and will be retiring as an Independent Non-Executive Director at the conclusion of the Annual General Meeting. He will step down from his position as the Chairman of the Board of Directors, and a member of the Audit Committee, Remuneration Committee and Risk Management Committee.
- (ii) Mr. Toh, if re-elected as a Director of the Company, will remain as a Non-Executive Director. Further information relating to Mr. Toh as required under Rule 720(6) of the SGX ST Listing Manual may be found under **Appendix II** of the Circular dated 30 March 2026.
- (iii) Mr. Lim, if elected as a Director of the Company, will be appointed as an Independent Non-Executive Director of the Company, and will be a member of the Audit Committee, Remuneration Committee, and Risk Management Committee. Mr. Lim is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX ST.

Further information relating to Mr. Lim as required under Rule 720(6) of the SGX ST Listing Manual may be found under **Appendix II** of the Circular dated 30 March 2026.

Notes:

1. The Annual General Meeting will be held at 101 Defu Lane 10, Singapore 539222 on Thursday, 30 April 2026 at 9.30 a.m. for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in the Notice of Annual General Meeting dated 30 March 2026. **There will be no option for Shareholders to participate virtually.**
2. Printed copies of this Notice of Annual General Meeting, the annual report of the Company for the financial year ended 31 December 2025 (the **"Annual Report"**), the Circular and the Proxy Form **will be sent** to Hong Kong Shareholders **upon request**. Instead, this Notice of Annual General Meeting, the Annual Report, the Circular, the Proxy Form and the Request Form will be made available on SEHK at the URL <http://www.hkexnews.hk/> and at the Company's website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange>.
3. Printed copies of this Notice of Annual General Meeting, the Proxy Form and the Request Form will be sent to Singapore Shareholders. Singapore Shareholders may request printed copies of the Annual Report and/or the Circular by completing and returning the Request Form no later than 22 April 2026. This Notice of Annual General Meeting, the Annual Report, the Circular, the Proxy Form and the Request Form will be made available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and at the Company's website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange>. Shareholders may request printed copies of the Annual Report and/or the Circular by completing and returning the Request Form in the following manner:
 - (a) via email to info@isdnholdings.com; or
 - (b) via post to the registered office of the Company at 101 Defu Lane 10, Singapore 539222, (for Singapore Shareholders).

NOTICE OF ANNUAL GENERAL MEETING

4. Arrangements related to attendance at the Annual General Meeting, submission of comments, queries and/or questions to the Chairman of the Annual General Meeting (“**Chairman of the Meeting**”) in advance of or during the Annual General Meeting, addressing of substantial and relevant comments, queries and/or questions before or at the Annual General Meeting, and voting by appointing proxy(ies) (including the Chairman of the Meeting), are set out in **Section 9** on pages 16 to 17 of the Circular dated 30 March 2026 and this Notice of Annual General Meeting which may be accessed at the Company’s website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange> and is also available on SGXNET at the URL <https://www.sgx.com/securities/companyannouncements> and SEHK at the URL <https://www.hkexnews.hk/>.
5. A Shareholder (whether individual or corporate) must vote live at the Annual General Meeting or must appoint proxy(ies) (including the Chairman of the Meeting), to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such Shareholder wishes to exercise his/her/its voting rights at the Annual General Meeting. The Proxy Form may be accessed at the Company’s website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and SEHK at the URL <https://www.hkexnews.hk/>. Where a Shareholder (whether individual or corporate) appoints proxy(ies) (including the Chairman of the Meeting), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the proxy(ies) for that resolution will be treated as invalid.
6. Please insert the total number of shares held by you. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If no number is inserted, the Proxy Form shall be deemed to relate to all the shares held by you.
 - (a) A member of the Company who is not a Relevant Intermediary or a clearing house and entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf. Where such member’s Proxy Form appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the number and class of shares in relation to which each proxy has been appointed in the Proxy Form.
 - (b) A member of the Company who is a Relevant Intermediary or a clearing house and entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend, speak and vote on his behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s Proxy Form appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the number and class of shares in relation to which each proxy has been appointed in the Proxy Form.
 - (c) “Relevant Intermediary” shall have the same meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
7. Duly appointed proxy(ies) (including the Chairman of the Meeting) need not be a member of the Company.

The Proxy Form must be submitted in the following manner:

- a) if submitted by post, be lodged with the Company at 101 Defu Lane 10, Singapore 539222 (for Singapore Shareholders), or the Company’s Hong Kong Branch Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Hong Kong Shareholders); or
- b) if submitted by way of electronic means, be submitted via email to the Company at info@isdnholdings.com,

NOTICE OF ANNUAL GENERAL MEETING

in either case, by 9.30 a.m. on Monday, 27 April 2026 (that is, not less than 72 hours before the time appointed for the holding of the Annual General Meeting). A Shareholder who wishes to submit the Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the Proxy Forms by way of electronic means.**

Members who hold shares under CPF or SRS, who wish to appoint the Chairman of the Annual General Meeting as their proxy, should approach their Central Provident Fund and SRS Operators Agent Banks (as the case may be) to submit their votes by, 5.00 p.m. on Monday, 20 April 2026, being at least 7 working days before the Annual General Meeting.

8. Shareholders may submit comments, queries and/or questions relating to the resolutions in this Notice of Annual General Meeting in advance of the Annual General Meeting of the Company, in the following manner:
 - a) if submitted by post, to the registered office of the Company at 101 Defu Lane 10, Singapore 539222, (for Singapore Shareholders) or the Company's Hong Kong Branch Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Hong Kong Shareholders); or
 - b) if submitted by way of electronic means, be submitted via email to info@isdnholdings.com,

in either case, by 9.30 a.m. (Singapore time) on Thursday, 16 April 2026.

For verification purposes, comments, queries and/or questions submitted by Shareholders must be accompanied by the Shareholders' full name, address and the manner in which the Shareholder holds Shares in the Company.

9. Shareholders or (where applicable) their duly appointed proxy(ies) and representatives will also be able to raise questions at the Annual General Meeting of the Company itself.
10. For questions submitted in advance of the Annual General Meeting, the Company will endeavour to address all substantial and relevant questions received from Shareholders before the Annual General Meeting. The Company will publish its responses on the Company's website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and on SEHK at the URL <https://www.hkexnews.hk/> by Friday, 24 April 2026.
11. Where a Proxy Form is executed on behalf of an individual or a corporation by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be submitted to the Company together with the Proxy Form, failing which the Proxy Form may be treated as invalid.
12. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

Any amendments or modifications made in a Proxy Form must be initialled by the person who signs the Proxy Form.

NOTICE OF ANNUAL GENERAL MEETING

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time fixed for holding the Annual General Meeting.

Personal Data Privacy

By attending the Annual General Meeting and/or any adjournment thereof and/or submitting the Proxy Form appointing a proxy(ies) (including the Chairman of the Meeting) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for any of the Purposes.

ISDN HOLDINGS LIMITED

(Incorporated In the Republic of Singapore -
Company Registration No. 200416788Z)
(Singapore Stock Code: 107.SI)
(Hong Kong Stock Code: 1656)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT:

- The Annual General Meeting ("AGM") is being convened, and will be held at 101 Defu Lane 10, Singapore 539222.
- The Notice of AGM, the Circular and this Proxy Form may be accessed at (a) the Company's website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange> (b) on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and (c) on the HKEX website at the URL <https://www.hkexnews.hk/>
- Arrangements relating to attendance at the AGM, submission of questions to the Chairman of the Meeting in advance of or live at the AGM, addressing of substantial and relevant questions at the AGM and voting live or by appointing proxy(ies) (including the Chairman of the Meeting) are set out in Section 9 on pages 16 to 17 of the Circular dated 30 March 2026.
- A member (whether individual or corporate) must vote live at the AGM or may appoint proxy(ies) (including the Chairman of the Meeting) to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing proxy(ies) (including the Chairman of the Meeting), a member of the Company must give specific instructions as to voting, or abstentions from voting, in respect of a resolution, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- CPF or SRS investors, including persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. **Monday, 20 April 2026** (that is, at least seven (7) working days before the date of the AGM).
- By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 March 2026.
- Please read the notes overleaf which contains instructions on, *inter alia*, the appointment of proxy(ies) (including the Chairman of the AGM) to attend, speak and vote on his/her/its behalf at the AGM.**

ANNUAL GENERAL MEETING

I/We*,(Name) (NRIC/Passport/Company Registration Number*) of
..... (Address)
being member/members* of **ISDN Holdings Limited** (the "Company"), hereby appoint the

Name	NRIC / Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address and Email Address			

and/or*

Name	NRIC / Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address and Email Address			

or failing him/her, the Chairman of the Annual General Meeting of the Company ("AGM") as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the AGM to be convened and held at 101 Defu Lane 10, Singapore 539222 on Thursday, 30 April 2026 at 9.30 am (Singapore Time) and at any adjournment thereof.

I/We* direct my/our proxy/proxies* of the AGM to vote for or against, or abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. **In the absence of specific instructions, in respect of a resolution, the appointment of the proxy/proxies for that resolution, will be treated as invalid.**

No.	Resolutions relating to:	Number of Votes For [#]	Number of Votes Against [#]	Number of Votes Abstained [#]
1.	To receive and adopt the Directors' statement and the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2025, together with the external auditor's report thereon.			
2.	To declare a first and final tax-exempt (one-tier) dividend of 0.53 Singapore cents (equivalent to 3.28 Hong Kong cents) per ordinary share for the financial year ended 31 December 2025.			
3.	To approve the payment of Directors' fees of S\$215,985 for the financial year ending 31 December 2026 (2025: S\$215,985).			
4.	To re-elect Mr. Toh Hsiang-Wen Keith who will retire by rotation pursuant to Regulation 89 of the Constitution of the Company and who, being eligible, offered himself for re-election.			
5.	To appoint Mr. Lim Teck Chai, Danny pursuant to Regulation 91 of the Constitution of the Company and who, being eligible, offered himself for election.			
6.	To re-appoint Messrs Moore Stephens LLP as external auditor of the Company for the financial year ending 31 December 2026 and to authorise Directors of the Company to fix their remuneration.			
7.	To approve the general mandate to issue new shares.			
8.	To approve the annual mandate to issue new shares under the ISDN PSP.			

* Delete as appropriate.

[#] If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate so with a (v) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this day of 2026.

Total Number of Shares Held

.....
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Printed copies of this Proxy Form, the Notice of AGM, the annual report of the Company for the financial year ended 31 December 2025 (the “**Annual Report**”) and the circular dated 30 March 2026 (the “**Circular**”) **will be sent** to Hong Kong Shareholders upon request. Otherwise, the Notice of AGM, the Annual Report, the Circular, this Proxy Form and the Request Form will be made available on SEHK at the URL <http://www.hkexnews.hk/> and at the Company's website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange>.
2. Arrangements related to attendance at the AGM, submission of comments, queries and/or questions to the Chairman of the AGM (“**Chairman of the Meeting**”) in advance of or live at the AGM, addressing of substantial and relevant comments, queries and/or questions before or at the AGM, and voting by appointing proxy(ies) (including the Chairman of the Meeting), are set out in Section 9 on pages 16 to 17 of the Circular dated 30 March 2026 which may be accessed at the Company's website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and SEHK at the URL <https://www.hkexnews.hk/>.
3. Please insert the total number of shares held by you. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If no number is inserted, the form of proxy shall be deemed to relate to all the shares held by you.
4. **A Shareholder (whether individual or corporate) must vote live at the AGM or must appoint proxy(ies) (including the Chairman of the Meeting), to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form may be accessed at the Company's website at the URL <https://www.isdnholdings.com/sgx-singapore-exchange> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and SEHK at the URL <https://www.hkexnews.hk/>. Where a Shareholder (whether individual or corporate) appoints proxy(ies) (including the Chairman of the Meeting), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the proxy(ies) for that resolution will be treated as invalid. Duly appointed proxy(ies) (including the Chairman of the Meeting) need not be a member of the Company.
5. The Proxy Form must be submitted to the Company in the following manner:
 - (a) completed and signed in accordance with the instructions printed thereon and returned to the registered office of the Company at 101 Defu Lane 10, Singapore 539222 (for Singapore Shareholders) or the Company's Hong Kong Branch Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Hong Kong Shareholders) as soon as possible but in any event not less than 72 hours before the time appointed for the holding of the AGM or any adjournment thereof; or
 - (b) if submitted by way of electronic means, be submitted via email to the Company at info@isdnholdings.com.
6. Members who hold shares under CPF or SRS, who wish to appoint the Chairman of the AGM as their proxy, should approach their Central Provident Fund and SRS Operators Agent Banks (as the case may be) to submit their votes by, 5.00 p.m. Monday, 20 April 2026, being at least seven (7) working days before the AGM.
7. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual, or his attorney duly authorised. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
8. Where the Proxy Form is executed under the hand of an attorney duly authorised, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.
10. The Company shall be entitled to reject a form of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the form of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject a form of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time fixed for holding the AGM.
11. Any amendments or modifications made in a Proxy Form must be initialled by the person who signs the Proxy Form.

