



**ISDN Holdings**  
LIMITED

Incorporated in Singapore with limited liability  
Singapore Stock code : 107.SI  
Hong Kong Stock code : 1656

# **AUTOMATING ASIA'S FUTURE INTERIM REPORT 2024**

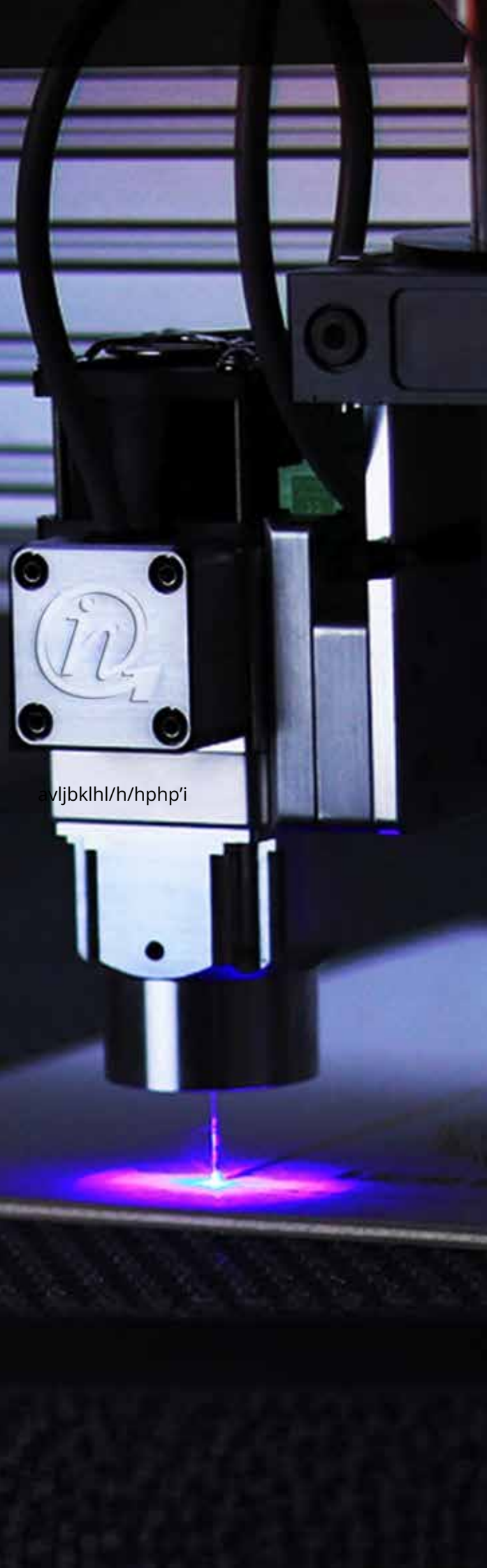


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*\* In case of any discrepancies between the English version and the Chinese version, the English version shall prevail.*



# 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

(*Appointed on 30 April 2024*)

Heng Su-Ling Mae

(*Appointed on 30 April 2024*)

Lim Siang Kai

(*Retired on 30 April 2024*)

Soh Beng Keng

(*Retired on 30 April 2024*)

## 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, FCPA (Aust.)*)

31/F., 148 Electric Road

North Point

Hong Kong

## AUDIT COMMITTEE

Heng Su-Ling Mae (*Chairman*)

(*Appointed on 30 April 2024*)

Sho Kian Hin

(*Appointed on 30 April 2024*)

Tan Soon Liang

Lim Siang Kai (*Chairman*)

(*Retired on 30 April 2024*)

Soh Beng Keng

(*Retired on 30 April 2024*)

## REMUNERATION COMMITTEE

Sho Kian Hin (*Chairman*)

(*Appointed on 30 April 2024*)

Heng Su-Ling Mae

(*Appointed on 30 April 2024*)

Tan Soon Liang

Lim Siang Kai

(*Retired on 30 April 2024*)

Soh Beng Keng

(*Retired on 30 April 2024*)

## NOMINATING COMMITTEE

Sho Kian Hin (*Chairman*)

(*Appointed on 30 April 2024*)

Heng Su-Ling Mae

(*Appointed on 30 April 2024*)

Teo Cher Koon

Soh Beng Keng (*Chairman*)

(*Retired on 30 April 2024*)

Lim Siang Kai

(*Retired on 30 April 2024*)

## RISK MANAGEMENT COMMITTEE

Heng Su-Ling Mae (*Chairman*)

(*Appointed on 30 April 2024*)

Sho Kian Hin

(*Appointed on 30 April 2024*)

Tan Soon Liang

Lim Siang Kai (*Chairman*)

(*Retired on 30 April 2024*)

Soh Beng Keng

(*Retired on 30 April 2024*)

## 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

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of ISDN Holdings Limited (the “**Company**”) hereby announces the consolidated condensed interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**1H2024**”), together with the relevant comparative audited or unaudited figures. The Group’s interim results for 1H2024 are unaudited but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

	Notes	Six months ended 30 June	
		2024	2023
		S\$'000	S\$'000
		(unaudited)	(unaudited)
<b>Revenue</b>	5(b)	174,573	170,411
Cost of sales		(130,180)	(124,827)
<b>Gross profit</b>		44,393	45,584
Other operating income	6	1,959	2,236
Distribution costs		(14,381)	(12,459)
Administrative expenses		(19,775)	(18,953)
Net impairment (losses)/gains on financial assets		(77)	36
Other operating expenses		(690)	(670)
Finance costs	7	(2,767)	(2,071)
Share of loss of associates, net		(147)	(357)
<b>Profit before income tax</b>	8	8,515	13,346
Income tax	9	(2,709)	(4,285)
<b>Profit for the period</b>		5,806	9,061
<b>Other comprehensive income, net of tax:</b>			
<u>Items that may be subsequently reclassified to profit or loss</u>			
- net fair value changes on cash flow hedge		55	-
- fair value loss recognised on financial asset at fair value through other comprehensive income		(345)	-
- exchange differences on translation		437	(3,483)
<b>Total comprehensive income for the period</b>		5,953	5,578
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		3,781	4,580
Non-controlling interests		2,025	4,481
		5,806	9,061
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		4,124	1,777
Non-controlling interests		1,829	3,801
		5,953	5,578
<b>Earnings per share attributable to the equity holders of the Company:</b>			
Basic and diluted (Singapore cents)	10	0.85	1.04

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	As at 30 June 2024 S\$'000 <i>(unaudited)</i>	As at 31 December 2023 S\$'000 <i>(audited)</i>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	12	64,797	63,189
Investment properties		387	396
Land use rights		1,028	1,041
Goodwill	13	12,227	12,227
Associates		7,311	5,272
Service concession receivables	15	71,075	70,460
Other financial assets	14	555	900
Deferred tax assets		418	281
<b>Total non-current assets</b>		157,798	153,766
<b>Current Assets</b>			
Inventories		69,494	73,011
Trade and other receivables and contract assets	15	114,597	110,593
Service concession receivables	15	3,121	3,036
Cash and bank balances		60,825	60,033
<b>Total current assets</b>		248,037	246,673
<b>Total Assets</b>		405,835	400,439
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	84,755	84,755
Reserves		117,991	113,867
		202,746	198,622
Non-controlling interests		43,133	42,043
<b>Total equity</b>		245,879	240,665
<b>Non-current Liabilities</b>			
Bank borrowings	17	51,510	56,025
Leases liabilities		5,054	5,035
Deferred tax liabilities		638	568
<b>Total non-current liabilities</b>		57,202	61,628
<b>Current Liabilities</b>			
Bank borrowings	17	19,284	19,659
Leases liabilities		1,462	1,368
Trade and other payables	18	66,458	64,624
Contract liabilities		14,086	10,811
Current tax liabilities		1,464	1,684
<b>Total current liabilities</b>		102,754	98,146
<b>Total Liabilities</b>		159,956	159,774
<b>Total Equity and Liabilities</b>		405,835	400,439

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to equity holders of the Company							
	Share capital S\$'000	Merger reserve S\$'000	Exchange translation reserve S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>2024</b>								
As at 1 January 2024 (audited)	84,755	(436)	(9,576)	6,495	117,384	198,622	42,043	240,665
Profit for the period	-	-	-	-	3,781	3,781	2,025	5,806
Other comprehensive income/(loss) for the period	-	-	633	(290)	-	343	(196)	147
Total comprehensive income/(loss) for the period	-	-	633	(290)	3,781	4,124	1,829	5,953
Dividends to non-controlling interests	-	-	-	-	-	-	(739)	(739)
Balance at 30 June 2024 (unaudited)	84,755	(436)	(8,943)	6,205	121,165	202,746	43,133	245,879
<b>2023</b>								
As at 1 January 2023 (audited)	81,487	(436)	(5,697)	6,194	116,281	197,829	44,771	242,600
Profit for the period	-	-	-	-	4,580	4,580	4,481	9,061
Other comprehensive loss for the year	-	-	(2,803)	-	-	(2,803)	(680)	(3,483)
Total comprehensive (loss)/income for the year	-	-	(2,803)	-	4,580	1,777	3,801	5,578
Dividends to non-controlling interests	-	-	-	-	-	-	(365)	(365)
Share-based payments	-	-	-	1,387	-	1,387	-	1,387
Issue of ordinary shares related to share award	1,387	-	-	(1,387)	-	-	-	-
Balance at 30 June 2023 (unaudited)	82,874	(436)	(8,500)	6,194	120,861	200,993	48,207	249,200

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 S\$'000	2023 S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Cash Flows from Operating Activities:</b>		
Profit before income tax	8,515	13,346
Adjustments for:		
Allowance for impairment of trade and other receivables	110	64
Allowance for inventories obsolescence	495	399
Amortisation of land use rights	16	16
Depreciation of investment properties	9	9
Depreciation of property, plant and equipment	3,134	2,526
Gain on disposal of property, plant and equipment, net	(221)	(4)
Gain on termination of leases	-	(2)
Interest expenses	2,767	2,071
Interest income	(219)	(125)
Inventories written off	7	18
Property, plant and equipment written off	-	11
Reversal of over provision of share-based payment	-	(358)
Share of results of associates, net	147	357
Trade receivables written off	5	157
Write back of allowance for impairment loss on trade receivables	(33)	(100)
Write back of allowance for inventories obsolescence	-	(106)
Unrealised foreign exchange differences	(266)	(839)
Operating cash flow before working capital changes	14,466	17,440
Changes in working capital:		
Inventories	3,013	1,308
Trade and other receivables	(2,990)	(9,483)
Trade and other payables	7,180	(3,505)
Cash from operating activities before service concession arrangements	21,669	5,760
Change in receivables from service concession arrangements	(700)	(25)
<b>Cash generated from operations after service concession arrangements</b>	20,969	5,735
Interest paid	(2,646)	(1,964)
Interest received	219	125
Income tax paid	(2,996)	(5,045)
<b>Net cash generated from/(used in) operating activities</b>	15,546	(1,149)



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 S\$'000 <i>(unaudited)</i>	2023 S\$'000 <i>(unaudited)</i>
<b>Cash Flows from Investing Activities:</b>		
Dividends from associates	47	309
Proceeds from disposal of property, plant and equipment	839	10
Purchase of property, plant and equipment	(4,529)	(2,551)
<b>Net cash used in investing activities</b>	<b>(3,643)</b>	<b>(2,232)</b>
<b>Cash Flows from Financing Activities:</b>		
Decrease in fixed deposits pledged and restricted bank deposit	-	545
Dividends to non-controlling interests	(1,910)	(365)
Investment in associate	(2,203)	-
Interest expense on lease liabilities	(121)	(107)
Proceeds from bank loans	3,802	14,029
Proceeds/(Repayment) from trust receipts and other borrowings, net	1,800	(1,617)
Repayment of bank loans	(10,491)	(12,473)
Repayment of lease liabilities	(1,200)	(1,107)
<b>Net cash used in financing activities</b>	<b>(10,323)</b>	<b>(1,095)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,580</b>	<b>(4,476)</b>
Cash and cash equivalents at the beginning of the period	59,262	54,128
Effect of currency translation on cash and cash equivalents	(771)	(80)
<b>Cash and cash equivalents at the end of the period</b>	<b>60,071</b>	<b>49,572</b>
<u>Additional information:</u>		
Cash and bank balances	56,982	48,060
Fixed deposits	3,843	3,497
Cash and bank balances and fixed deposits	60,825	51,557
Less: bank deposits pledged	(754)	(1,985)
Total cash and cash equivalents	<b>60,071</b>	<b>49,572</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 1 General

The Company is a public limited liability company incorporated and domiciled in Singapore and is dual listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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 (“**Assetraise**”), a company incorporated in the British Virgin Islands. Assetraise is beneficially owned by Mr. Teo Cher Koon (“**Mr. Teo**”), the Managing Director and President of the Company and his spouse, Ms. Thang Yee Chin (“**Ms. Thang**”).

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 principally focusing on motion control, industrial computing, other specialised engineering solutions and construction of hydropower plants.

## 2 Basis of Preparation

The interim results set out in the announcement do not constitute the Group’s interim report for the six months ended 30 June 2024 but are extracted from that report.

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“**SFRS(I)**”) 1-34 “*Interim Financial Reporting*” (“**SFRS(I) 1-34**”) issued by the Accounting Standards Council Singapore (“**ASC**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**SEHK Listing Rules**”). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The unaudited condensed interim consolidated financial information has been prepared on the historical basis, except certain financial assets and liabilities which are carried at fair value. The unaudited condensed interim consolidated financial information is presented in Singapore dollars (“**S\$**”) and all values are rounded to the nearest thousand (“**S\$000**”), except otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 3.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 3 Adoption of New or Amended Standards

The Group has adopted all the new and revised SFRS(I)s that are relevant to its operations and effective for annual period beginning on 1 January 2024. The application of the new and revised standards and interpretations has no material effect on the interim consolidated financial statements.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2024.

### (i) *Adoption of SFRS(I)s which are effective*

The adoption of these amendments to SFRS(I)s did not result in substantial changes to the Group's accounting policies and had no material effect on the Group's financial performance or financial position.

### (ii) *Use of judgements and estimates*

In preparing the unaudited condensed interim consolidated financial statements, management has made 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 significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

Note 14 – Impairment test of goodwill

Note 15 – Measurement of expected credit loss (“ECL”) allowance for trade and other receivables.

## 4 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 5 Segment Information

The business of the Group is organised into the following main business segments:

- Provision of Engineering Solutions - Motion Control
- Other Specialised Engineering Solutions
- Industrial Computing Solutions
- Renewable Energy

Operating segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the operating segments. Segment results represent the profit earned by each segment without allocation of corporate expenses, rental income, share of (loss)/profit of associates, interest income, finance costs and income tax expense. 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 the 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 5 Segment Information (Continued)

### (a) Reportable Operating Segments

	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Others		Elimination		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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
<b>Revenue</b>														
External sales	131,098	131,575	34,805	32,923	3,101	3,117	4,961	2,351	608	445	-	-	174,573	170,411
Inter-segment sales	2,140	4,002	867	2,360	201	1,252	-	-	5	27	(3,213)	(7,641)	-	-
	133,238	135,577	35,672	35,283	3,302	4,369	4,961	2,351	613	472	(3,213)	(7,641)	174,573	170,411
<b>Results</b>														
Segment results	6,488	9,396	1,589	2,263	173	237	2,308	2,326	(317)	333	-	-	10,241	14,555
Share of loss of associates, net	(147)	(357)	-	-	-	-	-	-	-	-	-	-	(147)	(357)
Corporate income													710	866
Rental income													259	228
Interest income													219	125
Finance costs													(2,767)	(2,071)
Profit before income tax													8,515	13,346
Income tax													(2,709)	(4,285)
Profit for the six months ended 30 June													5,806	9,061
<b>Assets</b>														
Segment assets	150,875	150,018	56,704	54,454	7,525	7,377	108,833	110,919	6,890	5,029	(5,742)	(5,286)	325,085	322,511
Goodwill	2,178	2,178	9,508	9,508	-	-	541	541	-	-	-	-	12,227	12,227
Associates	7,311	5,272	-	-	-	-	-	-	-	-	-	-	7,311	5,272
Investment properties													387	396
Cash and bank balances													60,825	60,033
Consolidated total assets as at 30 June/31 December													405,835	400,439
<b>Liabilities</b>														
Segment liabilities	51,597	50,713	14,874	14,349	520	463	14,196	9,580	4,197	4,470	(5,742)	(5,286)	79,642	74,289
Bank borrowings and lease liabilities													77,310	82,087
Income tax liabilities													1,464	1,684
Other unallocated corporate liabilities													1,540	1,714
Consolidated total liabilities as at 30 June / 31 December													159,956	159,774

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 5 Segment Information (Continued)

### (a) Reportable Operating Segments (Continued)

1 January to 30 June	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Others		Elimination		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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
	1,917	1,525	2,878	720	7	10	-	261	2	52	-	-	4,804	2,568
	50	25	2	21	2	-	-	-	56	18	-	-	110	64
	234	182	200	217	-	-	-	-	61	-	-	-	495	399
	16	16	-	-	-	-	-	-	-	-	-	-	16	16
	9	9	-	-	-	-	-	-	-	-	-	-	9	9
	1,353	1,350	1,184	1,038	76	68	488	52	33	18	-	-	3,134	2,526
	-	(2)	-	-	-	-	-	-	-	-	-	-	-	(2)
	6	6	1	12	-	-	-	-	-	-	-	-	7	18
	-	11	-	-	-	-	-	-	-	-	-	-	-	11
	-	(278)	-	(80)	-	-	-	-	-	-	-	-	-	(358)
	1	17	4	86	-	-	-	-	-	54	-	-	5	157
	(26)	(64)	(7)	(30)	-	(6)	-	-	(0)	-	-	-	(33)	(100)
	-	(75)	-	(30)	-	-	-	-	-	-	-	-	-	(106)

#### Other information

Capital expenditure on:

- Property, plant and equipment

Other non-cash expenses:

- Allowance for impairment of trade and other receivables

- Allowance for inventories obsolescence

- Amortisation of land use rights

- Depreciation of investment properties

- Depreciation of property, plant and equipment

- Gain on termination of leases

- Inventories written off

- Property, plant and equipment written off

- Reversal of over provision of share-based payment

- Trade receivables written off

- Write back of allowance for impairment loss on trade receivables

- Write back of allowance for inventories obsolescence

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 5 Segment Information (Continued)

### (b) 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. The Group operates in six principal geographical areas — Singapore (country of domicile), the People's Republic of China ("China"), Hong Kong, Malaysia, Indonesia and Vietnam.

Segments	Six months ended 30 June 2024					Total S\$'000
	Engineering Solutions - Motion Control	Other Specialised Engineering Solutions	Industrial Computing Solutions	Renewable Energy Solutions	Others	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
<b>Geographical markets</b>						
Singapore	10,964	1,514	2,724	-	605	15,807
China	100,054	27,608	9	-	-	127,671
Hong Kong	4,260	8	-	-	-	4,268
Malaysia	4,401	454	-	-	3	4,858
Indonesia	202	27	-	4,961	-	5,190
Vietnam	7,841	25	-	-	-	7,866
Others	3,376	5,169	368	-	-	8,913
<b>Total revenue from contracts with customers</b>	<b>131,098</b>	<b>34,805</b>	<b>3,101</b>	<b>4,961</b>	<b>608</b>	<b>174,573</b>
Goods or services transferred at a point in time	130,723	34,325	2,942	-	608	168,598
Services transferred over time	375	480	159	4,961	-	5,975

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 5 Segment Information (Continued)

### (b) Disaggregation of Revenue (Continued)

Segments	Six months ended 30 June 2023					
	Engineering Solutions - Motion Control	Other Specialised Engineering Solutions	Industrial Computing Solutions	Renewable Energy Solutions	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Geographical markets</b>						
Singapore	11,362	1,906	2,914	-	429	16,611
China	98,564	26,428	-	-	-	124,992
Hong Kong	2,872	9	-	-	-	2,881
Malaysia	5,505	501	5	-	9	6,020
Indonesia	125	19	-	2,351	7	2,502
Vietnam	7,565	57	71	-	-	7,693
Others	5,582	4,003	127	-	-	9,712
<b>Total revenue from contracts with customers</b>	<b>131,575</b>	<b>32,923</b>	<b>3,117</b>	<b>2,351</b>	<b>445</b>	<b>170,411</b>
Goods or services transferred at a point in time	130,985	32,422	2,502	-	317	166,226
Services transferred overtime	590	501	615	2,351	128	4,185



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 5 Segment Information (Continued)

### (c) Geographical information

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 as at	
	Six months ended 30 June 2024	Six months ended 30 June 2023	30 June 2024	31 December 2023
	S\$'000	S\$'000	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Singapore	15,807	16,611	27,946	25,656
China	127,671	124,992	28,907	28,390
Hong Kong	4,268	2,881	2,433	2,400
Malaysia	4,858	6,020	922	915
Indonesia	5,190	2,502	94,385	94,822
Vietnam	7,866	7,693	563	596
Others	8,913	9,712	2,642	987
	<u>174,573</u>	<u>170,411</u>	<u>157,798</u>	<u>153,766</u>

### (d) Information about major customers

The Group's revenue from any single external customer is less than 10%.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 6 Other Operating Income

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$'000</b>	<b>S\$'000</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income	219	125
Commission income	134	1
Foreign exchange gain, net	-	209
Gain on disposal of property, plant and equipment, net	221	4
Gain on termination of leases	-	2
Government grants	176	382
Operating lease rental income:		
- investment properties	33	22
- sub-let of office/warehouse premises	226	206
Property management income	244	273
Technical service income	269	285
Write back of allowance of inventory obsolescence	-	106
Miscellaneous income	437	621
	<u>1,959</u>	<u>2,236</u>

## 7 Finance Costs

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$'000</b>	<b>S\$'000</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expenses on:		
- bank loans	2,166	881
- trust receipts	87	133
- leases liabilities	121	107
- others	393	950
	<u>2,767</u>	<u>2,071</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 8 Profit Before Income Tax

	Six months ended 30 June	
	2024 S\$'000 <i>(unaudited)</i>	2023 S\$'000 <i>(unaudited)</i>
Profit before income tax has been arrived at after charging:		
Amortisation of land use rights	16	16
Depreciation of property, plant and equipment		
- recognised in cost of sales	900	415
- recognised in distribution costs	176	210
- recognised in administrative expenses	2,058	1,901
	3,134	2,526
Depreciation of investment properties	9	9
Other operating expense included:		
- trade receivables written off	5	157
- allowance for inventories obsolescence	495	399
- inventories written off	7	18
- foreign exchange losses, net	95	-
- property, plant and equipment written off	-	11
Operating lease rental expenses	110	82

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 9 Income Tax

	Six months ended 30 June	
	2024 S\$'000 <i>(unaudited)</i>	2023 S\$'000 <i>(unaudited)</i>
Current income tax		
- Singapore	140	423
- China	2,242	3,389
- Outside Singapore and China	219	308
- Under provision in respect of prior year	162	184
	2,763	4,304
Deferred taxation		
- Current year	(28)	-
- Over provision in respect of prior years	(26)	(19)
	(54)	(19)
	2,709	4,285

The corporate tax rate applicable to the Company and those entities of the Group incorporated in Singapore for the financial periods ended 30 June 2024 and 2023 is 17%. The corporate tax rate applicable to those entities of the Group incorporated in Malaysia for the financial periods ended 30 June 2024 and 2023 is 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 (“HK\$”) 2 million of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits at 16.5%. The Inland Revenue (Amendment) (No. 3) Ordinance 2018 is effective from the year of assessment 2018/2019.

For those entities of the Group operating in the PRC, the PRC 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 10 Earnings Per Share

The calculation of the basic earnings per share attributable to equity holders of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$'000</b>	<b>S\$'000</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to equity holders of the Company (S\$'000)	3,781	4,580
Weighted average number of ordinary shares for the purpose of basic earnings per share	446,000,209	440,342,787
Basic and fully diluted earnings per share (Singapore cents)	0.85	1.04

Basic earnings per share is calculated by dividing the Group's net profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2024 and 2023, excluding treasury shares.

The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares, if any, during the six months ended 30 June 2024 and 2023.

## 11 Dividends Paid

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$'000</b>	<b>S\$'000</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Ordinary dividends paid:		
Tax exempt (one-tier) final dividend of 0.28 Singapore cents per ordinary share (2023: 0.80 Singapore cents) in respect of the previous year	-	-

The Board recommended a final tax-exempt dividend of 0.28 Singapore cents (the "Final Dividend") (2023: 0.80 Singapore cents) per ordinary share (the "Shares"), amounting to S\$1,249,000 (2023: S\$3,532,000) under the exempt one-tier system.

The Final Dividend has been approved by the Shareholders at the annual general meeting of the Company held on 30 April 2024 and will be paid on 26 August 2024 to the eligible Shareholders whose names appeared on the register of members of the Company on 8 July 2024.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 12 Property, Plant and Equipment

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with an aggregate cost amounting to S\$5,841,000 (30 June 2023: S\$3,947,000), of which S\$1,037,000 (30 June 2023: S\$1,379,000) relates to right-of-use assets and S\$275,000 (30 June 2023: S\$17,000) were acquired by means of finance lease. Cash payments of S\$4,529,000 (30 June 2023: S\$2,551,000) were made to purchase of property, plant and equipment.

As at 30 June 2024, the Group's carrying amount of pledged property, plant and equipment to secure the bank borrowings in Note 17 was S\$17,582,000 (31 December 2023: S\$18,408,000); and the Group's carrying amount of property, plant and equipment held under lease liabilities was S\$646,000 (31 December 2023: S\$405,000).

## 13 Goodwill

	As at 30 June 2024 S\$'000 <i>(unaudited)</i>	As at 31 December 2023 S\$'000 <i>(audited)</i>
Beginning and end of financial period / year	12,227	12,227

### 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.

	As at 30 June 2024 S\$'000 <i>(unaudited)</i>	As at 31 December 2023 S\$'000 <i>(audited)</i>
<b>Engineering Solutions – Motion Control</b>		
- Servo Dynamics (Thailand) Co., Ltd (" <b>Servo Thailand</b> ")	75	75
- TDS Technology (S) Pte Ltd (" <b>TDS</b> ")	2,103	2,103
<b>Other Specialised Engineering Solution</b>		
- Dirak Asia Pte Ltd (" <b>Dirak Asia</b> ")	9,508	9,508
<b>Others</b>		
- Aenergy Holdings Company Limited (" <b>Aenergy</b> ")	541	541
	<u>12,227</u>	<u>12,227</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 13 Goodwill (Continued)

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.

As at the end of the current period and previous financial years, the recoverable amount of the CGUs was determined to be higher than the carrying amount and thus, no impairment loss needs to be recognised.

## 14 Other Financial Assets

	<b>As at 30 June 2024 S\$'000 <i>(unaudited)</i></b>	<b>As at 31 December 2023 S\$'000 <i>(audited)</i></b>
Unquoted equity shares, at cost	555	900

This represents 10% on unquoted equity interest in a company which specialises in the development of the lithium power battery system and the energy storage system.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 15 Trade and Other Receivables and Contract Assets

	<b>As at 30 June 2024 S\$'000 <i>(unaudited)</i></b>	<b>As at 31 December 2023 S\$'000 <i>(audited)</i></b>
<u>Non-current:</u>		
Service concession receivables	71,075	70,460
<u>Current:</u>		
Service concession receivables	3,121	3,036
<u>Current:</u>		
Trade receivables, net of impairment:		
- note receivables	19,149	18,387
- trade receivables	70,464	67,403
- associates	121	36
- related parties	3,350	1,919
	93,084	87,745
Other receivables, net of impairment:		
Advances to associates	41	31
Advances to related parties	118	110
Deposits	598	596
Loans to associates	27	26
Sundry debtors	3,253	3,714
Amount owing from non-controlling interest	1,675	1,715
	5,712	6,192
Contract assets	444	509
Advances paid to suppliers	12,966	14,212
Prepayment	2,391	1,935
	114,597	110,593



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 15 Trade and Other Receivables and Contract Assets (Continued)

The aging analysis of trade receivables after net of allowance for impairment loss, of the Group based on invoice date is as follows:

	<b>As at 30 June 2024 S\$'000</b>	<b>As at 31 December 2023 S\$'000</b>
	<i>(unaudited)</i>	<i>(audited)</i>
Within 30 days	38,902	40,995
31 - 90 days	31,822	25,014
Over 90 days	22,360	21,736
	<u>93,084</u>	<u>87,745</u>

### ***ECL assessment***

The Group has applied the simplified approach in SFRS(I) 9 to measure the ECL either at lifetime ECL or 12-month ECL for trade and other receivables. The Group determined the ECLs on trade and other receivables by taking into account the historical default experience and the financial position of the counterparties, including their credit characteristics, geographical location, and adjusted for factors that are specific to the receivables and general economic conditions of the industry in which the receivables operate.

The Group continues to monitor its trade and other receivables closely and prudently. The carrying amount of trade and other receivables were measured at fair value by taking into consideration of the above credit risk assessment.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 16 Share Capital

	As at 30 June 2024		As at 31 December 2023	
	No. of shares <i>(unaudited)</i>	S\$'000 <i>(unaudited)</i>	No. of shares <i>(audited)</i>	S\$'000 <i>(audited)</i>
Issued and fully paid:				
At the beginning of period/year	446,000,209	84,755	438,638,533	81,487
Issue of ordinary shares related to share award	-	-	2,830,000	1,387
Shares issued-in-lieu of cash for dividend	-	-	4,531,676	1,881
At the end of period/year	<u>446,000,209</u>	<u>84,755</u>	<u>446,000,209</u>	<u>84,755</u>

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.

There are no changes in the Company's share capital arising from right issue, bonus issue, subdivision of the issues of equity securities, issue of shares or as consideration for acquisition or for any other purpose during 1H2024.

The number of ordinary shares excluding treasury shares as at 30 June 2024 is 446,000,209 (30 June 2023: 441,468,533). No treasury shares were held as at 30 June 2024 (30 June 2023: nil). The number of shares held as subsidiary holdings as at 30 June 2024 is nil (30 June 2023: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 17 Bank Borrowings

	<b>As at 30 June 2024 S\$'000</b>	<b>As at 31 December 2023 S\$'000</b>
	<i>(unaudited)</i>	<i>(audited)</i>
<b>Non-current liabilities</b>		
Secured bank loans	48,710	51,274
Unsecured bank loans	2,800	4,751
	<u>51,510</u>	<u>56,025</u>
<b>Current liabilities</b>		
Secured bank loans	10,924	9,691
Unsecured bank loans	4,054	7,461
Trust receipts	4,306	2,507
	<u>19,284</u>	<u>19,659</u>
 Total interest-bearing liabilities	 <u>70,794</u>	 <u>75,684</u>

The bank loans of the Group are secured over leasehold properties with a carrying amount of S\$17,582,000 (2023: S\$18,408,000) (Note 12), service concession receivables with a carrying amount of S\$74,196,000 (2023: S\$73,496,000) and land use rights with carrying amounts of S\$1,028,000 (2023: S\$1,041,000).

## 18 Trade and Other Payables

	<b>As at 30 June 2024 S\$'000</b>	<b>As at 31 December 2023 S\$'000</b>
	<i>(unaudited)</i>	<i>(audited)</i>
Trade payables:		
- trade payables	29,304	27,166
- associates	36	36
- related parties	10,144	8,384
	<u>39,484</u>	<u>35,586</u>
Accrued operating expenses	1,248	2,441
Accrued salaries and bonuses	7,130	8,207
Amount owing to non-controlling interests	10,911	8,575
Other payables	7,685	9,815
	<u>66,458</u>	<u>64,624</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 18 Trade and Other Payables (Continued)

The aging analysis of trade payables of the Group based on invoice date is as follows:

	<b>As at 30 June 2024 S\$'000</b>	<b>As at 31 December 2023 S\$'000</b>
	<i>(unaudited)</i>	<i>(audited)</i>
Within 30 days	27,083	23,719
31 - 90 days	9,303	9,706
Over 90 days	3,098	2,161
	<u>39,484</u>	<u>35,586</u>

Trade payables are non-interest bearing and are usually settled within 30-90 days term.

## 19 Capital Commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements is as follows:

	<b>As at 30 June 2024 S\$'000</b>	<b>As at 31 December 2023 S\$'000</b>
	<i>(unaudited)</i>	<i>(audited)</i>
Commitment in respect of property, plant and equipment*	<u>28,633</u>	<u>30,532</u>

\*Capital expenditures mainly in relation to the construction of mini hydropower plants in Indonesia.

## 20 Corporate Guarantees

As at 30 June 2024, the Company has provided corporate guarantees to banks in connection with banking facilities granted to subsidiaries, amounting to S\$52,746,000 (31 December 2023: S\$54,142,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 21 Related Party Transactions

In addition to the related party information disclosed, the following are significant transactions of the Group with related parties at mutually agreed amounts during the six months ended 30 June 2024 and 2023.

	Notes	Six months ended 30 June	
		2024	2023
		S\$'000	S\$'000
		<i>(unaudited)</i>	<i>(unaudited)</i>
Sales to:			
- associates		83	50
- related parties	(i) & (ii)	4,884	4,241
Purchases from:			
- associates		(7)	(78)
- related parties	(i) & (ii)	(30,909)	(37,288)
Administrative income charged to:			
- associates		18	20
- related parties	(i) & (ii)	141	141
Rental charged to:			
- associates		1	3
- related parties	(ii)	255	265
Interest income charged to:			
- related parties	(i)	4	3
Other expenses charged by related parties	(i)	(212)	(269)
Other income charged to related parties	(i) & (ii)	77	155
Other income from an associate		47	309
Service income charged to an associate		64	-

Notes:

- (i) The related parties mainly pertain to non-controlling interest of certain subsidiaries and the related parties of the non-controlling interest.
- (ii) Mr. Teo, the Managing Director and President of the Company, is a director of the related party.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 22 Subsequent Events

On 4 July 2024, the Company's direct wholly-owned subsidiary, Motion Control Group Pte. Ltd. ("**MCG**") incorporated a joint venture subsidiary in Malaysia with Fuji Master Engineering Sdn. Bhd. ("**FM**"), an associate of MCG, namely Fuji Master (Penang) Sdn. Bhd. ("**FM Penang**"). The registered share capital of FM Penang is Malaysian Ringgit ("**MYR**") 100. MCG and FM hold 65% and 35% shareholdings respectively in FM Penang. The Group's effective interest in FM Penang is 75.5%. FM Penang is principally engaged in the business of system integration for semiconductors and robotics system.

On 5 August 2024, the Company's direct wholly-owned subsidiary, MCG entered into a sale and purchase agreement to acquire an additional 444,994 ordinary shares in IDI Laser Services Pte Ltd ("**IDI Laser**") for the sum of S\$600,000 (the "**Acquisition**"). Following the Acquisition, MCG entered into a subscription agreement with IDI Laser to subscribe for an additional 595,008 ordinary shares in IDI Laser for the sum of S\$ 130,000 (the "**Subscription**"). Following the Acquisition and Subscription, MCG increased its number of ordinary shares in IDI Laser from 500,015 to 1,540,017, and its effective shareholding in IDI Laser from 33.33% to 70.00%.

Other than the above, no major subsequent event has occurred since the end of the financial period ended 30 June 2024 up to the date of this interim report.

# MANAGEMENT DISCUSSION AND ANALYSIS

“ The Group continued to maintain a robust balance sheet position, with cash and bank balance standing at S\$60.8 million as of 30 June 2024. ”



The Group continued to invest in growing the breadth of its industrial automation solutions, expanding access to new geographical markets, and growing its clean energy portfolio.

#### Review of ISDN's Revenue

##### *The PRC industrial automation business*

The revenue from the Group's largest addressable market accounted for 75.6% of the total revenue and registered an increase of 3.2% YoY in 1H2024. While the robotics and automation industry continues to counter headwinds, ISDN has reported steady growth, highlighting strategic expansion of our market share in China.

##### *Southeast Asia industrial automation business*

The Group's Southeast Asia industrial automation business accounts for 19.2% of the Group's total revenue. In 1H2024, revenue from the Group's Southeast Asia industrial automation segment decreased by 9.3% YoY, primarily reflecting a broader cyclical slowdown in manufacturing and industrial capital expenditures as the region emerges cautiously from a downcycle.

##### *Renewable energy business*

The three commercialised hydropower plants contributed revenue of S\$5.0 million for 1H2024, up 111.0% YoY and accounting for 2.8% of the Group's total revenue. The total tariff income for 1H2024 was S\$6.5 million and was received as of July 2024.

## BUSINESS REVIEW

ISDN reported revenue growth of 2.4% year-on-year (“YoY”) in 1H2024, as the Group's end-markets saw emerging stability as Asia's industrial and manufacturing sector navigates past a cyclical downturn. The growth was mainly driven by higher revenue contributions from the PRC and the full-scale revenue streams from the three mini-hydropower plants that were progressively commercialised last year. The recovery of ISDN's PRC business aligns with a broad-based industrial recovery in the region, with China Caixin Manufacturing Purchasing Managers Index (“PMI”) consistently surpassing the benchmark of 50.0 throughout the reporting period, averaging at 51.3<sup>1</sup>.

<sup>1</sup> <https://www.investing.com/economic-calendar/chinese-caixin-manufacturing-pmi-753>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (Continued)

### ISDN's 1H2024 Profitability Overview

Gross profit for 1H2024 dropped by 2.6% YoY to S\$44.4 million, with the margin decreasing by 1.3 percentage points to 25.4% reflecting a shift in mix away from electronics and semiconductors (which are seeing a downcycle) as well as medical (reflecting lower export activity), offset by growth in other industries.

Other operating income fell by 12.4% to S\$2.0 million for 1H2024, which was largely due to the absence of a net foreign exchange gain of S\$0.2 million, reduced government grant of S\$0.2 million, a drop in miscellaneous income of S\$0.2 million and decrease in write back of allowance for inventories obsolescence of S\$0.1 million. These decreases were partially offset by S\$0.2 million gains from the disposal of property, plant and equipment, as well as increases in commission income and interest income of S\$0.1 million and S\$0.1 million, respectively.

Administrative expenses increased by 4.3% YoY to S\$20.0 million mainly attributed to higher withholding tax paid on foreign-sourced dividends and interest income upon remittance, increase in repair and maintenance, legal fees related to hydropower plants, and higher insurance and travelling expenses. These increases were partially offset by decreased staff-related costs due to reclassification to distributed costs, the absence of share-based payments, and a lower management bonus.

Financial cost rose by 33.6% to S\$2.8 million, mainly driven by higher bank loan drawdowns and increased interest rates.

Consequently, the Group delivered a net profit of S\$5.8 million for 1H2024, which decreased by 35.9% as compared to the six months ended 30 June 2023 ("1H2023"). ISDN continues to seek a balance between investing in long-term growth, and protecting profitability in the near-term as we navigate through the current downcycle in the manufacturing sector.

## FUTURE PROSPECTS

The Group believes the PRC and Southeast Asia economies continue to make gradual process towards a recovery in the manufacturing and industrial sectors. For example, the China Caixin PMI, a survey of manufacturing businesses, surpassed the benchmark of 50.0 throughout the 1H2024, averaging at 51.3.

ISDN saw a similar emerging stability in its China business revenues during 1H2024. The Group remains cautious on the timing of a full recovery, but believes conditions continued to improve throughout the period.

### *The PRC Market Outlook*

ISDN believes the China industrial automation markets is experiencing a cyclical downturn but has solid long-term growth prospects. Both PRC government and the private sector have advanced industrial automation as a way to offset labour shortages and demographic decline through the adoption of smart manufacturing and advanced technology, whilst boosting efficiency and productivity<sup>2</sup>.

In 1H2024, Foreign Direct Investment ("FDI") in China's manufacturing industry, more specifically, high-tech manufacturing continued to expand at 2.4% YoY despite the overall FDI drop of 29.1% YoY<sup>3</sup>. This is indicative of China's enhanced focus on improving the manufacturing sector as a whole.

The Chinese government is driving the growth and private consumption through higher government spending and incentives in order to achieve the 5% GDP growth target.

As a full-stack industrial automation solution provider equipped with advanced and growing technology capabilities, we believe ISDN is well-positioned to capitalise on opportunities to grow market share in the region.

Overall, the Group remains cautiously optimistic given the prolonged macroeconomic recovery due to heightened geopolitical tensions and fluctuating inflationary data.

### *Non-PRC Market Outlook*

PMIs in Southeast Asia have continued to indicate expansion in June for the sixth consecutive month<sup>4</sup>, suggesting emerging recovery momentum from the downcycle in the region.

<sup>2</sup> South China Morning Post: Deep Dive: China shifts to automation, industrial robots to address shrinking workforce and stay competitive, 8 Apr 2024

<sup>3</sup> South China Morning Post: Foreigners invest more in China's advanced manufacturing even as total FDI drops, 2 Aug 2024

<sup>4</sup> Edge: Economists say Malaysia's manufacturing sector still on track for growth, shrug off June's dip, 2 Jul 2024



# MANAGEMENT DISCUSSION AND ANALYSIS

## FUTURE PROSPECTS (Continued)

Longer-term, the Group believes Southeast Asia will continue to be a growth market for industrial automation as wage inflation and advanced manufacturing are both long-term trends in the region that benefit from industrial automation.

The Group believes that the (1) expected recovery in key sectors; (2) core capability build-up through the downturn; and (3) rising demand for industrial automation in key markets, positions the Group well to capitalise on cyclical recovery and long-term growth.

## FINANCIAL REVIEW

### Revenue and gross profit margin

	1H2024 S\$'000	1H2023 S\$'000	% change + / (-)
<b>Industrial Automation Solutions</b>			
Revenue	169,612	168,060	0.9%
Gross profit	39,861	43,354	-8.1%
Gross profit margin	23.5%	25.8%	-2.3 ppt
<b>Renewable Energy</b>			
Revenue	4,961	2,351	n.m.
Operating income	2,285	1,094	n.m.
Finance income	2,676	1,257	n.m.
Gross profit	4,532	2,230	n.m.
Operating income	1,856	973	90.8%
Finance income	2,676	1,257	n.m.
Gross profit margin	91.4%	94.9%	-3.5 ppt
Operating income	81.2%	88.9%	-7.7 ppt
Finance income	100.0%	100.0%	0 ppt
<b>Total</b>			
Revenue	174,573	170,411	2.4%
Gross profit	44,393	45,584	-2.6%

n.m.: Not meaningful

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW (Continued)

### Revenue and gross profit margin

The Group's revenue of S\$174.6 million for 1H2024 was higher by 2.4% as compared to 1H2023 of S\$170.4 million. Revenue from our industrial automation solutions segment increased by S\$1.6 million or 0.9% in 1H2024. China remained as the largest contributor to the industrial automation solutions segment, accounting for approximately 75% to the Group's revenue in this segment. The robust demand for automation solutions in China continues to drive revenue, underscoring its importance to the overall business.

Indonesia's renewable energy revenue increased by S\$2.6 million to S\$5.0 million in 1H2024. The Group's hydropower plant, Lau Biang 1, commenced commercial operations on 31 December 2022. This was followed by the Anggoci and Sisira hydropower plants, which began commercial operations on 15 June 2023. These plants contributed S\$2.3 million in operating revenue and S\$2.7 million in finance income in 1H2024. In contrast, only Lau Biang 1 contributed to operating revenue and finance income in 1H2023, amounting to S\$1.1 million and S\$1.3 million, respectively. A total of S\$6.5 million was billed to PT PLN (Persero) ("PLN") for 1H2024 and was received as of July 2024.

Gross profit of S\$44.4 million was S\$1.2 million, or 2.6% lower in 1H2024 as compared to 1H2023. Overall, the gross profit margins of the Group edged down in 1H2024 as compared to 1H2023 by 1.3 percentage points from 26.7% to 25.4%. In 1H2024, the gross profit and gross profit margin for the industrial automation solutions segment fell by S\$3.5 million and 2.3 percentage points, respectively. The decline in gross profit and gross profit margin was due to an increase in pass-through sales, as well as heightened competition in cyclical sectors such as semiconductors and electronics. As a result, the Group experienced a notable decrease in its gross profit margin. The gross profit for renewable energy grew from S\$2.2 million to S\$4.5 million in 1H2024, driven by the commercialisation of three hydropower plants.

### Other operating income

Other operating income decreased by S\$0.3 million, or 12.4% to S\$2.0 million for 1H2024. This decline was primarily due to the absence of net foreign exchange gain of S\$0.2 million, lower government grants of S\$0.2 million, decrease in miscellaneous income of S\$0.2 million and decrease in write back of allowance for inventories obsolescence of S\$0.1 million. This was partially offset by the increase in gain on disposal of property, plant and equipment of S\$0.2 million, increase in commission income and interest income of S\$0.1 million and S\$0.1 million, respectively.

### Distribution costs

Distribution costs increased by S\$1.9 million, or 15.4% to S\$14.4 million for 1H2024. The increase was mainly due to increase in staff and related costs of S\$1.9 million, which resulted from the reclassification of these expenses from administrative expenses to distribution costs, as well as the absence of a reversal of over provision of share-based payment. Additionally, travelling expenses increased by S\$0.2 million. This was partially offset by a decrease in office and other expenses of S\$0.2 million.

### Administrative expenses

Administrative expenses increased by S\$0.8 million, or 4.3% to S\$20.0 million in 1H2024 mainly due to higher withholding tax of S\$1.1 million paid on foreign-sourced dividends and interest income upon remittance, increase in repair and maintenance of S\$0.3 million, increase in professional fee of S\$0.3 million related to the legal fees for hydropower plants, increase in insurance of S\$0.1 million and increase in travelling expenses of S\$0.1 million. This was partially offset by the decrease in staff and related costs of S\$0.6 million mainly due to the reclassification of these expenses from administrative expenses to distribution costs and the absence of a reversal of over provision of share-based payment. Furthermore, the performance bonus for the executive director was lower by S\$0.5 million, which was in line with the decrease in the Group's business performance.

### Net impairment (losses)/gains on financial assets

Net impairment losses on financial assets of S\$0.1 million in 1H2024, primarily due to a higher impairment loss following the ECL assessment. In contrast, net impairment gains on financial assets in 1H2023 were attributable to the reversal of impairment losses following the ECL assessment and the recovery of debts.

### Other operating expenses

Other operating expenses increased by S\$0.02 million or 3.0% to S\$0.7 million for 1H2024. The increase was mainly due to increase in allowance for inventories obsolescence of S\$0.1 million and increase of net foreign exchange loss of S\$0.1 million; partially offset by decrease in bad debts written off of S\$0.2 million.

### Finance costs

Finance costs increased by S\$0.7 million, or 33.6% to S\$2.8 million for 1H2024, primarily due to higher bank loan drawdowns since the third quarter of financial year ended 2023 coupled with an increase in the interest rates.

### Share of loss of associates, net

Due to the decline in business activity of our associated companies, the Group recorded a share of loss of associates of S\$0.1 million in 1H2024, compared to a share of loss of S\$0.4 million in 1H2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW (Continued)

### Income tax expense

Income tax expense decreased by S\$1.6 million, or 36.8% to S\$2.7 million for 1H2024, mainly due to lower taxable profits in 1H2024.

### Property, plant and equipment

Property, plant and equipment increased by S\$1.6 million, or 2.5% as at 30 June 2024. The increase was mainly due to purchase of plant and equipment of S\$2.0 million, increase in capital expenditure of S\$1.4 million for construction of a new building in our Wujiang office, China, recognition of right-of-use assets of S\$1.0 million, renovation of leasehold properties of S\$0.8 million, purchase of furniture and fittings of S\$0.4 million and purchase of motor vehicles of S\$0.2 million. This was partially offset by depreciation charge of S\$3.1 million, disposal of a leasehold properties with net book value of S\$0.6 million and translation loss of S\$0.5 million arising from the weakening of Indonesian Rupiah ("IDR") against S\$ in 1H2024.

### Associates

Interests in associates increased by S\$2.0 million, or 38.7% as at 30 June 2024. This increase was attributed to the acquisition of associates FM and Centronics Automation Technology Pte Ltd ("Centronics"), totaling S\$2.2 million in February 2024; which was partially offset by share of loss of associates of S\$0.1 million.

### Service concession receivables (current and non-current)

Service concession receivables increased by S\$0.7 million, or 1.0% as at 30 June 2024. Service concession 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 1H2024, foreign exchange revaluation gains of S\$4.0 million was recorded due to the United States Dollar ("USD") appreciation against IDR. This was partially offset by a translation loss of S\$1.8 million resulting from the strengthening of the S\$ against the IDR. In addition, a total of S\$1.5 million in service concession receivables were derecognised upon invoicing PLN for Lau Biang 1 and Anggoci.

### Inventories

Inventories decreased by S\$3.5 million or 4.8% to S\$69.5 million as at 30 June 2024 primarily due to the fulfilment of customer orders in 1H2024.

### Trade and other receivables and contract assets

Trade and other receivables increased by S\$4.0 million or 3.6% to S\$114.6 million as at 30 June 2024 mainly due to increase in trade receivables of S\$5.3 million, partially offset by the decrease in advances paid to third parties of S\$1.2 million and decrease in contract assets of S\$0.1 million.

Subsequent receipt of about S\$20.1 million was received from customers as at 31 July 2024. The collection represented approximately 21.6% of trade receivables as at 30 June 2024.

### Trade and other payables

Trade and other payables increased by S\$1.8 million or 2.8% to S\$66.5 million as at 30 June 2024 was mainly due to increase in trade payables of S\$3.9 million, increase in loan from non-controlling interest of S\$2.3 million for the acquisition of land for the construction of mini-hydropower plants, Lau Biang 2 and Lau Biang 3, and increase in other payables of S\$0.7 million. This was partially offset by decrease in taxes payable of S\$1.5 million, the repayment of dividend payable to non-controlling interests amounting to S\$1.3 million for FY2023's dividend, decrease in accrued operating expenses of S\$1.2 million and decrease in accrued salaries and bonuses of S\$1.1 million.

### Contract liabilities

Contract liabilities increased by S\$3.3 million or 30.3% to S\$14.1 million was mainly due to an increase in advances received from customers for sales 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 decreased by S\$4.9 million or 6.5% to S\$70.8 million as at 30 June 2024. The decrease was primarily due to repayment of bank borrowings of S\$10.5 million offset by proceeds from bank borrowings (inclusive of trust receipts) of S\$5.6 million.

## CAPITAL EXPENDITURES

During the financial period ended 30 June 2024, the Group's capital expenditure consists of additions to property, plant and equipment and construction in progress amounting to approximately S\$4,804,000 (30 June 2023: S\$2,568,000).

# MANAGEMENT DISCUSSION AND ANALYSIS



The gross profit for renewable energy grew from S\$2.2 million to S\$4.5 million in 1H2024, driven by the commercialisation of three hydropower plants.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 3 January 2024, the Company's direct wholly-owned subsidiary, MCG further invested S\$32,386 share capital for an additional 32,386 ordinary shares in a 51.0%-owned subsidiary, Performance Leadership Pte. Ltd. ("**Performance Leadership**"). Following the completion of the share allotments, the Group's effective interest in Performance Leadership decreased from 51.0% to 50.6%.

On 9 January 2024, the Company's direct wholly-owned subsidiary, ISDN Investments Pte Ltd ("**ISDN Investments**") made a capital injection of USD1,000,000 (equivalent to approximately S\$1,329,000) in ISDN (Jiangxi) Technologies Co., Ltd. ("**ISDN Jiangxi**") for working capital purposes. Following the completion of the capital injection, the paid-up share capital of ISDN Jiangxi is USD1,000,000 (equivalent to approximately S\$1,329,000) and ISDN Jiangxi remains as an indirect wholly-owned subsidiary of the Company.

On 5 February 2024, the Company's direct wholly-owned subsidiary, MCG capitalised a loan sum of S\$180,000

being part of the existing amount due and owing by its 90.0%-owned subsidiary, NovaPeak Pte. Ltd. ("**NovaPeak**"), to be applied towards MCG's additional capital injection in NovaPeak ("**Capitalisation of Loan**"). Following the completion of the Capitalisation of Loan, the Group's effective interest in NovaPeak remains unchanged at 90.0%.

On 22 February 2024, the Company's direct wholly-owned subsidiary, MCG acquired 150,000 ordinary shares in FM and 7,500 ordinary shares in Centronics, representing 30% of the entire issued and paid up capital of both FM and Centronics at a consideration of MYR7,198,000 (equivalent to approximately S\$2,028,000) and S\$25,000, respectively. Following the completion of the acquisition, FM and Centronics had become associated companies of MCG and the Group.

On 16 April 2024, the Company's direct wholly-owned subsidiary, ISDN Investments made a further capital injection of USD1,000,000 (equivalent to S\$1,360,000) in a wholly-owned subsidiary, ISDN Jiangxi for working capital purposes. Following the completion of the capital injection, the total paid-up share capital of ISDN Jiangxi increased from USD1,000,000 to USD2,000,000 (equivalent to S\$1,329,000 to S\$2,689,000).

On 23 May 2024, the Company's direct wholly-owned subsidiary, MCG made a capital injection of MYR300,000 (equivalent to S\$86,000) in a wholly-owned subsidiary, Servo Technologies Sdn. Bhd. ("**Servo Technologies**") for working capital purposes. Following the completion of the capital injection, the registered and paid-up capital of Servo Technologies increased from MYR1 to MYR300,000 (equivalent to approximately S\$0.29 to S\$86,000) (100%) of the total registered and paid-up capital of Servo Technologies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

On 20 June 2024, the Company's direct wholly-owned subsidiary, MCG made a further capital injection of MYR300,000 (equivalent to S\$86,000) in a wholly-owned subsidiary, Servo Technologies for working capital purposes. Following the completion of the capital injection, the registered and paid-up capital of Servo Technologies increased from MYR300,000 to MYR600,000 (equivalent to approximately S\$86,000 to S\$172,000) (100%) of the total registered and paid-up capital of Servo Technologies.

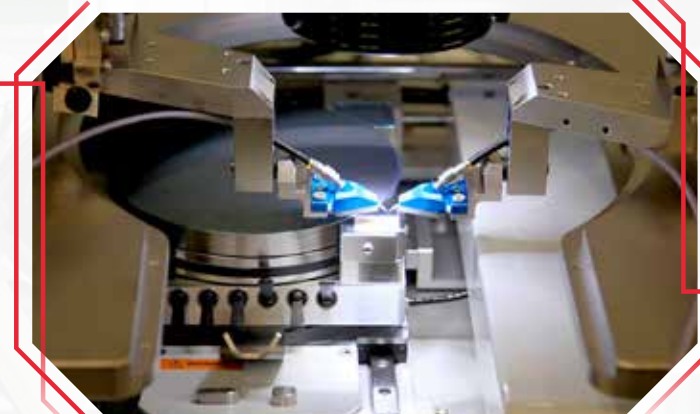
## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those mentioned under the section headed "Use of Proceeds from Issue of Securities" and Note 22, there was no specific plan for material investments or capital assets as at 30 June 2024.

## LIQUIDITY AND FINANCIAL RESOURCES

During the financial period ended 30 June 2024, the Group's working capital was financed by both internal resources and bank borrowings. As at 30 June 2024, cash and bank balances amounted to approximately S\$60.8 million, which increased by approximately 1.3% as compared to S\$60.0 million as at 31 December 2023. The quick ratio of the Group was approximately 1.7 times (31 December 2023: 1.7 times).

As at 30 June 2024, the Group has long and short-term bank borrowings of approximately S\$70.8 million. Among the borrowings, the bank borrowings due within one year amounted to approximately S\$19.3 million (31 December 2023: S\$19.7 million) while the bank borrowings due after one year amounted to approximately S\$51.5 million (31 December 2023: S\$56.0 million).



As at 30 June 2024, the weighted average effective interest rates on bank borrowings is 4.9% (31 December 2023: 5.2%) 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. In addition, the Group obtained a loan from a financial institution of S\$0.4 million with fixed interest rate of 4.25% per annum in financial year ended 2023. Other than the above, the Group does not have fixed rate bank borrowings as at 30 June 2024 and 31 December 2023. Together with the obligation under finance leases of approximately S\$0.3 million (31 December 2023: S\$0.1 million), the Group's total borrowings amounted to S\$71.1 million (31 December 2023: S\$75.7 million).

As at 30 June 2024, the carrying amounts of the Group's cash and bank balances and bank borrowings are denominated in the below currencies:

	RMB S\$'000	USD S\$'000	SGD S\$'000	HKD S\$'000	CHF S\$'000	EUR S\$'000	Others S\$'000	Total S\$'000
<b>30 June 2024</b>								
Cash and bank balances	25,073	17,926	7,476	83	954	2,659	6,654	60,825
Bank borrowings	14,608	43,928	11,185	-	-	784	289	70,794
<b>31 December 2023</b>								
Cash and bank balances	23,057	21,789	5,042	211	881	1,779	7,274	60,033
Bank borrowings	17,293	46,255	11,158	-	-	747	231	75,684

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 requirement of the renewable energy business of the Group. As there is a change in the business plan of the Company from mining to renewable energy business, the Company intends to re-allocate the amount of unutilised proceeds of S\$6,100,000 to renewable energy business.

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 re-allocated	Amount utilised from 08/05/2013 to 31/12/2023	Amount utilised during 1H2024	Amount unutilised as at 30/06/2024	Expected timeline of full utilisation of unutilised proceeds
	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	1,815	-	-	N/A
Working capital requirements of the mining-related business of the Group (in particular, coal trading)	500	500	-	-	N/A
Funding for construction and working capital requirement of the renewable energy business	6,100	1,074	-	5,026	December 2026
Exploration of power plant opportunities	2,000	2,000	-	-	N/A
<b>Total</b>	<b>10,415</b>	<b>5,389</b>	<b>-</b>	<b>5,026</b>	

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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, as set out below:

Prospects/Future Plans	Amount of net proceeds allocated	Amount utilised from 27/02/2019 up to 30/06/2024	Amount utilised during 1H2024	Amount unutilised as at 30/06/2024	Expected timeline of full utilisation of unutilised proceeds
	S\$’000	S\$’000	S\$’000	S\$’000	
Business development	4,770	3,032	-	1,738	December 2026
General working capital	530	530	-	-	N/A
<b>Total</b>	<b>5,300</b>	<b>3,562</b>	<b>-</b>	<b>1,738</b>	

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

## GEARING RATIO

As at 30 June 2024, the gearing ratio of the Group was about 35.1% (31 December 2023: 38.2%) 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 non-controlling interests).

## TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the 1H2024. 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 coincide with the functional currency of the subsidiary as a natural hedge against foreign exchange fluctuation. During the 1H2024, the Group did not enter into any hedges in respect of the interest rate risk we are exposed to.

**In ISDN’s core industrial automation business, the Group built out its capabilities further in industrial cloud, AI and software, enabling it to offer “full stack” integrated solutions that include components, machinery, software and intelligence in a single solution for customers.**

# MANAGEMENT DISCUSSION AND ANALYSIS



## FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in Renminbi ("RMB") and USD. The Group has currency exposure as certain sourced parts and components incurred in the Mainland China were denominated in RMB. Certain of the subsidiaries of the Company 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 recognised assets and liabilities which are denominated in RMB. During the 1H2024, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, there were 1,177 (31 December 2023: 1,149) 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 subject to a selling moratorium of six (6) months.

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 the 1H2024.

## 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 30 June 2024.

### Charge on the Group's Assets

As at 30 June 2024, the Group's bank deposits, service concession receivables, net book value of property, plant and equipment and land use rights of approximately S\$0.8 million, S\$74.2 million, S\$17.6 million and S\$1.0 million, respectively (31 December 2023: S\$0.8 million, S\$73.5 million, S\$18.4 million and S\$1.0 million) were pledged to banks to secure banking facilities granted to the Group.

### Interim dividend

The Board has resolved not to declare any interim dividend for the 1H2024 (2023: S\$Nil).



# OTHER INFORMATION

## Directors' and Chief Executive's Interests and Short Position in the Shares, Underlying Shares and Debentures and its Associated Corporations

As at 30 June 2024, 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 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 Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Hong Kong Listing Rules (the "**Model Code**"), were as follows:

### (i) Long position in the Shares, underlying Shares or debentures of the Company

#### Number of Shares

Name of Directors	Capacity	Personal interests	Corporate interests	Total	Approximate percentage of the issued Shares <sup>(Note 3)</sup>
Mr. Teo <sup>(Note 1)</sup>	Interest of controlled corporation	-	143,949,181	143,949,181	32.28%
Mr. Kong Deyang	Beneficial owner	2,050,000	-	2,050,000	0.46%
Mr. Toh Hsiang-Wen Keith (" <b>Mr. Toh</b> ") <sup>(Note 2)</sup>	Interest of controlled corporation	-	38,280,107	38,280,107	8.58%

#### Notes:

- (1) The Shares were held by Assestraise, which is beneficially owned by Mr. Teo and his spouse, Ms. Thang. Accordingly, Mr. Teo was deemed to be interested in these 143,949,181 Shares by virtue of the SFO.
- (2) The Shares were held by 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 in 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 percentage of shareholding was calculated based on 446,000,209 Shares in issue as at 30 June 2024.

## OTHER INFORMATION

### **(ii) Long position in the shares, underlying shares and debentures of the associated corporations of the Company**

As at 30 June 2024, Mr. Teo had the personal interests in the following associated corporations:-

1. in 5,547 ordinary shares, representing 1% of the issued shares, in Dirak Asia Pte Ltd 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.

Save as disclosed above, as at 30 June 2024, none of the Directors or the Chief Executive had an interest or short position in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); 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 Stock Exchange pursuant to the Model Code.

### **Employee Performance Share Plan ("ISDN PSP")**

On 31 January 2023 (the "Adoption Date"), the Company adopted a new share incentive scheme, namely, the ISDN PSP 2022.

The plan is administrated by the remuneration committee of the Board comprising the Independent Non-executive Directors, Mr. Sho Kian Hin, Ms. Heng Su-Ling Mae and Mr. Tan Soon Liang.

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 creditors.

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.

The number of Shares available for grant under the ISDN PSP 2022 as at 1 January 2024 and 30 June 2024 is 41,033,853.

Since the commencement of the ISDN PSP 2022, 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.

Since the commencement of the ISDN PSP 2022 to the financial period ended 30 June 2024, an aggregate of 2,830,000 (2023: 2,830,000) Shares have been granted.

During the 1H2024, no (2023: 2,830,000) 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 this report, there are no outstanding share awards issued under the ISDN PSP 2022.

### **Arrangements to purchase, sale or redemption of Listed Securities**

During the 1H2024 and up to the date of this interim report, the Company did not redeem any of its securities (including sale of treasury shares, if any) listed on the Main Board of the Stock Exchange and SGX-ST, neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities (including sale of treasury shares, if any).

As at 30 June 2024, the Company did not hold any treasury shares.

### **Deed of Non-competition**

The Company has received the written confirmations from Mr. Teo and Ms. Thang in respect of the compliance with the provisions of the deed of non-competition (the "Deed of Non-competition"), entered into between the controlling shareholders and the Company as set out

## OTHER INFORMATION

in the section headed "Relationship with Controlling Shareholders - Non-Competition Undertaking" of the prospectus of the Company dated 30 December 2016, during the 1H2024 and up to the date of this interim report.

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 the 1H2024 and up to the date of this interim report.

### Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2024, the entities or persons (other than a Director or the Chief Executive) who 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 were as follows:

#### Number of Shares

Name	Capacity	Personal interests	Corporate interests	Total	Approximate percentage of the issued Shares <sup>(Note 3)</sup>
Assetraise <sup>(Note 1)</sup>	Beneficial owner	143,949,181	-	143,949,181	32.28%
Ms. Thang <sup>(Note 1)</sup>	Interest of controlled corporation	-	143,949,181	143,949,181	32.28%
NTSP <sup>(Note 2)</sup>	Beneficial owner	38,280,107	-	38,280,107	8.58%
Mr. Loke Wai San ("Mr. Loke") <sup>(Note 2)</sup>	Interest of controlled corporation	-	38,280,107	38,280,107	8.58%
NEG 2 <sup>(Note 2)</sup>	Interest of controlled corporation	-	38,280,107	38,280,107	8.58%
NT Fund 2 <sup>(Note 2)</sup>	Interest of controlled corporation	-	38,280,107	38,280,107	8.58%
Tuas Fund Investments Pte Ltd ("TF") <sup>(Note 2)</sup>	Interest of controlled corporation	-	38,280,107	38,280,107	8.58%
Fullerton Fund Investments Pte Ltd ("FF") <sup>(Note 2)</sup>	Interest of controlled corporation	-	38,280,107	38,280,107	8.58%
Temasek Holdings (Private) Limited ("TH") <sup>(Note 2)</sup>	Interest of controlled corporation	-	38,280,107	38,280,107	8.58%

#### Notes:

- (1) Assetraise, which is beneficially owned by Mr. Teo and his spouse Ms. Thang, are the beneficial owner of 143,949,181 Shares. By virtue of the SFO, Mr. Teo and his spouse Ms. Thang, are deemed to be interested in all of the Shares held by Assetraise.
- (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 38,280,107 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 38,280,107 Shares held by NTSP under The Securities and Futures Act, Cap. 289, of Singapore ("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 percentage of shareholding was calculated based on 446,000,209 issued shares of the Company as at 30 June 2024.

# OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any entities or persons (who were not a Directors or the Chief Executive) who had an interest or short position in the Shares and underlying Shares which have been disclosed to the Company under the provisions of 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.

## CORPORATE GOVERNANCE

The Group has applied the principles and the extent of compliance with the guidelines as set out in the Singapore Revised Code of Corporate Governance 2018 (the “Code”) and the mandatory disclosure requirements and applicable code provisions of the Corporate Governance Code (the “HK CG Code”) as set out in Part 2 of Appendix C1 to the Hong Kong Listing Rules to provide the structure through which the objectives of protection of Shareholders’ interest and enhancement of long-term Shareholders’ value are met. In the event of any conflict between the Code and the HK CG Code, the Group will comply with the more onerous provisions. Throughout the 1H2024, the Group has complied with the Code and the HK CG Code.

### Compliance with Singapore Listing Manual and Hong Kong Model Code for Securities Transaction

In compliance with Rules 1207(19) of the Listing Manual (the “Singapore Listing Manual”) of the SGX-ST and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong

Kong Listing Rules (the “Model Code”), the Company has adopted its own internal compliance code pursuant to the SGX-ST’s and the Model Code’s best practices on dealings in securities and these are applicable to all officers in relation to their dealings in the Company’s securities. In furtherance, specific enquiry has been made with all the Directors and the Directors have confirmed that they have complied with the Model Code during the 1H2024 and up to the date of this interim report.

The Company and its officers are not allowed to deal in the shares during the period commencing 30 days immediately before the announcement of the Company’s half-year 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 and/or inside information of the Company and they are not to deal in the Company’s securities on short-term considerations.

### Changes in Information of Director

Subsequent to the date of the 2023 annual report of the Company, the changes in Directors’ information as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules are set out below:

#### Name of Director

Mr. Tan Soon Liang	Appointed as independent director of Far East Group Limited (stock code: 5TJ), a company listed on Catalist board of the SGX ST, with effect from 24 May 2024  Appointed as independent non-executive director of Stamford Land Corporation Ltd (stock code: H07), a company listed on Main-Board of the SGX ST, with effect from 31 July 2024
Mr. Sho Kian Hin	Appointed as independent non-executive director of JB Foods Limited (stock code: BEW), a company listed on Main-Board of the SGX ST, with effect from 31 July 2024  Appointed as independent non-executive director of Figtree Holdings Limited (stock code: 5F4), a company listed on Catalist board of the SGX ST, with effect from 7 August 2024

# OTHER INFORMATION

## **Audit Committee**

The Audit Committee with written terms of reference which deal clearly with its authority and duties. Amongst the Audit Committee's principal duties is to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee comprises three independent non-executive Directors, namely Ms. Heng Su-Ling Mae, Mr. Sho Kian Hin and Mr. Tan Soon Liang. Ms. Heng Su-Ling Mae is the chairman of the Audit Committee.

The financial information in this interim report has not been audited or reviewed by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the financial period ended 30 June 2024 and is of the opinion that such results complied with the applicable accounting standards, the requirements under Singapore Listing Manual and the Hong Kong Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

## **Publication of the interim report**

The interim report of the Company for 1H2024 is published on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>, website of the Stock Exchange at <https://www.hkexnews.hk/>, and the website of the Company at <https://www.isdnholdings.com/sgx-singapore-exchange>.

By order of the Board

**ISDN HOLDINGS LIMITED**  
**Tan Soon Liang**  
*Chairman*

Singapore, 14 August 2024



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**ISDN Holdings**  
LIMITED

101 Defu Lane 10, Singapore 539222  
Company registration No. 200416788Z

ISDN Holdings Limited

Interim Report 2024