

The Singapore Exchange Securities Trading Limited, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ISDN HOLDINGS LIMITED

億仕登控股有限公司

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong stock code: 1656)

(Singapore stock code: I07.SI)

ANNUAL RESULTS ANNOUNCEMENT FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Twelve months ended 31 December		
	2021 S\$'000	2020 S\$'000	Change %	2021 S\$'000	2020 S\$'000	Change %
Revenue	222,978	194,679	14.5%	440,136	361,864	21.6%
Gross Profit	62,191	54,238	14.7%	120,384	95,573	26.0%
Profit after tax	19,676	9,614	n.m.	39,064	22,496	73.6%
Profit for the period / year attributable to owners of the Company	13,318	5,567	n.m.	25,485	15,139	68.3%
Basic earnings per share (Singapore cents)	3.04	1.28	n.m.	5.84	3.51	66.4%

The Board has resolved to recommend a final dividend of 1.45 Singapore cents (equivalent to 8.35 Hong Kong cents) for the year ended 31 December 2021 (2020 final: 0.80 Singapore cents (equivalent to 4.67 Hong Kong cents)).

n.m. – not meaningful



Table of Contents

A.	Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	3
B.	Condensed Interim Consolidated Statements of Financial Position	4
C.	Condensed Interim Consolidated Statements of Changes in Equity	5
D.	Condensed Interim Consolidated Statement of Cash Flows	7
E.	Notes to the Condensed Interim Consolidated Financial Statements	9
F.	Management Discussion and Analysis	31
G.	Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix 16	42



ISDN Holdings Limited
Financial Statements Announcement
For the Second Half and Full Year Ended 31 December 2021

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of ISDN Holdings Limited (the “**Company**”) hereby announces the consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 31 December 2021 (“**2H2021**”) and year ended 31 December 2021 (the “**FY2021**”), together with the relevant comparative audited or unaudited figures. The Group’s results for 2H2021 and FY2021 are unaudited but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Group					
		Six months ended 31 December			Twelve months ended 31 December		
Note	2021	2020	Change	2021	2020	Change	
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)	
	<i>(unaudited)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(audited)</i>		
	Revenue	222,978	194,679	14.5%	440,136	361,864	21.6%
	Cost of sales	(160,787)	(140,441)	14.5%	(319,752)	(266,291)	20.1%
	Gross profit	62,191	54,238	14.7%	120,384	95,573	26.0%
	Other operating income	6,048	2,577	n.m.	8,976	4,344	n.m.
	Distribution costs	(15,333)	(13,770)	11.4%	(30,028)	(25,304)	18.7%
	Administrative expenses	(23,610)	(15,907)	48.4%	(42,344)	(31,235)	35.6%
	Net impairment losses on financial assets	(751)	(5,046)	-85.1%	(1,526)	(4,623)	-67.0%
	Other operating expenses	(2,084)	(6,478)	-67.8%	(2,616)	(6,007)	-56.5%
	Finance costs	(792)	(763)	3.8%	(1,476)	(1,735)	-14.9%
	Share of profit of associates, net	738	508	45.3%	1,103	979	12.7%
	Profit before income tax	26,407	15,359	71.9%	52,473	31,992	64.0%
	Income tax	(6,731)	(5,745)	17.2%	(13,409)	(9,496)	41.2%
	Profit for the period/year	19,676	9,614	n.m.	39,064	22,496	73.6%
	Other comprehensive income, net of tax:						
	<u>Items that may be subsequently reclassified to profit or loss</u>						
	- net fair value changes on cash flow hedge	(15)	16	n.m.	(15)	47	n.m.
	- exchange differences on translation	3,059	1,166	n.m.	4,822	3,178	51.7%
	Total comprehensive income for the period/year	22,720	10,796	n.m.	43,871	25,721	70.6%
	Profit for the period/year attributable to:						
	Equity holders of the Company	13,318	5,567	n.m.	25,485	15,139	68.3%
	Non-controlling interests	6,358	4,047	57.1%	13,579	7,357	84.6%
		19,676	9,614	n.m.	39,064	22,496	73.6%
	Total comprehensive income for the period/year attributable to:						
	Equity holders of the Company	15,466	6,826	n.m.	28,951	17,897	61.8%
	Non-controlling interests	7,254	3,970	82.7%	14,920	7,824	90.7%
		22,720	10,796	n.m.	43,871	25,721	70.6%
	Earnings per share attributable to the holder of the Company:						
	Basic and diluted (Singapore cents)	3.04	1.28	n.m.	5.84	3.51	66.4%

n.m.: Not meaningful

B. Condensed Interim Consolidated Statements of Financial Position

	Note	Group		Company	
		As at 31 December 2021 S\$'000 (unaudited)	As at 31 December 2020 S\$'000 (audited)	As at 31 December 2021 S\$'000 (unaudited)	As at 31 December 2020 S\$'000 (audited)
ASSETS					
Non-current Assets					
Property, plant and equipment	13	67,707	61,602	684	-
Investment properties		440	460	-	-
Land use rights		1,221	1,214	-	-
Goodwill	14	12,227	12,227	-	-
Subsidiaries		-	-	50,410	50,410
Associates		5,345	5,775	-	104
Service concession receivables	15	69,356	58,541	-	-
Other financial assets		900	900	-	-
Deferred tax assets		350	251	-	-
Total non-current assets		157,546	140,970	51,094	50,514
Current Assets					
Inventories		77,534	55,592	-	-
Trade and other receivables	15	118,504	102,950	849	280
Amounts owing by subsidiaries		-	-	61,246	57,095
Dividend receivables		-	-	500	1,047
Cash and bank balances		61,681	58,473	864	2,863
Total current assets		257,719	217,015	63,459	61,285
Total Assets		415,265	357,985	114,553	111,799
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	81,487	79,213	81,487	79,213
Reserves		115,649	90,807	24,199	18,993
		197,136	170,020	105,686	98,206
Non-controlling interests		49,839	47,604	-	-
Total Equity		246,975	217,624	105,686	98,206
Non-current Liabilities					
Bank borrowings	17	12,761	9,580	-	2,220
Leases liabilities		4,559	1,127	660	-
Deferred tax liabilities		790	586	-	-
Total non-current liabilities		18,110	11,293	660	2,220
Current Liabilities					
Bank borrowings	17	27,360	22,128	-	4,445
Leases liabilities		2,117	1,481	20	-
Trade and other payables	18	96,885	84,364	8,025	6,687
Contract liabilities		19,475	17,053	-	-
Current tax liabilities		4,343	4,042	162	241
Total current liabilities		150,180	129,068	8,207	11,373
Total Liabilities		168,290	140,361	8,867	13,593
Total Equity and Liabilities		415,265	357,985	114,553	111,799



ISDN Holdings Limited
Financial Statements Announcement
For the Second Half and Full Year Ended 31 December 2021

C. Condensed Interim Consolidated Statements of Changes in Equity

	← Attributable to equity holders of the Group →					Total	Non-controlling interests	Total equity
	Share capital	Merger reserve	Exchange translation reserve	Other reserves	Retained earnings			
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2021								
Balance at 1 January 2021 <i>(audited)</i>	79,213	(436)	(1,635)	4,967	87,911	170,020	47,604	217,624
Profit for the year	-	-	-	-	25,485	25,485	13,579	39,064
Other comprehensive income/(loss) for the year	-	-	3,481	(15)	-	3,466	1,341	4,807
Total comprehensive income/(loss) for the year	-	-	3,481	(15)	25,485	28,951	14,920	43,871
Shares issued in-lieu of cash for dividend relating to financial year ended 31 December 2020 (" FY2020 ")	2,274	-	-	-	(2,274)	-	-	-
Dividend paid in cash relating to FY2020	-	-	-	-	(1,263)	(1,263)	-	(1,263)
Dividends to non-controlling interests (" NCI ")	-	-	-	-	-	-	(8,905)	(8,905)
Additional capital contributed by NCI	-	-	-	-	-	-	381	381
Acquisition of NCI without a change in controlling subsidiary	-	-	-	(1,231)	-	(1,231)	(3,502)	(4,733)
Transfer to other reserves	-	-	-	2,328	(1,669)	659	(659)	-
Balance at 31 December 2021 <i>(unaudited)</i>	81,487	(436)	1,846	6,049	108,190	197,136	49,839	246,975
2020								
Balance at 1 January 2020 <i>(audited)</i>	78,095	(436)	(4,346)	4,920	74,512	152,745	45,825	198,570
Profit for the year	-	-	-	-	15,139	15,139	7,357	22,496
Other comprehensive income for the year	-	-	2,711	47	-	2,758	467	3,225
Total comprehensive income for the year	-	-	2,711	47	15,139	17,897	7,824	25,721
Shares issued in-lieu of cash for dividend relating to financial year ended 31 December 2019 (" FY2019 ")	1,118	-	-	-	(1,118)	-	-	-
Dividend paid in cash relating to FY2019	-	-	-	-	(616)	(616)	-	(616)
Dividends to NCI	-	-	-	-	-	-	(5,878)	(5,878)
Acquisition of NCI without a change in controlling subsidiary	-	-	-	-	(6)	(6)	(167)	(173)
Balance at 31 December 2020 <i>(audited)</i>	79,213	(436)	(1,635)	4,967	87,911	170,020	47,604	217,624

C. Condensed Interim Consolidated Statements of Changes in Equity (Cont'd)

	Share capital S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company				
2021				
Balance at 1 January 2021 (<i>audited</i>)	79,213	(132)	19,125	98,206
Profit for the year	-	-	8,758	8,758
Other comprehensive loss for the year	-	(15)	-	(15)
Total comprehensive (loss)/income for the year	-	(15)	8,758	8,743
Shares issued in-lieu of cash for dividend relating to FY2020	2,274	-	(2,274)	-
Dividend paid in cash relating to FY2020	-	-	(1,263)	(1,263)
Balance at 31 December 2021 (<i>unaudited</i>)	<u>81,487</u>	<u>(147)</u>	<u>24,346</u>	<u>105,686</u>
2020				
Balance at 1 January 2020 (<i>audited</i>)	78,095	(179)	15,077	92,993
Profit for the year	-	-	5,782	5,782
Other comprehensive income for the year	-	47	-	47
Total comprehensive income for the year	-	47	5,782	5,829
Shares issued in-lieu of cash for dividend relating to FY2019	1,118	-	(1,118)	-
Dividend paid in cash relating to FY2019	-	-	(616)	(616)
Balance at 31 December 2020 (<i>audited</i>)	<u>79,213</u>	<u>(132)</u>	<u>19,125</u>	<u>98,206</u>



ISDN Holdings Limited
Financial Statements Announcement
For the Second Half and Full Year Ended 31 December 2021

D. Condensed Interim Consolidated Statement of Cash Flows

	Group			
	Six months		Twelve months	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Cash Flows from Operating Activities:				
Profit before income tax	26,407	15,359	52,473	31,992
Adjustments for:				
Amortisation of land use rights	20	18	33	34
Trade receivables written off	33	534	189	534
Depreciation of property, plant and equipment	2,485	2,120	4,761	4,035
Depreciation of investment properties	10	11	19	19
Allowance for impairment of trade and other receivables	789	5,208	1,670	4,804
Allowance for impairment loss on investment in associate	611	-	611	-
Allowance for inventories obsolescence	1,006	241	1,285	455
(Gain) / Loss on disposal of property, plant and equipment, net	(2,193)	10	(2,207)	17
Loss / (Gain) on disposal of interest in associates	93	-	93	(23)
Inventories written off	126	416	130	416
Property, plant and equipment written off	89	1	91	2
Write back of allowance for inventories obsolescence	(70)	(171)	(88)	(217)
Write back of allowance for impairment loss on trade receivables	(38)	(162)	(144)	(181)
Interest expenses	792	763	1,476	1,735
Interest income	(150)	(61)	(368)	(303)
Share-based payment	1,750	-	1,750	-
Share of profit of associates, net	(738)	(508)	(1,103)	(979)
Foreign currency on translation of foreign operations	(1,294)	(2,514)	(34)	(432)
Operating cash flow before working capital changes	29,728	21,265	60,637	41,908
Changes in working capital:				
Inventories	(12,418)	8,592	(23,269)	(3,115)
Trade and other receivables	3,495	(9,595)	(20,110)	(8,943)
Trade and other payables	290	17,615	14,621	35,501
Cash from operating activities before service concession arrangements	21,095	37,877	31,879	65,351
Change in receivables from service concession arrangements	(4,818)	(5,211)	(9,478)	(25,298)
Cash generated from operations after service concession arrangements	16,277	32,666	22,401	40,053
Interest paid	(682)	(691)	(1,258)	(1,585)
Interest received	150	61	368	303
Income tax paid	(6,357)	(5,440)	(12,850)	(8,188)
Net cash generated from operating activities	9,388	26,596	8,661	30,583

D. Condensed Interim Consolidated Statement of Cash Flows (Cont'd)

	Group			
	Six months ended 31 December 2021 S\$'000 <i>(unaudited)</i>		Twelve months ended 31 December 2021 S\$'000 <i>(unaudited)</i>	
	2020 S\$'000 <i>(unaudited)</i>	2020 S\$'000 <i>(unaudited)</i>	2020 S\$'000 <i>(unaudited)</i>	2020 S\$'000 <i>(audited)</i>
Cash Flows from Investing Activities:				
Purchase of property, plant and equipment	(4,012)	(9,436)	(6,842)	(10,512)
Proceeds from disposal of property, plant and equipment	5,027	9	5,042	40
Dividend from associates	-	134	258	134
Repayment from associates	-	-	-	3,541
Proceeds from the disposal of associate	53	-	53	708
Net cash generated from/(used in) investing activities	1,068	(9,293)	(1,489)	(6,089)
Cash Flows from Financing Activities:				
Dividends to equity holders of the Company	(1,263)	(616)	(1,263)	(616)
Dividends to non-controlling interests	(7,813)	(4,835)	(9,071)	(5,126)
Additional contribution from NCI	381	-	381	-
Acquisition of NCI without a change in control	-	(173)	-	(173)
Proceeds from bank loans	13,830	9,966	27,512	27,705
Repayment of bank loans	(17,949)	(8,801)	(24,290)	(20,103)
Proceeds from trust receipts and other borrowings, net	1,968	(5,184)	5,190	(3,176)
Repayment of lease liabilities	(692)	(1,295)	(1,726)	(1,920)
Interest expense on lease liabilities	(109)	(72)	(217)	(150)
Decrease/(Increase) in fixed deposits pledged and restricted bank deposit	2,229	(481)	4,449	(481)
Net cash (used in)/generated from financing activities	(9,418)	(11,491)	965	(4,040)
Net increase in cash and cash equivalents	1,038	5,812	8,137	20,454
Cash and cash equivalents at beginning of the period/year	58,134	45,210	51,440	31,168
Effect of currency translation on cash and cash equivalents	(151)	418	(556)	(182)
Cash and cash equivalents at end of the period/year	59,021	51,440	59,021	51,440
<u>Additional information:</u>				
Cash and bank balances	58,852	55,382	58,852	55,382
Fixed deposits	2,829	3,091	2,829	3,091
Cash and bank balances	61,681	58,473	61,681	58,473
Less: restricted bank deposits	-	(4,156)	-	(4,156)
Less: bank deposits pledged	(2,660)	(2,877)	(2,660)	(2,877)
Total cash and cash equivalents	59,021	51,440	59,021	51,440



E. Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate Information

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 101 Defu Lane 10, Singapore 539222.

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 plant.

2 Basis of Preparation

The annual results set out in this announcement do not constitute the Group’s annual report for the FY2021 but are extracted from that report.

The unaudited condensed consolidated interim financial statements for the second half and full year ended 31 December 2021 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 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**SEHK Listing Rules**”). The unaudited condensed consolidated interim 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 last annual financial statements for FY2020.

The unaudited condensed consolidated interim financial information has been prepared on the historical basis, except certain financial assets and liabilities which are carried at fair value. The unaudited condensed consolidated interim 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.

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 2021. The application of the new and revised standards and interpretations has no material effect on the consolidated financial statements.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

3 Adoption of New or Amended FRS (Cont'd)

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

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 2021.

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 consolidated interim 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 2020.

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 year.

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

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 profit of associates, interest income and 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.



ISDN Holdings Limited
Financial Statements Announcement
For the Second Half and Full Year Ended 31 December 2021

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(a) Reportable Operating Segments

1 July to 31 December	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Others*		Elimination		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	172,213	148,474	39,297	36,314	6,010	4,619	5,458	5,272	-	-	222,978	194,679
Inter-segment sales	3,939	4,022	1,741	1,375	753	260	108	-	(6,541)	(5,657)	-	-
	<u>176,152</u>	<u>152,496</u>	<u>41,038</u>	<u>37,689</u>	<u>6,763</u>	<u>4,879</u>	<u>5,566</u>	<u>5,272</u>	<u>(6,541)</u>	<u>(5,657)</u>	<u>222,978</u>	<u>194,679</u>
Results												
Segment results	20,742	17,437	2,484	3,726	3,039	2,118	(1,358)	(9,123)	-	-	24,907	14,158
Share of profit of associates	738	508	-	-	-	-	-	-	-	-	738	508
Corporate expenses											1,101	1,155
Rental income											303	240
Interest income											150	61
Finance costs											(792)	(763)
Profit before income tax											26,407	15,359
Income tax											(6,731)	(5,745)
Profit for the six months ended 31 December											<u>19,676</u>	<u>9,614</u>
Assets												
Segment assets	171,985	134,960	59,165	48,987	6,226	4,068	109,353	100,567	(11,157)	(7,532)	335,572	281,050
Goodwill	2,178	2,178	9,508	9,508	-	-	541	541	-	-	12,227	12,227
Associates	5,345	5,055	-	-	-	-	-	720	-	-	5,345	5,775
Investment properties											440	460
Cash and cash balances											61,681	58,473
Consolidated total assets as at 31 December											<u>415,265</u>	<u>357,985</u>
Liabilities												
Segment liabilities	64,226	58,918	17,901	19,604	1,166	902	37,142	24,548	(11,157)	(7,532)	109,278	96,440
Bank borrowings and lease liabilities											46,797	34,316
Income tax liabilities											4,343	4,042
Other unallocated corporate liabilities											7,872	5,563
Consolidated total liabilities as at 31 December											<u>168,290</u>	<u>140,361</u>

*Included in Others is construction revenue of S\$4,818,000 for the 2H2021 (2H2020: S\$5,058,000).



ISDN Holdings Limited
Financial Statements Announcement
For the Second Half and Full Year Ended 31 December 2021

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(a) Reportable Operating Segments (Cont'd)

1 July to 31 December	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Others*		Elimination		Consolidated	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2020 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Other information												
Capital expenditure on:												
- Property, plant and equipment	2,544	9,436	911	-	2	-	555	-	-	-	4,012	9,436
Other non-cash expenses:												
- Depreciation of property, plant and equipment	1,484	1,256	906	697	61	8	34	159	-	-	2,485	2,120
- Depreciation of investment properties	10	11	-	-	-	-	-	-	-	-	10	11
- Amortisation of land use rights	20	18	-	-	-	-	-	-	-	-	20	18
- Trade receivables written off	14	72	19	146	-	-	-	316	-	-	33	534
- Allowance for inventory obsolescence	650	71	356	170	-	-	-	-	-	-	1,006	241
- Allowance for impairment of trade and other receivables	178	85	199	100	1	3	411	5,020	-	-	789	5,208
- Allowance for impairment loss on investment in associate	-	-	-	-	-	-	611	-	-	-	611	-
- Property, plant and equipment written off	71	-	13	1	5	-	-	-	-	-	89	1
- Share-based payment	1,109	-	641	-	-	-	-	-	-	-	1,750	-
- Inventories written off	91	325	35	91	-	-	-	-	-	-	126	416
- Write back of allowance for impairment loss on trade receivables	(25)	(137)	(13)	(25)	-	-	-	-	-	-	(38)	(162)
- Write back of allowance for inventories obsolescence	(70)	(26)	-	(145)	-	-	-	-	-	-	(70)	(171)

*Included Renewable Energy Solutions



ISDN Holdings Limited
Financial Statements Announcement
For the Second Half and Full Year Ended 31 December 2021

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(a) Reportable Operating Segments

1 January to 31 December	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Others*		Elimination		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	339,784	264,827	79,304	63,050	10,619	8,628	10,429	25,359	-	-	440,136	361,864
Inter-segment sales	6,560	7,321	2,877	1,929	1,043	465	108	-	(10,588)	(9,715)	-	-
	<u>346,344</u>	<u>272,148</u>	<u>82,181</u>	<u>64,979</u>	<u>11,662</u>	<u>9,093</u>	<u>10,537</u>	<u>25,359</u>	<u>(10,588)</u>	<u>(9,715)</u>	<u>440,136</u>	<u>361,864</u>
Results												
Segment results	44,943	32,688	6,004	4,906	4,154	2,909	(3,189)	(8,396)	-	-	51,912	32,107
Share of profit of associates	1,103	979	-	-	-	-	-	-	-	-	1,103	979
Corporate expenses											(13)	(180)
Rental income											579	518
Interest income											368	303
Finance costs											(1,476)	(1,735)
Profit before income tax											52,473	31,992
Income tax											(13,409)	(9,496)
Profit for the year ended 31 December											<u>39,064</u>	<u>22,496</u>
Assets												
Segment assets	171,985	134,960	59,165	48,987	6,226	4,068	109,353	100,567	(11,157)	(7,532)	335,572	281,050
Goodwill	2,178	2,178	9,508	9,508	-	-	541	541	-	-	12,227	12,227
Associates	5,345	5,055	-	-	-	-	-	720	-	-	5,345	5,775
Investment properties											440	460
Cash and cash balances											61,681	58,473
Consolidated total assets as at 31 December											<u>415,265</u>	<u>357,985</u>
Liabilities												
Segment liabilities	64,226	58,918	17,901	19,604	1,166	902	37,142	24,548	(11,157)	(7,532)	109,278	96,440
Bank borrowings and lease liabilities											46,797	34,316
Income tax liabilities											4,343	4,042
Other unallocated corporate liabilities											7,872	5,563
Consolidated total liabilities as at 31 December											<u>168,290</u>	<u>140,361</u>

*Included in Others is construction revenue of S\$9,478,000 for FY2021 (FY2020: S\$25,145,000).



ISDN Holdings Limited
Financial Statements Announcement
For the Second Half and Full Year Ended 31 December 2021

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(a) Reportable Operating Segments (Cont'd)

	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Others*		Elimination		Consolidated	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2020 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
1 January to 31 December												
Other information												
Capital expenditure on:												
- Property, plant and equipment	4,070	9,561	1,603	274	9	-	1,160	677	-	-	6,842	10,512
Other non-cash expenses:												
- Depreciation of property, plant and equipment	2,854	2,391	1,600	1,374	95	15	212	255	-	-	4,761	4,035
- Depreciation of investment properties	19	19	-	-	-	-	-	-	-	-	19	19
- Amortisation of land use rights	33	34	-	-	-	-	-	-	-	-	33	34
- Trade receivables written off	89	72	88	146	-	-	12	316	-	-	189	534
- Allowance for inventory obsolescence	909	271	376	184	-	-	-	-	-	-	1,285	455
- Allowance for impairment of trade and other receivables	196	97	201	100	1	11	1,272	4,596	-	-	1,670	4,804
- Allowance for impairment loss on investment in associate	-	-	-	-	-	-	611	-	-	-	611	-
- Property, plant and equipment written off	71	-	15	2	5	-	-	-	-	-	91	2
- Share-based payment	1,109	-	641	-	-	-	-	-	-	-	1,750	-
- Inventories written off	95	325	35	91	-	-	-	-	-	-	130	416
- Write back of allowance for impairment loss on trade receivables	(81)	(137)	(63)	(44)	-	-	-	-	-	-	(144)	(181)
- Write back of allowance for inventories obsolescence	(88)	(44)	-	(173)	-	-	-	-	-	-	(88)	(217)

*Included Renewable Energy Solutions

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(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 five principal geographical areas — Singapore (country of domicile), the People's Republic of China (the "PRC"), Hong Kong, Malaysia, Indonesia and Vietnam.

Group					
Six months ended 31 December 2021					
Segments	Engineering Solutions - Motion Control S\$'000	Other Specialised Engineering Solutions S\$'000	Industrial Computing Solutions S\$'000	Others S\$'000	Total S\$'000
Geographical markets					
Singapore	21,976	1,743	5,858	420	29,997
PRC	118,425	31,227	-	-	149,652
Hong Kong	7,246	91	-	-	7,337
Malaysia	6,700	630	38	1	7,369
Indonesia	79	36	-	4,818	4,933
Vietnam	8,888	198	-	-	9,086
Others	8,899	5,372	114	219	14,604
Total revenue from contracts with customers	172,213	39,297	6,010	5,458	222,978
Goods or services transferred at a point in time	169,223	39,297	6,010	640	215,170
Services transferred over time	2,990	-	-	4,818	7,808

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(b) Disaggregation of Revenue (Cont'd)

Group					
Six months ended 31 December 2020					
Segments	Engineering Solutions - Motion Control S\$'000	Other Specialised Engineering Solutions S\$'000	Industrial Computing Solutions S\$'000	Others S\$'000	Total S\$'000
Geographical markets					
Singapore	15,095	2,386	4,576	80	22,137
PRC	115,215	29,386	-	-	144,601
Hong Kong	2,904	24	-	-	2,928
Malaysia	4,749	469	32	72	5,322
Indonesia	208	82	-	5,058	5,348
Vietnam	6,783	10	10	-	6,803
Others	3,520	3,957	1	62	7,540
Total revenue from contracts with customers	148,474	36,314	4,619	5,272	194,679
Goods or services transferred at a point in time	148,474	36,314	4,619	214	189,621
Services transferred over time	-	-	-	5,058	5,058

Included in Others is construction revenue of S\$4,818,000 for the 2H2021 (2H2020: S\$5,058,000).

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(b) Disaggregation of Revenue (Cont'd)

Group Twelve months ended 31 December 2021					
Segments	Engineering Solutions - Motion Control S\$'000	Other Specialised Engineering Solutions S\$'000	Industrial Computing Solutions S\$'000	Others S\$'000	Total S\$'000
Geographical markets					
Singapore	36,675	3,589	10,185	642	51,091
PRC	246,818	63,270	-	-	310,088
Hong Kong	14,704	123	-	-	14,827
Malaysia	11,581	1,292	86	2	12,961
Indonesia	397	68	-	9,478	9,943
Vietnam	15,937	198	3	-	16,138
Others	13,672	10,764	345	307	25,088
Total revenue from contracts with customers	339,784	79,304	10,619	10,429	440,136
Goods or services transferred at a point in time	336,794	79,304	10,619	951	427,668
Services transferred over time	2,990	-	-	9,478	12,468

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(b) Disaggregation of Revenue (Cont'd)

Group					
Twelve months ended 31 December 2020					
Segments	Engineering Solutions - Motion Control S\$'000	Other Specialised Engineering Solutions S\$'000	Industrial Computing Solutions S\$'000	Others S\$'000	Total S\$'000
Geographical markets					
Singapore	34,355	3,941	8,555	80	46,931
PRC	194,377	50,370	-	-	244,747
Hong Kong	5,953	34	-	-	5,987
Malaysia	8,410	1,063	43	72	9,588
Indonesia	439	119	-	25,145	25,703
Vietnam	12,731	14	16	-	12,761
Others	8,562	7,509	14	62	16,147
Total revenue from contracts with customers	264,827	63,050	8,628	25,359	361,864
Goods or services transferred at a point in time	264,827	63,050	8,628	214	336,719
Services transferred over time	-	-	-	25,145	25,145

Included in Others is construction revenue of S\$9,478,000 for FY2021 (FY2020: S\$25,145,000).

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(c) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group					
	Revenue from external customers				Non-current assets as at	
	Six months ended 31 December		Twelve months ended 31 December		31 December	31 December
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	29,997	22,137	51,091	46,931	29,636	24,439
PRC	149,652	144,601	310,088	244,747	25,380	26,177
Hong Kong	7,337	2,928	14,827	5,987	1,086	1,005
Malaysia	7,369	5,322	12,961	9,588	946	1,012
Indonesia	4,933	5,348	9,943	25,703	97,814	85,761
Vietnam	9,086	6,803	16,138	12,761	502	515
Others	14,604	7,540	25,088	16,147	2,182	2,061
Total	222,978	194,679	440,136	361,864	157,546	140,970

(d) Information about Major Customers

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

(e) A breakdown of sales as follows:

	Group		
	2021 S\$'000	2020 S\$'000	Increase/ (Decrease)
Sales reported for the first half year	217,158	167,185	29.9%
Operating profit after tax before deducing non-controlling interest reported for the first half year	19,388	12,882	50.5%
Sales reported for the second half year	222,978	194,679	14.5%
Operating profit after tax before deducing non-controlling interest reported for the second half year	19,676	9,614	n.m.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

6 Other Operating Income

	Group			
	Six months ended		Twelve months ended	
	31 December		31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	150	61	368	303
Commission income	234	162	283	270
Foreign exchange gain, net	1,123	-	2,211	-
Gain on disposal of interest in an associate	-	-	-	23
Gain on disposal of property, plant and equipment, net	2,193	-	2,207	-
Government grants	157	402	356	766
Operating lease rental income:				
- investment properties	32	19	56	46
- sub-let of office/warehouse premises	271	221	523	472
Property management income	302	290	560	377
Technical service income	764	584	1,063	722
Write back of allowance of inventories obsolescence	70	171	88	217
Miscellaneous income	752	667	1,261	1,148
	6,048	2,577	8,976	4,344

7 Finance Costs

	Group			
	Six months ended		Twelve months ended	
	31 December		31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- bank loans	578	566	1,020	1,287
- trust receipts	68	51	85	102
- leases liabilities	109	72	217	150
- others	37	74	154	196
	792	763	1,476	1,735

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

8 Profit before Income Tax

(a) Significant Items

	Group			
	Six months ended 31 December		Twelve months ended 31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before income tax has been arrived at after charging:				
Amortisation of land use rights	20	18	33	34
Depreciation of property, plant and equipment				
- recognised in cost of sales	389	330	698	500
- recognised in distribution costs	217	171	420	414
- recognised in administrative expenses	1,879	1,619	3,643	3,121
	2,485	2,120	4,761	4,035
Depreciation of investment properties	10	11	19	19
Share-based payment	1,750	-	1,750	-
Other operating expenses included:				
- trade receivables written off	33	534	189	534
- allowance for inventories obsolescence	1,006	241	1,285	455
- inventories written off	126	416	130	416
- foreign exchange losses, net	-	3,695	-	2,979
- loss on disposal of property, plant and equipment, net	-	10	-	17
- loss on disposal of interest in an associate	93	-	93	(23)
- property, plant and equipment written off	89	1	91	2
- provision of legal compensation cost	-	1,545	-	1,545
- allowance for impairment loss on investment in associate	611	-	611	-
Operating lease rental expenses	58	(46)	63	30

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

8 Profit before Income Tax (Cont'd)

(b) Related Party Transactions

In addition to the related party information disclosed elsewhere in the results announcements, the following are significant transactions of the Group with their related parties at mutually agreed amounts:

	Group			
	Six months ended		Twelve months ended	
	31 December		31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Sales to associates	(45)	(504)	(85)	(1,040)
Sales to related parties	(5,045)	(3,973)	(9,870)	(7,279)
Purchases from associates	52	(4)	106	-
Purchases from related parties	40,414	33,153	80,181	61,279
Administrative income charged to associates	(21)	(21)	(41)	(42)
Administrative income charged to related parties	(134)	(139)	(232)	(139)
Rental charged to a related party	(274)	(120)	(513)	(340)
Rental charged to associates	(2)	(2)	(5)	(4)
Interest charged to associates	48	(53)	-	(107)
Interest charged to a related party	4	-	(8)	-
Other expenses charged by related parties	402	270	528	347
Other income charged to related parties	(236)	(173)	(349)	(257)
Other income charged to associates	(258)	(510)	(258)	(510)

9 Income Tax

The Group calculates income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	Six months ended		Twelve months ended	
	31 December		31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax				
- Singapore	442	(155)	737	646
- The PRC	5,668	5,568	11,574	8,451
- Outside Singapore and the PRC	511	262	831	286
- (Over) / Under provision in respect of prior year	(36)	232	121	275
	6,585	5,907	13,263	9,658
Deferred taxation				
- Withholding tax on the profits of the Group's subsidiaries	205	(69)	205	(69)
- Over provision in respect of prior year	(59)	(93)	(59)	(93)
	146	(162)	146	(162)
	6,731	5,745	13,409	9,496

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

9 Income Tax (Cont'd)

The corporate tax rate applicable to the Company and those entities of the Group incorporated in Singapore for the years ended 31 December 2021 and 2020 is 17%. The corporate tax rate applicable to those entities of the Group incorporated in Malaysia for the years ended 31 December 2021 and 2020 is 24%.

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the “**Ordinance**”). Under the two-tiered profits tax rate regime, the first Hong Kong Dollar (“**HK\$**”) 2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2020-2021.

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 relevant laws and regulations in the PRC. On 16 March 2007, the Enterprise Income Tax Law was passed at the Fifth Session of the Tenth National People’s Congress of the PRC, in which the income tax rate for both domestic and foreign-investment enterprise was unified at 25% effective from 1 January 2008 (Order of the President [2007] No. 63).

The remaining entities of the Group operating in jurisdictions other than the above have either no taxable income or are not material.

10 Earnings Per Share

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

	Group			
	Six months ended 31 December		Twelve months ended 31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	13,318	5,567	25,485	15,139
Weighted average number of ordinary shares for the purpose of basic earnings per share	437,616,052	433,520,652	436,486,336	431,562,974
Basic and fully diluted earnings per share (Singapore cents)	3.04	1.28	5.84	3.51

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares for the six months and twelve months ended 31 December 2021 and 2020.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

11 Dividends

	Group	
	31 December 2021 S\$'000	31 December 2020 S\$'000
Ordinary dividends paid during the financial year:		
Tax exempt (one-tier) final dividend of 0.8 Singapore cents per ordinary share (2020: 0.4 Singapore cents) in respect of the previous year	3,537	1,734

On 27 August 2021, a final dividend of 0.8 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 FY2020.

The scrip dividend alternatives were accepted by the Shareholders as follows:

	Group	
	31 December 2021 S\$'000	31 December 2020 S\$'000
Dividends:		
Cash	1,263	616
Scrip dividend	2,274	1,118
	3,537	1,734

The dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

12 Net Asset Value

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net assets (S\$'000)	197,136	170,020	105,686	98,206
Number of issued shares at the end of the year (net of treasury shares)	438,638,533	435,337,894	438,638,533	435,337,894
Net assets value per ordinary share based on number of issued share as at respective year (Singapore cents)	44.94	39.05	24.09	22.56

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

13 Property, Plant and Equipment

During the FY2021, the Group acquired property, plant and equipment with an aggregate cost of amounting to S\$12,360,000 (31 December 2020: S\$22,745,000), of which S\$5,518,000 (31 December 2020: S\$1,560,000) relates to right-of-use assets. Cash payments of S\$6,842,000 (31 December 2020: S\$10,512,000) were made to purchase of property, plant and equipment. Non-cash payments of S\$Nil (31 December 2020: S\$10,673,000) was reclassified from advance payment to suppliers to property, plant and equipment.

As at 31 December 2021, the Group's carrying amount of pledged property, plant and equipment to secure the bank borrowings in Note 17 was S\$21,726,000 (2020: S\$24,150,000); and the Group's carrying amount of property, plant and equipment held under lease liabilities was S\$164,000 (2020: S\$229,000).

14 Goodwill

	Group	
	31 December 2021 S\$'000	31 December 2020 S\$'000
Balance at 1 January and 31 December	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.

	Group	
	31 December 2021 S\$'000	31 December 2020 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
Other Specialised Engineering Solution		
- Dirak Asia Pte Ltd	9,508	9,508
Others		
- Aenergy Holdings Company Limited (" Aenergy ")	541	541
	<u>12,227</u>	<u>12,227</u>

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 and previous financial years, the recoverable amount of the CGUs were determined to be higher than the carrying amount and thus, no impairment loss needs to be recognised.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

15 Trade and Other Receivables

	Group		Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
<u>Non-current:</u>				
Service concession receivables	69,356	58,541	-	-
<u>Current:</u>				
Trade receivables, net of impairment:				
- note receivables	18,567	11,597	-	-
- trade receivables	81,585	66,952	-	-
- associates	19	2,425	-	-
- related parties	2,511	4,425	-	-
	102,682	85,399	-	-
Other receivables, net of impairment:				
Funding to investee companies	-	401	-	-
Advances to associates	3	144	2	47
Advances to related parties	89	59	-	-
Deposits	765	517	17	17
Loan to associates	27	65	-	27
Promissory note due	-	765	-	-
Sundry debtors	5,285	3,724	700	10
Amounts owing from non-controlling interest	1,975	6,541	-	-
Derivatives	36	46	31	46
	8,180	12,262	750	147
Advances paid to suppliers	6,136	4,304	-	-
Prepayment	1,506	985	99	133
	118,504	102,950	849	280

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

	Group	
	31 December 2021 S\$'000	31 December 2020 S\$'000
Within 30 days	42,783	38,059
31 - 90 days	33,586	26,800
Over 90 days	26,313	20,540
	102,682	85,399

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

15 Trade and Other Receivables (Cont'd)

Trade receivables are non-interest bearing and are usually due within 30 - 90 days term. Included in trade receivables as at 31 December 2021 were trade receivables from third parties amounting to S\$Nil (2020: S\$544,000), under account receivables bulk factoring arrangement via a bank facility agreement entered by a subsidiary of the Company to sell its trade receivables to banks. These factored trade receivables were included in trade receivables as the subsidiary still retained the risk and rewards associated with the delay and default in payment by customers.

Expected credit loss ("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.

16 Share Capital

	Group and Company			
	31 December 2021		31 December 2020	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and fully paid:				
At the beginning of year	435,337,894	79,213	429,572,849	78,095
Shares issued-in-lieu of cash for dividend	3,300,639	2,274	5,765,045	1,118
At the end of year	<u>438,638,533</u>	<u>81,487</u>	<u>435,337,894</u>	<u>79,213</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.

On 26 August 2021, the Company issued 3,300,639 new ordinary shares ("**New Shares**") under the Company's Scrip Dividend Scheme at an issue price of S\$0.689 (for Singapore Shareholders) and HK\$3.832 (for Hong Kong Shareholders).

Following the allotment and issuance of the New Shares, the number of outstanding shares as at 31 December 2021 is 438,638,533 (31 December 2020: 435,337,894). No treasury shares were held as at 31 December 2021 (31 December 2020: nil). The number of shares held as subsidiary holdings as at 31 December 2021 was nil (31 December 2020: nil).

As at 31 December 2021 till the date of this announcement, the Company does not have any existing warrants or convertibles (31 December 2020: nil).

There were no sales, transfer, disposal, cancellation and/or use of treasury shares during the current financial year reported on.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

17 Bank Borrowings

	Group		Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
<i>Amount repayable within one year or on demand</i>				
- secured	13,309	12,944	-	4,445
- unsecured	14,051	9,184	-	-
	<u>27,360</u>	<u>22,128</u>	-	<u>4,445</u>
 <i>Amount repayable after one year</i>				
- secured	<u>12,761</u>	<u>9,580</u>	-	<u>2,220</u>

The bank loans of the Group are secured over leasehold properties, service concession receivables and land use rights. These facilities are also secured by corporate guarantees provided by the Company and other subsidiaries as well as personal guarantees by the directors of the subsidiaries.

18 Trade and Other Payables

	Group		Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Trade payables:				
- trade payables	34,638	29,618	-	-
- associates	34	34	-	-
- related parties	9,058	10,180	-	-
	<u>43,730</u>	<u>39,832</u>	-	-
Accrued operating expenses	3,612	6,131	202	240
Accrued salaries and bonuses	17,640	12,828	7,477	5,776
Amount owing to an associate	24	23	-	-
Amount owing to non-controlling interests	2,639	1,285	-	-
Amount owing to subsidiaries	-	-	151	255
Other payables	29,240	24,265	195	416
	<u>96,885</u>	<u>84,364</u>	<u>8,025</u>	<u>6,687</u>

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

18 Trade and Other Payables (Cont'd)

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

	Group	
	31 December 2021 S\$'000	31 December 2020 S\$'000
Within 30 days	28,103	26,447
31 - 90 days	13,837	12,133
Over 90 days	1,790	1,252
	43,730	39,832

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

19 Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	Group		Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Financial Assets				
Other financial assets at fair value through other comprehensive income	900	900	-	-
Cash and bank balances, service concession receivables and trade and other receivables # (Amortised cost)	241,899	214,675	62,860	60,105
	242,799	215,575	62,860	60,105
Financial Liabilities				
Trade and other payables, bank borrowings and leases liabilities (Amortised cost)	143,682	118,680	8,705	13,352
	143,682	118,680	8,705	13,352

Excludes prepayments and advances paid to suppliers



E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

20 Subsequent events

On 14 January 2022, the Company's indirect wholly-owned subsidiary, AR Technologies Pte. Ltd. ("**AR Technologies**") acquired 1 ordinary share representing 100% of the issued and paid-up share capital of ISDN NBA Resources Pte. Ltd. ("**ISDN NBA Resources**") from ISDN Resource Pte. Ltd. ("**ISDN Resource**"). ISDN Resource and AR Technologies are indirectly wholly-owned subsidiary of the Company. Following the completion of the acquisition, AR Technologies shall hold 1 ordinary share in the share capital of ISDN NBA Resources representing 100% of the issued and paid-up share capital of ISDN NBA Resources. Furthermore, following the completion of the acquisition, the name of ISDN NBA Resources shall be changed to AR Biotech Pte. Ltd..

Other than the above, no major subsequent event has occurred since the end of the financial year ended 31 December 2021 up to the date of this announcement.

F. Management Discussion and Analysis

BUSINESS REVIEW

In FY2021, the Group reported a +21.6% year-on-year (“YoY”) growth in revenue to S\$440.1 million, from S\$361.9 million in FY2020. The revenue growth was driven primarily by continued broad-based demand for industrial automation across both of (1) the geographies the Group serves in the PRC and in Southeast Asia; and (2) the diversified industries the Group serves including the medical, semiconductor, automotive, manufacturing, electronics and other sectors.

As noted in the Business Outlook section, the Group believes its revenue growth benefits from a broader multi-year growth in demand for industrial automation across Asia. Businesses in Asia are increasingly looking to automation to help drive greater productivity, better products, lower labour dependence, and greater overall competitiveness.

The Group notes that the COVID-19 pandemic has generally accelerated the pace of digitalisation for both consumers and enterprises around the world. Faster digitalisation has in turn driven accelerated demand for industrial automation which underpins the production of digital technologies worldwide.

The Group’s gross profit grew faster than revenue at +26.0% YoY to reach S\$120.4 million in FY2021, up from S\$95.6 million in FY2020. Overall, gross profit margin increased by 1.0 percentage points, from 26.4% to 27.4% in FY2021.

During FY2021, the Group’s core industrial automation business continued to contribute the majority of revenues, accounting for approximately 97.8% of the Group’s total revenue. Geographically, the PRC contributed the largest share (70.5%) of the Group’s revenue by country.

The Group continues to reap the benefits of its investments to expand its solutions portfolio. By re-organising its business into five pillars of excellence (motion control, software, precision manufacturing, systems, and clean energy), the Group has been able to increase focus and tap greater economies of scale across its many employees, customers and facilities. The Group has also invested in growing productivity more broadly, by upgrading IT systems, consolidating its administrative and finance teams, and integrating its Singapore businesses more closely into a single corporate headquarters. As a result, the Group’s productivity has increased significantly and profits have grown significantly faster than revenues in FY2021.

Reflecting the strong business momentum and productivity growth, the Group recorded +73.6% YoY growth in net profit after tax in FY2021, the highest annual profit in its history.

In addition to the strong results in its core business, the Group’s emerging hydropower generation business in Indonesia is also progressing well towards full commercialisation.

As a result of the strong financial performance, the Group’s cash and bank balances also increased to S\$61.7 million as at 31 December 2021. The Board has also proposed a final dividend of 1.45 Singapore cents (equivalent to 8.35 Hong Kong cents) per share for FY2021.

F. Management Discussion and Analysis (cont'd)

BUSINESS OUTLOOK

The Group continues to see growing demand for industrial automation across its diversified Asia geographies and industries. The Group believes demand is driven by many factors including:

- Rising labour costs throughout Asia, resulting in the need to reduce labour costs through automation;
- The need for companies to grow overall business productivity through automation;
- The need for companies to increase the quality and/or performance of products by using technology production to remain competitive;
- The growing use of technology worldwide, most of which must be manufactured with advanced automated production;
- The growing incidence of cybercrime¹, which compels enterprises to invest behind securing industrial production and automating risk and threat management to increase vigilance and response times; and
- Continuing innovations in technology which provide new opportunities for enterprises to invest in automation with technologies such as artificial intelligence, the industrial internet of things (IIoT), and big data analytics.

During the COVID-19 pandemic, the Group benefited from an acceleration of digitalisation globally as enterprises used automation to telecommute, produce, distribute, and support business products and services.

Emerging from COVID-19, the Group has benefited from the global economic acceleration as the Asian economy expands production capacity to address global demand for goods and services. With many technology products sold out and backlogged, the Group sees continued growth opportunity with helping companies to expand and upgrade industrial production across Asia.

The progression of Industry 4.0 continues to create long-term demand for the Group's products and services. Today, the Company's industrial automation solutions are already used in advanced factories, electronics and semiconductor manufacturing, digital transportation, connected and intelligent machines, advanced medical devices, 5G and cloud hardware and software that underpin the global digital economy. The Group believes these advanced industrial segments and applications will continue to grow in the future.

The recent partnership between Singapore Institute of Technology (SIT) and Siemens to advance Industry 4.0² exemplifies the growing public and private support for adopting Industry 4.0.

While the Group has benefited from the groundswell of demand for industrial automation in Asia, it also continues to invest to broaden and deepen its portfolio of solutions. In recent years, the Group has invested in expanding its offerings into software, systems, Internet of Things ("IoT") connectivity while also deepening its market presence by growing its engineering and manufacturing capacities. The Group has seen significant benefits from these strategic investments and intends to continue growing its portfolio to serve the ever-advancing technology needs of Asia's industrial economy.

¹ Cybersecurity and automation: What will 2022 bring?: <https://securitybrief.asia/story/cybersecurity-and-automation-what-will-2022-bring>

² SIT collaborates with Siemens to develop degree specialisation in Industry 4.0:
<https://www.businesstimes.com.sg/government-economy/sit-collaborates-with-siemens-to-develop-degree-specialisation-in-industry-40>

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW

STATEMENT OF COMPREHENSIVE INCOME

Revenue and gross profit margin

	Six months ended			Twelve months ended		
	31 December			31 December		
	2021	2020	% change	2021	2020	% change
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
Industrial Automation Solutions						
Revenue	218,160	189,621	15.1%	430,658	336,719	27.9%
Gross profit	61,834	53,865	14.8%	119,682	93,711	27.7%
Gross profit margin	28.3%	28.4%	-0.1 ppt	27.8%	27.8%	0 ppt
Construction Revenue						
Revenue	4,818	5,058	-4.7%	9,478	25,145	-62.3%
Gross profit	357	373	-4.3%	702	1,862	-62.3%
Gross profit margin	7.4%	7.4%	0 ppt	7.4%	7.4%	0 ppt
Total						
Revenue	222,978	194,679	14.5%	440,136	361,864	21.6%
Gross profit	62,191	54,238	14.7%	120,384	95,573	26.0%
Gross profit margin	27.9%	27.9%	0 ppt	27.4%	26.4%	1.0 ppt

The Group's revenue of S\$223.0 million for 2H2021 was higher by approximately S\$28.3 million or 14.5% as compared to the second half of 2020 ("2H2020"). For FY2021, the Group's revenue came in higher by approximately S\$78.3 million or 21.6% from S\$361.9 million in financial year ended 2020 ("FY2020") to S\$ 440.1 million in FY2021.

Overall revenue for the Group was higher mainly driven by the continued strong demand for industrial automation in both the PRC and in Southeast Asia, including Hong Kong, Malaysia, and Vietnam. Through our diversified business model and planning agility, the Group continued to grow amidst the global semiconductor shortage, as we remain committed to partnering closely with customers to help them advance their industrial capabilities. The Group believes the strength in demand is driven by key post COVID-19 shifts in Industry 4.0 automation, industrial and consumer digitalisation, and cleaner economies. The Group's core industrial automation segment continued to drive approximately 97.8% of the Group's total revenue for FY2021. In addition, the Group recognised construction revenue of approximately S\$4.8 million and S\$9.5 million for 2H2021 and FY2021 respectively from the construction of mini-hydropower plants in Indonesia.

In line with growing revenue, gross profit for 2H2021 and FY2021 increased by S\$8.0 million or 14.7% and S\$24.8 million or 26.0% respectively as compared to corresponding periods last year. Overall, gross profit margin increased by 1.0 percentage point, from 26.4% to 27.4% for FY2020 and FY2021 respectively. Excluding the gross profit arising from the construction of mini-hydropower plant under the service concession arrangement, gross profit margin would have been maintained at 27.8% in FY2021 and FY2020 respectively.

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW (Cont'd)

STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

Other operating income

Other operating income increased by S\$3.5 million to S\$6.0 million in 2H2021 mainly due to gain on disposal of properties for our Singapore offices at Kaki Bukit of S\$2.2 million. Following the acquisition of a leasehold property to consolidate our 7 Singapore offices into a single larger workspace to promote better synergies and efficiencies between Group companies, the Group decided to sell the Kaki Bukit offices. Furthermore, the increase is also attributable to an increase in net foreign exchange gain of S\$1.1 million, increase in technical services income of S\$0.2 million, increase in interest income of S\$0.1 million, increase in commission income of S\$0.1 million and increase in miscellaneous income of S\$0.1 million; partially offset against decrease in government grant of S\$0.2 million and lower write back of allowances of inventories obsolescence of S\$0.1 million.

For FY2021, other operating income increased by S\$4.6 million to S\$9.0 million. The increase was mainly due to gain on disposal of properties for our Singapore offices of S\$2.2 million, increase in net foreign exchange of S\$2.2 million, increase in technical service income of S\$0.3 million, increase in property management income of S\$0.2 million, increase in miscellaneous income of S\$0.1 million and increase in interest income of S\$0.1 million. This was partially offset by decrease in government grant of S\$0.4 million and decrease in write back of allowances of inventories obsolescence of S\$0.1 million.

Distribution costs

Distribution costs increased by S\$1.6 million, or 11.4% to S\$15.3 million in 2H2021 mainly attributed to increase in staff and related costs of S\$1.1 million from higher staff commission to sales personnel which is in line with the increase in revenue, lesser Jobs Support Scheme (“JSS”) from the Singapore government and absence of the PRC government’s COVID-19 support in 2H2021 and accrual of share-based payment that aims to recognise exceptional achievements and retains talents within the Group. In addition, there was also an increase in sales and marketing expenses of S\$0.8 million which is in line with the increase in revenue and business activities and increase in travelling expenses of S\$0.2 million due to the relaxed business travel restriction in our business segments; partially offset by the decrease in office and other expenses of S\$0.5 million.

In FY2021, distribution costs increased by \$4.7 million, or 18.7% to S\$30.0 million. The increase was mainly due to increase in staff and related costs of S\$3.0 million from higher staff commission to sales personnel which is in line with the increase in revenue, lesser JSS grants from the Singapore government and absence of the PRC government’s COVID-19 support in FY2021 and accrual of share-based payment that aims to recognise exceptional achievements and retains talents within the Group. Furthermore, there was also an increase in sales and marketing expenses of S\$1.7 million which is in line with the increase in revenue and business activities and increase in travelling expenses of S\$0.4 million due to the relaxed business travel restriction in our business segments; partially offset by the decrease in office and other expenses of S\$0.4 million.

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW (Cont'd)

STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

Administrative expenses

Administrative expenses increased by S\$7.7 million, or 48.4% to S\$23.6 million in 2H2021. The increase was mainly due to increase in salary and related cost of S\$6.0 million due to higher provision of performance bonus which is in line with the better business performance, accrual of share-based payment that aims to recognise exceptional achievements and retains talents within the Group and significant reduction of JSS grants from the Singapore government and absence of the PRC government's COVID-19 support in 2H2021. Furthermore, an increase in office and other expenses of S\$1.4 million, increase in professional fees of S\$0.1 million and increase in travelling expenses of S\$0.1 million.

For FY2021, administrative expenses increased by S\$11.1 million, or 35.6% to S\$42.3 million. The increase was mainly due to increase in salary and related cost of S\$8.9 million due to higher provision of performance bonus which is in line with the better business performance, accrual of share-based payment that aims to recognise exceptional achievements and retains talents within the Group and significant reduction of JSS grants from the Singapore government and absence of the PRC government's COVID-19 support in FY2021. Furthermore, an increase in office and other expenses of S\$1.6 million and increase in professional fees of S\$0.4 million and increase in travelling expenses of S\$0.2 million.

Net impairment losses on financial assets

Net impairment losses on financial assets decreased by S\$4.3 million, or 85.1% and S\$3.1 million or 67.0% respectively for 2H2021 and FY2021 were mainly due to the lower impairment loss for funding to investee companies.

Other operating expenses

Other operating expenses decreased by S\$4.4 million, or 67.8% to S\$2.1 million in 2H2021. The decrease was mainly due to absence of net foreign exchange loss and lower provision of legal cost of S\$3.7 million and S\$1.5 million respectively. Furthermore, there was a decrease in bad debts written off of S\$0.5 million and property, plant and equipment written off of S\$0.1 million. This was partially offset by an increase in allowance for inventories obsolescence of S\$0.8 million and allowance for impairment loss on investment in an associate of S\$0.6 million.

In FY2021, other operating expenses decreased by S\$3.4 million, or 56.5% to S\$2.6 million. The decrease was mainly due to absence of net foreign exchange loss of loss and lower provision of legal cost of S\$3.0 million and S\$1.5 million respectively. Furthermore, there was a decrease in bad debts written off of S\$0.3 million and property, plant and equipment written off of S\$0.1 million. This was partially offset by an increase in allowance for inventories obsolescence of S\$0.8 million, allowance for impairment loss on investment in an associates of S\$0.6 million.

Finance costs

Finance costs decreased by S\$0.3 million, or 14.9% to S\$1.5 million for FY2021, which was mainly due to lower interest rate of bank borrowings.

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW (Cont'd)

STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

Income tax expense

Income tax expense increased by S\$1.0 million, or 17.2% to S\$6.7 million, and S\$3.9 million, or 41.2% to S\$13.4 million for 2H2021 and FY2021 respectively. The increase was mainly due to higher taxable profits.

STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Property, plant and equipment increased by S\$6.1 million, or 9.9% as at 31 December 2021. The increase was mainly due to recognition of right-of-use assets of S\$5.5 million which arose mainly from the recognition of land lease agreement for a leasehold property in Singapore, purchase of plant and machinery of S\$2.2 million, recognition of construction costs incurred of S\$0.7 million for the construction of hydropower plant in Indonesia, renovation of leasehold properties S\$2.4 million, furniture and fitting of S\$0.9 million and motor vehicles of S\$0.6 million. In addition, there was also translation gain of S\$1.5 million arising from the strengthening of Renminbi (“RMB”) against S\$ in FY2021. This was partially offset by the depreciation charge of S\$4.8 million, disposal of properties with net book value of S\$2.8 million and property, plant and equipment written off of S\$0.1 million.

Associates

Interests in associates decreased by S\$0.4 million, or 7.4% as at 31 December 2021 mainly due to allowance for impairment loss on investment in an associate of S\$0.6 million, change in the Group’s interest of S\$0.5 million in TDS Technology (Thailand) Company Limited (“TDS Thailand”) from an associate to subsidiary as the Group has significant control over TDS Thailand, dividend from associates of S\$0.3 million, and disposal of an associate of S\$0.1 million; offset by share of profit of associates of S\$1.1 million.

Service concession receivables

Service concession receivables increased by S\$10.8 million, or 18.5% to S\$69.4 million as at 31 December 2021. This was mainly due to recognition of construction revenue of S\$9.5 million from the construction of mini-hydropower plants under the service concession arrangement and foreign exchange revaluation gains of S\$1.3 million. 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.

Inventories

Inventories increased by S\$21.9 million or 39.5% to S\$77.5 million as at 31 December 2021 primarily due to the fulfilment of customer orders for FY2022.

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW (Cont'd)

STATEMENT OF FINANCIAL POSITION ITEMS

Trade and other receivables

Trade and other receivables increased by S\$15.6 million or 15.1% to S\$118.5 million as at 31 December 2021 mainly due to increase in trade receivables of S\$17.3 million, increase in advances paid to trade suppliers of S\$1.8 million and increase in prepayment of S\$0.5 million. Furthermore, in June 2021 the Group extended a loan of S\$0.7 million to Whizpace Pte Ltd who is our strategic partner to deliver wide-area Industry 4.0 and internet of things (IoT) solutions globally. The partnership extends the reach of ISDN's leading Industrial Automation solutions into exciting frontiers of automation where intelligent devices are connected over wide spaces such as farms, oil fields, ships, forests and mines. This was partially offset by decrease in amount owing from non-controlling interest of S\$4.6 million following the completion of acquisition of PT Bukit Lau Energi.

Subsequent receipt of about S\$24.6 million was received from customers as at 31 January 2022. The collection represented approximately 24.0% of trade receivables as at 31 December 2021.

Trade and other payables

Trade and other payables increased by S\$12.5 million or 14.8% to S\$96.9 million as at 31 December 2021, which was mainly due to increase in trade payables of S\$3.9 million arose from increase in trade purchase during the financial period, increase in accrual of construction cost relating to construction of mini-hydropower plants of S\$4.0 million, increase in accrued salaries and bonuses of S\$3.1 million and accrual of share-based payment of S\$1.7 million, increase in loan from non-controlling interest of S\$1.4 million for construction of mini-hydropower plants, increase in other payable of S\$0.9 million; partially offset by decrease in accrued operating expenses of S\$2.5 million.

Contract liabilities

The increase in contract liabilities of S\$2.4 million or 14.2% to S\$19.5 million was mainly due to 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 increased by S\$8.4 million or 26.5% to S\$40.1 million as at 31 December 2021. The Group obtained Temporary Bridging Loan ("TBL") of S\$5.0 million in FY2021 which was initiated by the Singapore government to help local companies' working capital needs. The loan tenure of the TBL is 5 years with fixed interest rate. In addition, the Group also drew down term loans of S\$3.4 million for financing of our capital expenditure investments for our mini-hydropower plant projects.



F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW (Cont'd)

CASH FLOW STATEMENT

Changes in Cash Flow from Operating Activities

For 2H2021, net cash generated from operating activities before changes in working capital amounted to S\$29.7 million. Cash used in working capital of S\$13.4 million mainly due to increase in inventories of S\$12.4 million and increase in receivables from service concession arrangements of S\$4.8 million; partially offset by decrease in trade and other receivables of S\$3.5 million and increase in trade and other payables of S\$0.3 million. This was partially offset by net interest payment of S\$0.5 million and income tax paid of S\$6.4 million. As a result of the above, the net cash flow generated from operating activities amounted to S\$9.4 million.

For FY2021, net cash generated from operating activities before changes in working capital amounted to S\$60.6 million. Cash used in working capital of S\$38.2 million mainly due to increase in inventories of S\$23.3 million, increase in trade and other receivables of S\$20.1 million and increase in receivables from service concession arrangements of S\$9.5 million; partially offset by an increase of trade and other payables of S\$14.6 million. This was partially offset by net interest payment of S\$0.9 million and income tax paid of S\$12.8 million. As a result of the above, the net cash flow generated from operating activities amounted to S\$8.7 million.

Changes in Cash Flow from Investing Activities

For 2H2021, net cash generated from investing activities of S\$1.1 million was primarily attributed to proceed from disposal of property, plant and equipment and associate of S\$5.0 million and S\$0.1 million respectively; partially offset by purchase of property, plant and equipment of S\$4.0 million.

For FY2021, net cash used in investing activities of S\$1.5 million was primarily attributed to the purchase of property, plant and equipment of S\$6.8 million; partially offset by the proceeds from disposal of property, plant and equipment and associate of S\$5.0 million and S\$0.1 million respectively and dividends received from associate of S\$0.3 million.

Changes in Cash Flow from Financing Activities

For 2H2021, net cash used in financing activities amounted to S\$9.4 million was primarily attributed to dividends paid to NCI and equity holders of the Company of S\$7.8 million and S\$1.3 million respectively and net repayment of bank borrowings (inclusive of trust receipts) of S\$2.2 million and repayment of lease liabilities (inclusive of interest) of S\$0.8 million. This was partially offset by decrease in restricted bank deposits of S\$2.2 million and additional contribution from NCI of S\$0.4 million.

For FY2021, net cash generated from financing activities amounted to S\$1.0 million was primarily attributed to net proceeds from bank borrowings (inclusive of trust receipts) of S\$8.4 million, decrease in restricted bank deposits of S\$4.4 million and additional contribution from NCI of S\$0.4 million; partially offset by dividends paid to NCI and equity holders of the Company of S\$9.0 million and S\$1.3 million respectively and repayment of lease liabilities (inclusive of interest) of S\$1.9 million.

As at 31 December 2021, the Group maintained a healthy cash and cash equivalents balance of S\$59.0 million.

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

Please refer to Note 12 of Section G - Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix 16.

F. Management Discussion and Analysis (cont'd)

LIQUIDITY AND FINANCIAL RESOURCES

During FY2021, the Group's working capital was financed by both internal resources and bank borrowings. As at 31 December 2021, cash and bank balances amounted to approximately S\$61.7 million, which increased by approximately 5.5% as compared to S\$58.5 million as at 31 December 2020. The quick ratio of the Group was approximately 1.2 times (31 December 2020: 1.3 times).

As at 31 December 2021, the Group has long and short-term bank borrowings of approximately S\$40.1 million. Among the borrowings, the bank borrowings due within one year amounted to approximately S\$27.4 million (31 December 2020: S\$22.1 million) while the bank borrowings due after one year amounted to approximately S\$12.8 million (31 December 2020: S\$9.6 million).

As at 31 December 2021, the weighted average effective interest rates on bank borrowings is 3.1% (31 December 2020: 4.8%) per annum. The Group obtained the TBL of S\$5.0 million in FY2021 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. Other than the above, the Group does not have fixed rate bank borrowings as at 31 December 2021 and 31 December 2020. Together with the obligation under finance leases of approximately S\$0.4 million (31 December 2020: S\$0.2 million), the Group's total borrowings amounted to S\$40.5 million (31 December 2020: S\$31.9 million).

GEARING RATIO

During FY2021, the gearing ratio of the Group was about 20.5% (2020: 18.8%) which was calculated on the Group's total borrowing (including total borrowing and finance lease but excluding trade and other payables) to total shareholders' equity (excluding non-controlling interests).

The increase in gearing ratio was mainly due to the increase in bank borrowings.

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the FY2021. 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 coincident with the functional currency of the subsidiary as a natural hedge against foreign exchange fluctuation. During the FY2021, the Group did not enter into any hedges in respect of the interest rate risk we are exposed to.

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in RMB and United States Dollar ("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 FY2021, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

F. Management Discussion and Analysis (cont'd)

CAPITAL EXPENDITURES

During FY2021, the Group's capital expenditure consists of additions to property, plant and equipment and construction in progress amounting to approximately S\$6,842,000 (2020: S\$10,512,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, there were 1,052 (2020: 950) 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.

The Company adopted ISDN share option scheme 2016 and ISDN performance share plan as incentives to the Directors and other eligible participants. The Group also provides and arranges on-the-job training for the employees.

The ISDN performance share plan has expired and lapsed on 16 February 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 FY2021.

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 FY2021.

Charge on the Group's Assets

As at 31 December 2021, the Group's cash and cash equivalents, net book value of property, plant and equipment and land use rights of approximately S\$2.7 million, S\$21.7 million and S\$1.2 million, respectively (31 December 2020: S\$2.9 million, S\$24.2 million and S\$1.2 million) were pledged to banks to secure banking facilities granted to the Group.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES AND CANCELLATION OF TREASURY SHARES

During FY2021 and up to the date of this announcement, the Company did not redeem any of its securities 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.

PROPOSED FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of 1.45 Singapore cents (equivalent to 8.35 Hong Kong cents) per ordinary share for FY2021. The proposed dividend payment is subject to approval by the Shareholders at the annual general meeting to be held on Friday, 29 April 2022 (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 Friday, 26 August 2022 to the Shareholders whose names shall appear on the register of members of the Company on Thursday, 7 July 2022.



F. Management Discussion and Analysis (cont'd)

PROPOSED FINAL DIVIDEND (cont'd)

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 Monday, 18 July 2022. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to the Shareholders on or about Friday, 26 August 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM

For Hong Kong Shareholders

The Hong Kong Branch Share Register will be closed from Tuesday, 26 April 2022 to Friday, 29 April 2022 both days inclusive. During this period, no transfer of shares in the capital of the Company will be registered. In order to be entitled to attend and vote at the AGM, the non-registered Hong Kong Shareholders must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong Branch Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 April 2022.

For Singapore Shareholders

The share transfer books and the Singapore Principal Share Register will be closed at 5:00 p.m. on Tuesday, 26 April 2022 for the purpose of determining the entitlement of Singapore Shareholders to attend and vote at the AGM. Duly completed registrable transfers received by the Company's Singapore Principal Share Registrar and Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 up to 5:00 p.m. on Monday, 25 April 2022 shall be registered to determine Shareholders' entitlements to attend and vote at the AGM.

For determining the entitlement to the proposed final dividend

For Hong Kong Shareholders

The Hong Kong Branch Share Register will be closed from Friday, 8 July 2022 to Monday, 11 July 2022, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the final dividend, Shareholders who wish to hold their shares on the Hong Kong Register of Members of the Company must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong Branch Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Thursday, 7 July 2022.

For Singapore Shareholders

For the avoidance of doubt, where the registered holder is The Central Depository (Pte) Limited ("CDP"), the final dividend shall be paid to the CDP and credited to the depositors' securities accounts with the CDP in proportion to the number of shares standing to the credit of each depositor's securities account with the CDP as at 5:00 p.m. on Thursday, 7 July 2022. Duly completed registrable transfers received by the Company's Singapore Principal Share Registrar and Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 up to 5:00 p.m. on Thursday, 7 July 2022 shall be registered to determine Shareholders' entitlements to the final dividend.



G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix 16

1. Review

The condensed consolidated statement of financial position of the Group as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the second half and full year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Review of performance of the Group

Please refer to section F. Management Discussion and Analysis – Financial Review.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the FY2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

A profit guidance on the financial results of the Group for the full year ended 31 December 2021 was released via the SGXnet and HKEXnews on 14 February 2022. There are no material variances between the prospect statement and actual results for FY2021.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Please refer to section F. Management Discussion and Analysis – Business Review and Outlook.

G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix 16 (Cont'd)

6. Dividend Information

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes.

Name of Dividend	Proposed Final
Dividend Type	Cash and/or Scrip
Dividend Amount per Share (in Singapore cents)	1.45 cents
Tax Rate	Tax exempt (One-Tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Proposed Final
Dividend Type	Cash and/or Scrip
Dividend Amount per Share (in Singapore cents)	0.8 cents
Tax Rate	Tax exempt (One-Tier)

(c) Date Payable

Upon the Shareholders' approval at the upcoming annual general meeting, the proposed final dividend will be paid on or about 26 August 2022 to the Shareholders whose names shall appear on the register of members of the Company on 7 July 2022.

(d) Books Closure Date

The date on which Registrable Transfers received by the Company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.

The book closure date shall be on 7 July 2022.

7. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

8. Interested Person Transactions ("IPTs")

The Group has not obtained a general mandate from shareholders of the Company for IPTs.



G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix 16 (Cont'd)

9. Use of proceeds

(a) Use of Net Proceeds from the Second Placement

There has been no material usage till the date of this announcement after the last announcement made on 29 March 2021. The Company will make further announcements on the utilisation of proceeds from the subscription as and when the funds are materially disbursed.

(b) Use of Net Proceeds from the issuance of new shares under general mandate

There has been no material usage till the date of this announcement after the last announcement made on 8 December 2020. The Company will make further announcements on the utilisation of proceeds from the subscription as and when the funds are materially disbursed.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

11. Review of performance of the Group – turnover and earnings

Please refer to section F. Management Discussion and Analysis – Financial Review.

12. Disclosure of Acquisition (including incorporations) and sale of shares since the end of the previous reporting period under Rule 706A

On 26 August 2021, the Company's indirect 50%-owned subsidiary, Beijing Bei Cheng Xin Kong Ci Fu Technology Co., Ltd ("**Beijing Bei Cheng**") incorporated a wholly-owned subsidiary in the PRC to be known as Bei Cheng Information Technology (Tianjin) Co., Ltd. ("**Bei Cheng Tianjin**") with a registered capital of RMB10,000,000. Beijing Bei Cheng will provide an initial capital contribution of RMB300,000 (equivalent to approximately S\$62,388) ("**Initial Capital Contribution**"). Bei Cheng Tianjin will be principally engaged in the business of providing information technology such as technical service, technical development, software development, artificial intelligence application software development, network and information development, sales of electronic products and industrial computing solutions.

On 6 September 2021, the Company's indirect 67.1%-owned subsidiary, Aenergy acquired a total of 195 shares, representing 39% of the total issued share capital of PT Potensia Tomini Energi ("**PT Potensia**"), a company incorporated in Indonesia, at a consideration of IDR3,900,000,000 (equivalent to S\$351,000). Following the completion of the acquisition of PT Potensia, Aenergy's shareholding interest has increased from 49% to 88%.

On 6 September 2021, the Company's indirect 67.1%-owned subsidiary, Aenergy acquired a total of 780 shares, representing 39% of the total issued share capital of PT Galang Hidro Energi ("**PT Galang**"), a company incorporated in Indonesia, at a consideration of IDR7,800,000,000 (equivalent to S\$702,000). Following the completion of the acquisition of PT Galang, Aenergy's shareholding interest has increased from 49% to 88%.

G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix 16 (Cont'd)

12. Disclosure of Acquisition (including incorporations) and sale of shares since the end of the previous reporting period under Rule 706A (Cont'd)

On 6 September 2021, the Company's indirect 67.1%-owned subsidiary, Aenergy acquired a total of 780 shares, representing 39% of the total issued share capital of PT Abantes Energi ("**PT Abantes**"), a company incorporated in Indonesia, at a consideration of IDR7,800,000,000 (equivalent to S\$702,000). Following the completion of the acquisition, Aenergy's shareholding interest will increase from 49% to 88%.

On 6 September 2021, the Company's indirectly 67.1%-owned subsidiary, Aenergy acquired a total of 1,980 shares representing 99% of the total issued share capital of PT Bukit Lau Energi ("**PT Bukit Lau**"), a company incorporated in Indonesia, at a consideration of IDR19,800,000,000 (equivalent to S\$1,782,000), a company incorporated in Indonesia. Following the completion of the acquisition, PT Bukit Lau became an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of Aenergy.

On 6 September 2021, the Company's indirectly 63.8%-owned subsidiary, PT SDM Bahagia Sejahtera ("**PT SDM**") acquired a total of 20 shares representing 1% of the total issued share capital of PT Bukit Lau, a company incorporated in Indonesia, at a consideration of IDR200,000,000 (equivalent to S\$18,000).

13. Disclosure of persons occupying managerial positions who are related to a director, chief executive officer or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, the Company set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Thang Yee Chin	62	Spouse of:- Teo Cher Koon - managing director and substantial shareholder	Company's name: Servo Dynamics Pte Ltd A principal Subsidiary of the Company Position in the Company: Director Appointed on: 26 September 2005 Duties: Managing the administrative functions of the subsidiary.	No change



G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix 16 (Cont'd)

14. Compliance with Corporate Governance Codes

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 applicable code provisions of the Corporate Governance Code (the “HK CG Code”) as set out in Part 2 of Appendix 14 to the SEHK 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 year ended 31 December 2021, the Group has complied with the Code and the HK CG Code.

15. Compliance with Singapore Listing Manual and Hong Kong Model Code

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 10 to the SEHK 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 FY2021.

The Company and its officers are not allowed to deal in the shares of the Company 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.

16. Audit Committee

The Audit Committee with written terms of reference which deal clearly with its authority and duties, which was revised on 1 January 2019. 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 Mr. Lim Siang Kai, Mr. Soh Beng Keng and Mr. Tan Soon Liang. Mr. Lim Siang Kai is the chairman of the Audit Committee.

The financial information in this announcement 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 FY2021 and is of the opinion that such results complied with the applicable accounting standards, the requirements under Singapore Listing Manual and the SEHK Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

17. Scope of Work of The Independent Auditor

The figures in respect of the preliminary announcement of the Group’s results for FY2021 have been agreed by the independent auditor, Moore Stephens LLP, to the amounts set out in the Group’s draft consolidated financial statements for FY2021 and the amounts were found to be in agreement. The work performed by the independent auditor in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Independent Auditor on this announcement.



ISDN Holdings Limited
Financial Statements Announcement
For the Second Half and Full Year Ended 31 December 2021

G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix 16 (Cont'd)

18. Publication of Financial Information

The annual results announcement for the financial year ended 31 December 2021 is published on the website of the SGX-ST at www.sgx.com, website of Stock Exchange at www.hkexnews.hk, and the website of the Company at www.isdnholdings.com. The annual report of the Company for FY2021 containing, among others, the financial information of the Group will be published on the above websites in due course.

By Order of the Board
ISDN Holdings Limited

Teo Cher Koon
President and Managing Director
Singapore and Hong Kong, 25 February 2022

As at the date of this announcement, the Board comprises Mr. Teo Cher Koon and Mr. Kong Deyang as executive Directors; Mr. Toh Hsiang-Wen Keith as non-executive Director; and Mr. Lim Siang Kai (Chairman), Mr. Soh Beng Keng and Mr. Tan Soon Liang as independent non-executive Directors.