



ISDN Holdings
LIMITED

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



AUTOMATING ASIA'S FUTURE

INTERIM REPORT 2023



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CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER

200416788Z

BOARD OF DIRECTORS

Lim Siang Kai (*Chairman*)
Teo Cher Koon
Kong Deyang
Soh Beng Keng
Tan Soon Liang
Toh Hsiang-Wen Keith

REGISTERED OFFICE

101 Defu Lane 10
Singapore 539222

JOINT COMPANY SECRETARIES

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

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

AUDIT COMMITTEE

Lim Siang Kai (*Chairman*)
Soh Beng Keng
Tan Soon Liang

REMUNERATION COMMITTEE

Tan Soon Liang (*Chairman*)
Lim Siang Kai
Soh Beng Keng

NOMINATING COMMITTEE

Soh Beng Keng (*Chairman*)
Lim Siang Kai
Teo Cher Koon

RISK MANAGEMENT COMMITTEE

Lim Siang Kai (*Chairman*)
Soh Beng Keng
Tan Soon Liang

SINGAPORE PRINCIPAL SHARE REGISTRAR

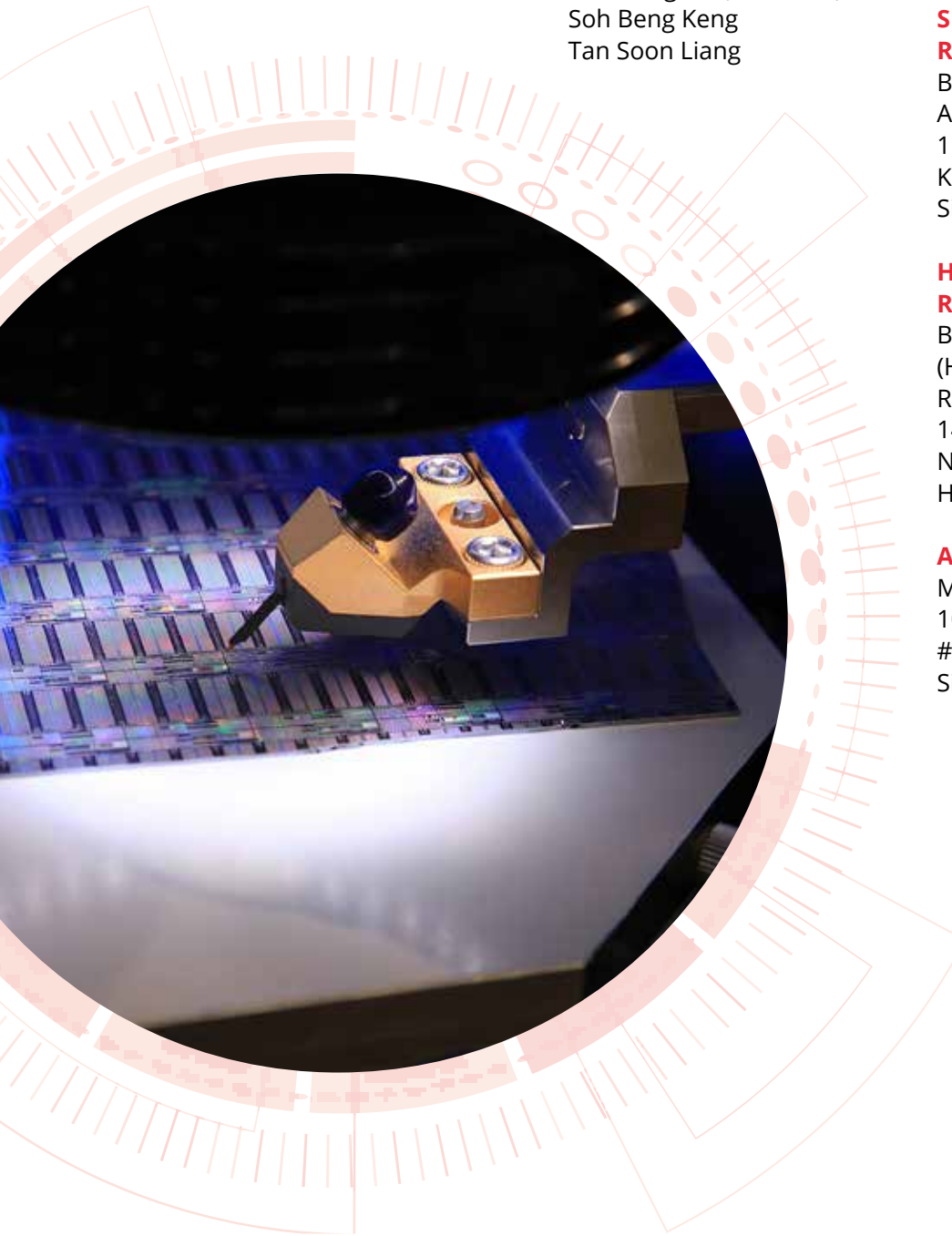
Boardroom Corporate &
Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower, #14-07
Singapore 098632

HONG KONG BRANCH SHARE REGISTRAR

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

AUDITOR

Moore Stephens LLP
10 Anson Road
#29-15, International Plaza
Singapore 079903



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of ISDN Holdings Limited (the “**Company**”) hereby announces the consolidated condensed interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 (the “**1H2023**”), together with the relevant comparative audited or unaudited figures. The Group’s interim results for 1H2023 are unaudited but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

	Notes	Six months ended 30 June	
		2023	2022
		S\$’000 <i>(unaudited)</i>	S\$’000 <i>(unaudited)</i>
Revenue	4	169,154	190,707
Cost of sales		(124,827)	(136,629)
Gross profit		44,327	54,078
Other operating income	5	3,493	1,985
Distribution costs		(12,459)	(14,923)
Administrative expenses		(18,953)	(19,450)
Net impairment gains on financial assets		36	226
Other operating expenses		(670)	(1,028)
Finance costs	6	(2,071)	(1,257)
Share of (loss)/profit of associates, net		(357)	1,082
Profit before income tax	7	13,346	20,713
Income tax	8	(4,285)	(4,580)
Profit for the period		9,061	16,133
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		-	(31)
- exchange differences on translation		(3,483)	(2,364)
Total comprehensive income for the period		5,578	13,738
Profit for the period attributable to:			
Equity holders of the Company		4,580	11,070
Non-controlling interests		4,481	5,063
		9,061	16,133
Total comprehensive income for the period attributable to:			
Equity holders of the Company		1,777	9,044
Non-controlling interests		3,801	4,694
		5,578	13,738
Earnings per share attributable to the equity holders of the Company:			
Basic and diluted (Singapore cents)	9	1.04	2.52

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	As at 30 June 2023 S\$'000 <i>(unaudited)</i>	As at 31 December 2022 S\$'000 <i>(audited)</i>
ASSETS			
Non-current Assets			
Property, plant and equipment	11	65,095	63,249
Investment properties		406	417
Land use rights		1,061	1,104
Goodwill		12,227	12,227
Associates		5,584	6,278
Service concession receivables	13	76,984	76,960
Other financial assets	12	900	900
Deferred tax assets		395	384
Total non-current assets		162,652	161,519
Current Assets			
Inventories		79,562	81,181
Trade and other receivables	13	108,901	101,116
Cash and bank balances		51,557	56,554
Total current assets		240,020	238,851
Total Assets		402,672	400,370
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	82,874	81,487
Reserves		118,119	116,342
		200,993	197,829
Non-controlling interests		48,207	44,771
Total Equity		249,200	242,600
Non-current Liabilities			
Bank borrowings	15	9,814	10,066
Leases liabilities		5,158	4,860
Deferred tax liabilities		688	676
Total non-current liabilities		15,660	15,602
Current Liabilities			
Bank borrowings	15	24,001	23,809
Leases liabilities		1,312	1,322
Trade and other payables	16	94,823	95,101
Contract liabilities		14,484	18,003
Current tax liabilities		3,192	3,933
Total current liabilities		137,812	142,168
Total Liabilities		153,472	157,770
Total Equity and Liabilities		402,672	400,370

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Merger reserve	Exchange translation reserve	Other reserves	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
2023								
Balance at 1 January 2023 (audited)	81,487	(436)	(5,697)	6,194	116,281	197,829	242,600	
Profit for the period	-	-	-	-	4,580	4,580	9,061	
Other comprehensive loss for the period	-	-	(2,803)	-	-	(2,803)	(3,483)	
Total comprehensive (loss)/income for the period	-	-	(2,803)	-	4,580	1,777	5,578	
Dividends to non-controlling interests	-	-	-	-	-	-	(365)	
Share-based payments	-	-	-	1,387	-	1,387	1,387	
Issue of ordinary shares related to share award	1,387	-	-	(1,387)	-	-	-	
Balance at 30 June 2023 (unaudited)	82,874	(436)	(8,500)	6,194	120,861	200,993	249,200	
2022								
Balance at 1 January 2022 (audited)	81,487	(436)	1,846	6,049	108,190	197,136	246,975	
Profit for the period	-	-	-	-	11,070	11,070	16,133	
Other comprehensive loss for the period	-	-	(1,995)	(31)	-	(2,026)	(2,395)	
Total comprehensive (loss)/income for the period	-	-	(1,995)	(31)	11,070	9,044	13,738	
Dividends to non-controlling interests	-	-	-	-	-	-	(464)	
Transfer to other reserves	-	-	-	138	(68)	70	-	
Balance at 30 June 2022 (unaudited)	81,487	(436)	(149)	6,156	119,192	206,250	260,249	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash Flows from Operating Activities:		
Profit before income tax	13,346	20,713
Adjustments for:		
Allowance for impairment loss of trade and other receivables	64	69
Allowance for inventories obsolescence	399	416
Amortisation of land use rights	16	13
Bad debt recovered	-	(5)
Depreciation of investment properties	9	9
Depreciation of property, plant and equipment	2,526	2,531
Gain on disposal of property, plant and equipment, net	(4)	(25)
Gain on termination of leases	(2)	-
Interest expenses	2,071	1,257
Interest income	(125)	(215)
Inventories written off	18	8
Property, plant and equipment written off	11	-
Reversal of over provision of share-based payment	(358)	-
Share of results of associates, net	357	(1,082)
Trade receivables written off	157	12
Write back of allowance for impairment loss on trade receivables	(100)	(295)
Write back of allowance for inventories obsolescence	(106)	(92)
Unrealised foreign exchange differences	(839)	(1,560)
Operating cash flow before working capital changes	17,440	21,754
Changes in working capital:		
Inventories	1,308	(7,161)
Trade and other receivables	(9,483)	11,264
Trade and other payables	(3,505)	2,714
Cash from operating activities before service concession arrangements	5,760	28,571
Change in receivables from service concession arrangements	(25)	(6,089)
Cash generated from operations after service concession arrangements	5,735	22,482
Interest paid	(1,964)	(1,163)
Interest received	125	215
Income tax paid	(5,045)	(5,276)
Net cash (used in)/generated from operating activities	(1,149)	16,258

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash Flows from Investing Activities:		
Dividend from associates	309	228
Proceeds from disposal of property, plant and equipment	10	38
Purchase of property, plant and equipment	(2,551)	(1,329)
Net cash used in investing activities	(2,232)	(1,063)
Cash Flows from Financing Activities:		
Decrease in fixed deposits pledged and restricted bank deposit	545	-
Dividends to non-controlling interests	(365)	(865)
Interest expense on lease liabilities	(107)	(94)
Proceeds from bank loans	14,029	11,390
(Repayment)/Proceeds from trust receipts and other borrowings, net	(1,617)	1,991
Repayment of bank loans	(12,473)	(12,393)
Repayment of lease liabilities	(1,107)	(1,154)
Net cash used in financing activities	(1,095)	(1,125)
Net (decrease)/increase in cash and cash equivalents	(4,476)	14,070
Cash and cash equivalents at beginning of the period	54,128	59,021
Effect of currency translation on cash and cash equivalents	(80)	(62)
Cash and cash equivalents at end of the period	49,572	73,029
<u>Additional information:</u>		
Cash and bank balances	48,060	72,780
Fixed deposits	3,497	2,951
Cash and bank balances and fixed deposits	51,557	75,731
Less: bank deposits pledged	(1,985)	(2,702)
Total cash and cash equivalents	49,572	73,029

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1 General

The Company is a public limited liability company incorporated and domiciled in Singapore and is dual listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s registered office and principal place of business is at 101 Defu Lane 10, Singapore 539222.

The immediate and ultimate holding company is Assetraise Holdings Limited (“**Assetraise**”), a company incorporated in the British Virgin Islands. Assetraise is beneficially owned by Mr. Teo Cher Koon (“**Mr. Teo**”), the Managing Director and President of the Company and his spouse, Ms. Thang Yee Chin (“**Ms. Thang**”).

The Company’s principal activities included the provision of technical consultancy, training services, and management services. The principal activities of its subsidiaries and associates are principally focusing on motion control, industrial computing, other specialised engineering solutions and construction of hydropower plants.

2 Basis of Preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 has 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 “**Hong Kong Listing Rules**”).

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 Group has adopted the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 2022.

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 2023.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3 Segment Information

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3 Segment Information (Continued)

(a) Reportable Operating Segments

	Engineering Solutions - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Others		Elimination		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue														
External Sales	131,575	142,021	32,923	35,719	3,117	6,501	1,094	6,089	445	377	-	-	169,154	190,707
Inter-segment sales	4,002	1,783	2,360	1,060	1,252	599	-	-	27	240	(7,641)	(3,682)	-	-
	135,577	143,804	35,283	36,779	4,369	7,100	1,094	6,089	472	617	(7,641)	(3,682)	169,154	190,707
Results														
Segment results	9,396	14,573	2,263	3,214	237	2,134	174	333	(250)	-	-	-	14,555	19,845
Share of (loss)/profit of associates, net	(357)	1,082	-	-	-	-	-	-	-	-	-	-	(357)	1,082
Corporate income													866	561
Rental income													228	267
Interest income													125	215
Finance costs													(2,071)	(1,257)
Profit before income tax													13,346	20,713
Income tax													(4,285)	(4,580)
Profit for the six months ended 30 June													9,061	16,133
Assets														
Segment assets	155,968	156,567	54,961	52,052	5,696	5,405	116,108	108,074	5,352	9,728	(5,187)	(6,932)	332,898	324,894
Goodwill	2,178	2,178	9,508	9,508	-	-	541	541	-	-	-	-	12,227	12,227
Associates	5,584	6,278	-	-	-	-	-	-	-	-	-	-	5,584	6,278
Investment properties													406	417
Cash and bank balances													51,557	56,554
Consolidated total assets as at 30 June / 31 December													402,672	400,370
Liabilities														
Segment liabilities	33,611	41,451	19,231	17,169	342	489	47,124	45,621	3,730	5,593	(5,178)	(6,932)	98,860	103,391
Bank borrowings and lease liabilities													40,285	40,057
Income tax liabilities													3,192	3,933
Other unallocated corporate liabilities													11,135	10,389
Consolidated total liabilities as at 30 June / 31 December													153,472	157,770

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3 Segment Information (Continued)

(a) Reportable Operating Segments (Continued)

1 January to 30 June	Engineering Solutions - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Others		Elimination		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	1,525	534	720	412	10	4	261	325	52	86	-	-	2,568	1,361
	<i>(unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited)</i>													
Other information														
Capital expenditure on:														
- Property, plant and equipment	25	13	21	55	-	-	-	-	18	1	-	-	64	69
- Allowance for impairment of trade and other receivables	182	269	217	147	-	-	-	-	-	-	-	-	399	416
- Allowance for inventories obsolescence	16	13	-	-	-	-	-	-	-	-	-	-	16	13
- Amortisation of land use rights	-	(5)	-	-	-	-	-	-	-	-	-	-	-	(5)
- Bad debt recovered	9	9	-	-	-	-	-	-	-	-	-	-	9	9
- Depreciation of investment properties	1,350	1,533	1,038	844	68	45	52	45	18	64	-	-	2,526	2,531
- Depreciation of property, plant and equipment	(2)	-	-	-	-	-	-	-	-	-	-	-	(2)	-
- Gain on termination of leases	6	8	12	-	-	-	-	-	-	-	-	-	18	8
- Inventories written off	11	-	-	-	-	-	-	-	-	-	-	-	11	-
- Property, plant and equipment written off	(278)	-	(80)	-	-	-	-	-	-	-	-	-	(358)	-
- Reversal of over provision of share-based payment	17	12	86	-	-	-	-	-	54	-	-	-	157	12
- Trade receivables written off	(64)	(123)	(30)	(171)	(6)	(1)	-	-	-	-	-	-	(100)	(295)
- Write back of allowance for impairment loss on trade receivables	(75)	(9)	(31)	(83)	-	-	-	-	-	-	-	-	(106)	(92)
- Write back of allowance for inventories obsolescence														

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3 Segment Information (Continued)

(b) Geographical information

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

	Revenue from external customers		Non-current assets as at	
	Six months ended 30 June 2023	Six months ended 30 June 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Singapore	16,611	30,975	27,634	29,821
The People's Republic of China (the "PRC")	124,992	123,386	25,648	24,029
Hong Kong	2,881	3,812	1,087	1,058
Malaysia	6,020	6,336	931	916
Republic of Indonesia ("Indonesia")	1,245	6,292	105,875	104,411
Vietnam	7,693	7,446	369	433
Others	9,712	12,460	1,108	851
Total	169,154	190,707	162,652	161,519

(c) Information about Major Customers

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4 Revenue

Disaggregation of Revenue

The Group's revenue is disaggregated by the type of goods or services provided to customers, geographical markets, and timing of goods or services transferred. The Group operates in six principal geographical areas — Singapore (country of domicile), the PRC, Hong Kong, Malaysia, Indonesia and Vietnam.

Segments	Six months ended 30 June 2023					
	Engineering Solutions	Other Specialised Engineering Solutions	Industrial Computing Solutions	Renewable Energy	Others	Total
	- Motion Control					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Geographical markets						
Singapore	11,362	1,906	2,914	-	429	16,611
The PRC	98,564	26,428	-	-	-	124,992
Hong Kong	2,872	9	-	-	-	2,881
Malaysia	5,505	501	5	-	9	6,020
Indonesia	125	19	-	1,094	7	1,245
Vietnam	7,565	57	71	-	-	7,693
Others	5,582	4,003	127	-	-	9,712
Total revenue from contracts with customers	131,575	32,923	3,117	1,094	445	169,154
Goods or services transferred at a point in time	130,985	32,422	2,502	-	317	166,226
Services transferred over time	590	501	615	1,094	128	2,928

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4 Revenue (Continued)

Disaggregation of Revenue (Continued)

Segments	Six months ended 30 June 2022					Total S\$'000
	Engineering Solutions - Motion Control S\$'000 <i>(unaudited)</i>	Other Specialised Engineering Solutions S\$'000 <i>(unaudited)</i>	Industrial Computing Solutions S\$'000 <i>(unaudited)</i>	Renewable Energy S\$'000 <i>(unaudited)</i>	Others S\$'000 <i>(unaudited)</i>	
Geographical markets						
Singapore	23,074	1,432	6,096	-	373	30,975
The PRC	95,373	28,013	-	-	-	123,386
Hong Kong	3,790	21	-	-	1	3,812
Malaysia	5,733	557	43	-	3	6,336
Indonesia	138	59	6	6,089	-	6,292
Vietnam	7,410	27	9	-	-	7,446
Others	6,503	5,610	347	-	-	12,460
Total revenue from contracts with customers	142,021	35,719	6,501	6,089	377	190,707
Goods or services transferred at a point in time	141,911	35,719	6,501	-	377	184,508
Services transferred over time	110	-	-	6,089	-	6,199

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5 Other Operating Income

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income	125	215
Commission income	1	30
Finance lease income	1,257	-
Foreign exchange gain, net	209	-
Gain on disposal of property, plant and equipment, net	4	25
Gain on termination of leases	2	-
Government grants	382	206
Operating lease rental income:		
- investment properties	22	25
- sub-let of office/warehouse premises	206	242
Property management income	273	272
Technical service income	285	252
Bad debt recovered	-	5
Write back of allowance of inventory obsolescence	106	92
Miscellaneous income	621	621
	<u>3,493</u>	<u>1,985</u>

6 Finance Costs

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expenses on:		
- bank loans	881	496
- trust receipts	133	47
- leases liabilities	107	94
- others	950	620
	<u>2,071</u>	<u>1,257</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

7 Profit Before Income Tax

	Six months ended 30 June	
	2023 S\$'000 <i>(unaudited)</i>	2022 S\$'000 <i>(unaudited)</i>
Profit before income tax has been arrived at after charging:		
Amortisation of land use rights	16	13
Depreciation of property, plant and equipment		
- recognised in cost of sales	415	411
- recognised in distribution costs	210	229
- recognised in administrative expenses	1,901	1,891
	2,526	2,531
Depreciation of investment properties	9	9
Other operating expenses included:		
- trade receivables written off	157	12
- allowance for inventories obsolescence	399	416
- inventories written off	18	8
- foreign exchange losses, net	-	574
- property, plant and equipment written off	11	-
Operating lease rental expenses	82	69

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

8 Income Tax

	Six months ended 30 June	
	2023 S\$'000 <i>(unaudited)</i>	2022 S\$'000 <i>(unaudited)</i>
Current income tax		
- Singapore	423	840
- The PRC	3,389	3,448
- Outside Singapore and the PRC	308	368
- Under/(Over) provision in respect of prior year	184	(48)
	4,304	4,608
Deferred taxation		
- Over provision in respect of prior year	(19)	(28)
	4,285	4,580

The corporate tax rate applicable to the Company and those entities of the Group incorporated in Singapore for the financial periods ended 30 June 2023 and 2022 is 17%. The corporate tax rate applicable to those entities of the Group incorporated in Malaysia for the financial periods ended 30 June 2023 and 2022 is 24%.

The statutory tax rate for Hong Kong profit is 16.5% on the assessable profits arising during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime. Under the two-tiered profits tax rate regime, the first Hong Kong Dollar (“**HK\$**”) 2 million of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits at 16.5%. The Inland Revenue (Amendment) (No. 3) Ordinance 2018 is effective from the year of assessment 2018/2019.

For those entities of the Group operating in the PRC, the PRC income tax is calculated at the applicable tax rate in accordance with the Corporate Income Tax Law. The income tax rate for both domestic and foreign-investment enterprises is at 25%.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

9 Earnings Per Share

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

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to equity holders of the Company (S\$'000)	4,580	11,070
Weighted average number of ordinary shares for the purpose of basic earnings per share	440,342,787	438,638,533
Basic and fully diluted earnings per share (Singapore cents)	1.04	2.52

Basic earnings per share is calculated by dividing the Group's net profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2023 and 2022, excluding treasury shares.

The weighted average number of ordinary shares takes into account the weighted average effect of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

10 Dividends Paid

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Paid during the financial period:		
Tax exempt (one-tier) final dividend of 0.80 Singapore cents per ordinary share (2022: 1.45 Singapore cents) in respect of the previous year	-	-

The Board recommended a final tax-exempt dividend of 0.80 Singapore cents (the "**Final Dividend**") (2022: 1.45 Singapore cents) per ordinary share (the "**Shares**"), amounting to S\$3,532,000 (2022: S\$6,360,000) under the exempt one-tier system.

The Final Dividend has been approved by the Shareholders at the annual general meeting of the Company held on 28 April 2023 and will be paid on 25 August 2023 to the eligible Shareholders whose names appeared on the register of members of the Company on 7 July 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11 Property, Plant and Equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with an aggregate cost amounting to S\$3,947,000 (30 June 2022: S\$1,873,000), of which S\$1,379,000 (30 June 2022: S\$512,000) relates to right-of-use assets and S\$17,000 (30 June 2022: S\$32,000) were acquired by means of finance lease. Cash payments of S\$2,551,000 (30 June 2022: S\$1,329,000) were made to purchase of property, plant and equipment.

As at 30 June 2023, the Group's carrying amount of pledged property, plant and equipment to secure the bank borrowings in Note 15 was S\$18,799,000 (31 December 2022: S\$19,610,000); and the Group's carrying amount of property, plant and equipment held under lease liabilities was S\$407,000 (31 December 2022: S\$433,000).

12 Other Financial Assets

	As at 30 June 2023 S\$'000	As at 31 December 2022 S\$'000
	<i>(unaudited)</i>	<i>(audited)</i>
Unquoted equity shares, at cost	900	900

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13 Trade and Other Receivables

	As at 30 June 2023 S\$'000 <i>(unaudited)</i>	As at 31 December 2022 S\$'000 <i>(audited)</i>
<u>Non-current:</u>		
Service concession receivables	76,984	76,960
<u>Current:</u>		
Trade receivables, net of impairment:		
- note receivables	17,388	10,441
- trade receivables	67,792	73,386
- associates	33	10
- related parties	2,440	2,651
	<u>87,653</u>	<u>86,488</u>
Other receivables, net of impairment:		
Advances to associates	35	7
Advances to related parties	128	101
Deposits	588	644
Loan to associates	27	27
Sundry debtors	4,195	4,061
Amounts owing from non-controlling interest	1,991	1,878
	6,964	6,718
Advances paid to suppliers	12,436	6,351
Prepayment	1,848	1,559
	<u>108,901</u>	<u>101,116</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13 Trade and Other Receivables (Continued)

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

	As at 30 June 2023 S\$'000	As at 31 December 2022 S\$'000
	<i>(unaudited)</i>	<i>(audited)</i>
Within 30 days	39,107	36,071
31 - 90 days	28,173	31,064
Over 90 days	20,373	19,353
	<u>87,653</u>	<u>86,488</u>

Trade receivables are non-interest bearing and are usually due within 30 - 90 days term. Included in trade receivables as at 30 June 2023 were trade receivables from third parties amounting to S\$81,000 (31 December 2022: S\$Nil), 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14 Share Capital

	As at 30 June 2023		As at 31 December 2022	
	No. of shares <i>(unaudited)</i>	S\$'000 <i>(unaudited)</i>	No. of shares <i>(audited)</i>	S\$'000 <i>(audited)</i>
Group and Company				
Issued and fully paid:				
At the beginning of period/year	438,638,533	81,487	438,638,533	81,487
Issue of ordinary shares related to share award	2,830,000	1,387	-	-
At the end of period/year	<u>441,468,533</u>	<u>82,874</u>	<u>438,638,533</u>	<u>81,487</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 13 March 2023, an aggregate of 2,830,000 new ordinary shares ("**New Shares**") were granted and vested under ISDN Performance Share Plan 2022 ("**ISDN PSP 2022**") to selected employees of the Group who are not related to any Directors, chief executives and substantial Shareholders (and each of their associates). The awards were granted without any performance or vesting conditions attached, but subject to a selling moratorium of six (6) months.

Following the allotment and issuance of the New Shares, the number of ordinary shares as at 30 June 2023 is 441,468,533 (30 June 2022: 438,638,533). No treasury shares were held as at 30 June 2023 (30 June 2022: Nil). The number of shares held as subsidiary holdings as at 30 June 2023 is Nil (30 June 2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15 Bank Borrowings

	As at 30 June 2023 S\$'000	As at 31 December 2022 S\$'000
	<i>(unaudited)</i>	<i>(audited)</i>
Non-current liabilities		
Secured bank loans	9,814	10,066
Current liabilities		
Secured bank loans	9,952	10,810
Unsecured bank loans	10,327	7,660
Trust receipts	3,641	5,339
Account receivables bulk factoring	81	-
	<u>24,001</u>	<u>23,809</u>
Total interest-bearing liabilities	<u>33,815</u>	<u>33,875</u>

The bank loans of the Group are secured over leasehold properties with a carrying amount of S\$18,799,000 (31 December 2022: S\$19,610,000) (Note 11), service concession receivables with a carrying amount of S\$38,675,000 (31 December 2022: S\$38,239,000) and land use rights with carrying amounts of S\$1,061,000 (31 December 2022: S\$1,104,000).

16 Trade and Other Payables

	As at 30 June 2023 S\$'000	As at 31 December 2022 S\$'000
	<i>(unaudited)</i>	<i>(audited)</i>
Trade payables:		
- trade payables	34,366	33,861
- associates	54	90
- related parties	10,537	9,586
	<u>44,957</u>	<u>43,537</u>
Accrued operating expenses	1,313	2,173
Accrued salaries and bonuses	14,378	17,522
Amount owing to an associate	24	24
Amount owing to non-controlling interests	6,774	4,831
Other payables	27,377	27,014
	<u>94,823</u>	<u>95,101</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

16 Trade and Other Payables (Continued)

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

	As at 30 June 2023 S\$'000 <i>(unaudited)</i>	As at 31 December 2022 S\$'000 <i>(audited)</i>
Within 30 days	26,086	28,355
31 - 90 days	9,805	12,151
Over 90 days	9,066	3,031
	<u>44,957</u>	<u>43,537</u>

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

17 Capital Commitments

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

	As at 30 June 2023 S\$'000 <i>(unaudited)</i>	As at 31 December 2022 S\$'000 <i>(audited)</i>
Commitment in respect of property, plant and equipment	<u>20</u>	<u>241</u>

18 Corporate Guarantees

As at 30 June 2023, the Company has provided corporate guarantees to banks in connection with banking facilities granted to subsidiaries, amounting to S\$64,961,000 (31 December 2022: S\$60,723,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

19 Related Party Transactions

In addition to the related party information disclosed, the following are significant transactions of the Group with related parties at mutually agreed amounts during the six months ended 30 June 2023 and 2022.

	Notes	Six months ended 30 June	
		2023	2022
		S\$'000	S\$'000
		<i>(unaudited)</i>	<i>(unaudited)</i>
Sales to:			
- associates		(50)	(52)
- related parties	(i) & (ii)	(4,241)	(5,222)
Purchases from:			
- associates		78	8
- related parties	(i) & (ii)	37,288	33,011
Administrative income charged to:			
- associate		(20)	(21)
- related parties	(i) & (ii)	(141)	(134)
Rental charged to:			
- associate		(3)	(3)
- related parties	(ii)	(265)	(269)
Interest income charged to:			
- related party	(i)	(4)	(4)
Other expenses charged by related parties	(i)	269	303
Other income charged to related parties	(i) & (ii)	(155)	(122)
Dividend income from an associate		(309)	-

Notes:

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

20 Subsequent Events

No major subsequent event has occurred since the end of the financial period ended 30 June 2023 up to the date of this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 1H2023, ISDN delivered a revenue and net profit down 11.3% year-on-year (“YoY”) and 43.8% YoY respectively. As ISDN has noted in its recent filings, it is navigating a set of economic downcycles in the PRC economy, and in cyclical end-industries including semiconductors and electronics.

As ISDN navigates its emergence from these downcycles, it is focused on managing sequential (rather than year-on-year) business momentum as it believes this perspective is more relevant for navigating through a trough-and-recovery phase of the economic cycle.

Core industrial automation business review

The PRC industrial automation business

In 1H2023, the Group saw significant improvement in sequential growth in its largest addressable market, the PRC, which accounts for 73.9% of total ISDN revenue. The Group’s PRC business delivered revenue growth of +4.3% in 1H2023 compared to the second half of the financial year ended 31 December 2022 (“2H2022”). On a constant currency basis, the PRC revenues in 1H2023 grew +7.8% sequentially compared to 2H2022.

Across its PRC business, the Group saw revenue momentum consistent with the overall Chinese economy, with steady growth in acyclical sectors such as medical and consumables, offset by weakness in cyclical sectors such as semiconductors and electronics.

On a YoY basis, the PRC business remains down -1.3% in revenue in 1H2023 compared to 1H2022. However, as noted above, ISDN is navigating a broad economic downturn and is focused on sequential performance as it seeks to execute a confident economic recovery over time.

Non-PRC industrial automation business

The Group’s non-PRC business is heavily concentrated in Southeast Asia, which accounts for 92.1% of ISDN’s non-PRC industrial automation revenue and almost all of ISDN’s non-PRC industrial automation profits.

In 1H2023, the Group’s Southeast Asia business declined 26.5% sequentially compared to 2H2022. The decline was primarily driven by several semiconductor customers who experienced revenue contraction consistent with the deep global semiconductor downturn. Excluding these several customers, ISDN’s non-PRC business declined -9.9% in 1H2023 compared to 2H2022, reflecting a broader cyclical slowdown in industrial and manufacturing activity in the region.

On a YoY basis, the non-PRC business remains down -30.0% in revenue in 1H2023 compared to 1H2022. As noted above, ISDN is navigating a broad economic downturn and is focused on sequential performance as it seeks to execute a confident economic recovery over time.

Renewable Energy business review

The Group started to recognise the revenue contributions from its renewable energy segment after the full commercialization of its first hydropower plant, Lau Biang 1, on 31 December 2022. A total of S\$3.0 million was billed to PT PLN (Persero) (“PLN”) in 1H2023 and received as of July 2023.

The Group also announced in June 2023 that it had secured commercial operation approvals for its 2 additional plants, Anggoci and Sisira. This expands the Group’s total capacity by 14.6MW to reach 24.6MW from the three hydropower plants.

Profit review

Gross profit decreased by -14.4% YoY to S\$44.3 million in 1H2023 compared to 2H2022. Gross profit margin dipped 2.6 percentage points to 26.2% in 1H2023 over 2H2022, primarily attributable to the shift in sales mix towards lower margin products.

Operating expenses declined 6.1% to S\$31.4 million in 1H2023 compared to 2H2022, primarily driven by careful expense management in a volatile environment.

Other operating income grew by 138.8% to S\$3.5 million in 1H2023 compared to 2H2022, mainly due to the recognition of finance lease income for Lau Biang 1 of S\$1.2 million, increase in net foreign exchange gain of S\$0.2 million, and increase in government grant of S\$0.3 million.

Finance costs decreased by 7.1% to S\$2.1 million in 1H2023 compared to 2H2022, due to interest rate of project financing for a mini-hydropower plant project in Indonesia was finalised in 2H2022, hence the full year finance cost for financial year ended 31 December 2022 was recorded in 2H2022.

Consequently, the Group delivered a net profit of S\$9.1 million in 1H2023, up +30.4% over 2H2022.

The Group’s cash and bank balance and fixed deposits remains robust at S\$51.6 million as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

As highlighted in the Business Review section, ISDN saw significant sequential improvement in its core PRC industrial automation business in 1H2023 compared to 2H2022. While ISDN is pleased to have seen evidence of an emerging recovery in the PRC during the half-year, it remains cautious as the PRC's Manufacturing PMI¹ continues to indicate slight pessimism in manufacturing outlook. Accordingly, ISDN continues to monitor sales and expenses closely in the PRC as it awaits clearer evidence of growth traction in the PRC.

ISDN's non-PRC business was deeply impacted by (a) several semiconductor customers experiencing deep cyclical declines; and (b) a broader cyclical slowdown in manufacturing and industrial activity in the region. ISDN believes these impacts are cyclical, and that both regional and semiconductor industry recovery are inevitable as growth fundamentals remain strong for both sectors.

The Group re-affirms that its confidence in its long-term growth prospects in industrial automation is well founded:

First, ISDN's key geographical markets have positive growth prospects. The July 2023 World Economic Outlook Update of the International Monetary Fund ("IMF") projects that emerging and developing Asia's growth is on track to rise to 5.3% in 2023 from 4.5% in 2022. IMF also maintained its forecasts for the PRC's economic growth to expand by 5.2% in 2023 from 3.0% in 2022, mainly attributable to the faster-than-expected drop in inflation which reduces the need for tight monetary policy, thereby reviving domestic demand.

Second, the PRC continues to develop policy support for growing industrial automation to support the nation's long-term economic growth and competitiveness.

Third, ISDN believes both the PRC and Southeast Asia must continue to grow their use of industrial automation to offset escalating wage costs, and to upgrade capabilities to remain competitive in global manufacturing.

The Group also believes it is well-positioned strategically for the global transition to clean energy. In 1H2023, ISDN made meaningful progress towards commercializing 2 additional mini-hydropower plants, Anggoci and Sisira, in Indonesia. Together with the capacity of 10MW of the Group's Lau Biang 1 hydropower plant, the Group's total capacity is now 24.6MW. They are expected to make significant and recurring contributions to the earnings of the Group going forward.

With the anticipated recovery in the industrial automation solutions segment, increasing government stimulus in the PRC, and integration of the renewable energy segment, the Group remains confident in its ability to navigate through its cyclical market trough and capitalise on long-term growth in industrial automation and clean energy going forward.



¹ Manufacturing PMI refers to China's Manufacturing Purchasing Manager's Index, as measured by China's Department of Service Statistics of the National Bureau of Statistics of China.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit margin

	1H2023	1H2022	Change
	S\$'000	S\$'000	+ / (-)
Industrial Automation Solutions			
Revenue	168,060	184,618	-9.0%
Gross profit	43,354	53,627	-19.2%
Gross profit margin	25.8%	29.0%	-3.2 ppt
Renewable Energy			
Revenue	1,094	6,089	-82.0%
Gross profit	973	451	n.m.
Gross profit margin	88.9%	7.4%	81.5 ppt
Total			
Revenue	169,154	190,707	-11.3%
Gross profit	44,327	54,078	-18.0%
Gross profit margin	26.2%	28.4%	-2.2 ppt

n.m.: Not meaningful

The Group's revenue of S\$169.2 million for 1H2023 was lower as compared to 1H2022 of S\$190.7 million. Revenue from our industrial automation solutions segment decreased by S\$16.6 million or 9.0% in 1H2023. The decline was significantly impacted by cyclical impact from 3 semiconductor industry customers and weaker RMB currency against the Group's reporting currency, S\$. RMB had depreciated by about 8.7% in June 2023 as compared to June 2022. On a constant currency basis, the Group's revenue would be S\$180.0 million in 1H2023, which resulted in a slight decrease by 2.7%.

For renewable energy, the revenue recognised in 1H2022 was related to construction revenue before it was commercialised. The Group's hydropower plant, Lau Biang 1, commenced commercial operations on 31 December 2022. The Group recognised S\$1.1 million and S\$1.2 million in revenue and finance lease income under other operating income, respectively for Lau Biang 1 in 1H2023 in accordance with SFRS(I)INT12 Service concession arrangements.

Gross profit of S\$44.3 million was S\$9.8 million, or 18.0% lower in 1H2023 as compared to 1H2022. Overall, the

gross profit margins of the Group in 1H2023 decreased by 2.2 percentage points from 28.4% to 26.2% as compared to corresponding period of 1H2022. In 1H2023, the gross profit and gross profit margin for the industrial automation solutions segment fell by S\$10.3 million and 3.2 percentage points, respectively. This decline in sales to higher profit margin customers can be attributed to the weakness in cyclical sectors such as semiconductors and electronics, which affected the Group's sales mix. As a result, the Group experienced a notable decrease in its gross profit margin. The gross profit margin for renewable energy grew from 7.4% to 88.9%, as a result of the commercialisation of Lau Biang 1.

Other operating income

Other operating income increased by S\$1.5 million, or 76.0% to S\$3.5 million for 1H2023 was mainly attributable to the recognition of finance lease income for Lau Biang 1 of S\$1.2 million, increase in net foreign exchange gain of S\$0.2 million, increase in government grant of S\$0.2 million; partially offset by decrease in interest income of S\$0.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Distribution costs

Distribution costs decreased by S\$2.5 million, or 16.5% to S\$12.5 million for 1H2023 primarily due to decrease in staff and related cost of S\$1.8 million arising from lower staff commission to sales personnel, decrease in sales and marketing expenses of S\$0.8 million, which is in line with the decrease in revenue, and decrease in office and other expenses by S\$0.1 million. This was partially offset by the increase in travelling expenses of S\$0.2 million due to the easing of business travel restriction in our business segments.

Administrative expenses

Administrative expenses decreased by S\$0.5 million, or 2.6% to S\$19.0 million in 1H2023 mainly due to lower performance bonus for executive directors of S\$0.9 million, decrease in office and other expenses of S\$0.3 million. This was partially offset by increase in staff and related cost of S\$0.5 million mainly arising from the consolidation of new subsidiaries incorporated in 2H2022, increase in travelling expenses and professional fees of S\$0.1 million and S\$0.1 million respectively.

Net impairment gains on financial assets

Net impairment gains on financial assets decreased by S\$0.2 million or 84.1% in 1H2023 due to lower reversal of impairment loss following expected credit loss assessment and a lower recovery of debts.

Other operating expenses

Other operating expenses decreased by S\$0.4 million, or 34.8% to S\$0.7 million for 1H2023. The decrease was mainly due to the absence of net foreign exchange loss of S\$0.6 million; partially offset by increase in bad debts written off of S\$0.1 million and increase in other operating expenses of S\$0.1 million.

Finance costs

Finance costs increased by S\$0.8 million, or 64.8% to S\$2.1 million for 1H2023, as a result of project financing from the engineering, procurement and construction ("EPC") contractor for our mini-hydropower plant project in Indonesia and higher bank interest rate.



Share of (loss)/profit of associates, net

Due to the decline in business activity of our associated companies, the Group recorded a share of loss of associates of S\$0.4 million in 1H2023, compared to a share of profit of S\$1.1 million in 1H2022.

Income tax expense

Income tax expense decreased by S\$0.3 million, or 6.4% to S\$4.3 million for 1H2023, mainly due to lower taxable profits in 1H2023.

Property, plant and equipment

Property, plant and equipment increased by S\$1.8 million, or 2.9% as at 30 June 2023. The increase was mainly due to recognition of right-of-use assets of S\$1.4 million, increase in capital expenditure of S\$1.4 million for construction of a new building in our Wujiang office, the PRC, purchase of plant and equipment of S\$0.5 million, purchase of furniture and fittings of S\$0.3 million, purchase of motor vehicles of S\$0.2 million and renovation of leasehold properties of S\$0.1 million. In addition, there was also translation gain of S\$0.4 million

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Property, plant and equipment (Continued)

mainly arising from the strengthening of Indonesian Rupiah (“IDR”) against S\$ in 1H2023. This was partially offset by depreciation charge of S\$2.5 million.

Associates

Interests in associates decreased by S\$0.7 million, or 11.1% as at 30 June 2023 due to share of loss of associates of S\$0.4 million in 1H2023 and declaration of dividend from associates of S\$0.3 million.

Service concession receivables

Service concession receivables remained at S\$77.0 million as at 30 June 2023. Service concession receivables are classified as long-term assets which will be collected across the tenure of the various operational concessions in tandem with agreed power supply agreements. In 1H2023, a total of S\$0.6 million in service concession receivables were derecognised upon invoicing to PLN for Lau Biang 1. Furthermore, due to the USD’s depreciation against the IDR, a foreign exchange revaluation loss of S\$2.9 million was recognised. This was partially offset by the translation gain of S\$3.5 million arising from the strengthening of IDR against S\$ in 1H2023.

Inventories

Inventories decreased by S\$1.6 million or 2.0% to S\$79.6 million as at 30 June 2023 primarily due to decrease in revenue in 1H2023.

Trade and other receivables

Trade and other receivables increased by S\$7.8 million or 7.7% to S\$108.9 million as at 30 June 2023 mainly due to increase in advances to trade suppliers of S\$6.1 million, which predominately result from advances made to the EPC for the construction of mini-hydropower plants, Lau Biang 2, increase in trade receivables of S\$1.2 million, increase in prepayment of S\$0.3 million, increase in amount owing from non-controlling interest of S\$0.1 million and increase in sundry receivables of S\$0.1 million.

Subsequent receipt of about S\$19.6 million was received from customers as at 31 July 2023. The collection represented approximately 22.3% of trade receivables as at 30 June 2023.



Trade and other payables

Trade and other payables decreased by S\$0.3 million or 0.3% to S\$94.8 million as at 30 June 2023, which was mainly due to decrease in accrued salaries and bonus of S\$3.1 million pertaining to the vesting of share-based payment amounting to S\$1.7 million in March 2023 and a decrease in performance bonus for executive directors, as well as decreased in accrued operating expenses of S\$0.9 million. This was partially offset by increase in amount loan from a non-controlling interest of S\$1.9 million for the advance payment to EPC for construction of mini-hydropower plants, Lau Biang 2, increase in trade payables of S\$1.4 million and increase of other payables of S\$0.4 million.

Contract liabilities

The decrease in contract liabilities of S\$3.5 million or 19.5% to S\$14.5 million was mainly due to decrease in advances received from customers for sales of goods largely from our PRC subsidiaries. Contract liabilities are recognised as revenue when the performance obligation of transferring the goods is satisfied at a point in time.

Bank borrowings (current and non-current)

Bank borrowings decreased by S\$0.1 million or 0.2% to S\$33.8 million as at 30 June 2023. The decrease was primarily due to repayment of bank borrowings of S\$12.5 million offset by proceeds from bank borrowings (inclusive of trust receipts) of S\$12.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURES

During the financial period ended 30 June 2023, the Group's capital expenditure consists of additions to property, plant and equipment and construction in progress amounting to approximately S\$2,568,000 (30 June 2022: S\$1,361,000).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 4 January 2023, the Group dissolved two Malaysian subsidiaries, SDL Control (KL) Sdn. Bhd. and TDS Technology (KL) Sdn. Bhd.. For more information, please refer to Company's announcement entitled "Dissolution of Malaysian Subsidiaries" dated 5 January 2023.

On 17 March 2023, the Company's direct wholly-owned subsidiary, Motion Control Group Pte. Ltd. acquired 6,000 ordinary shares representing 3% of the issued and paid-up shares capital of NovaPeak Pte. Ltd. ("**NovaPeak**") from a minority shareholder at a consideration of S\$1.00. Following the completion of the acquisition, the Company's effective interest in NovaPeak increased from 87% to 90%.

On 5 May 2023, the Company's indirect 49%-owned subsidiary, Dirak Asia had made a capital injection of USD570,000 (equivalent to S\$767,000) in a wholly-owned subsidiary, Suzhou D Snap Technologies Co., Ltd ("**Suzhou D Snap**") for working capital purpose. Following the completion of the capital injection, the total registered and paid-up share capital of Suzhou D-Snap increased from USD750,000 to USD1,320,000 (100%) of the total registered and paid-up share capital of Suzhou D-Snap.

On 16 June 2023, the Company's indirect wholly-owned subsidiary, ISDN Software Business Pte Ltd had made an additional capital injection of RMB800,000 (equivalent to S\$153,000) in a 70%-owned subsidiary, ISDN-NJ Software Business Co., Ltd. ("**ISDN Nanjing**") for working capital purposes. Following the completion of additional capital injection, the total paid-up share capital of ISDN Nanjing increased from RMB2,450,000 to RMB3,250,000 (equivalent to approximately S\$651,000).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those mentioned under the section headed "Use of Proceeds from Issue of Securities", there was no specific plan for material investments or capital assets as at 30 June 2023.

LIQUIDITY AND FINANCIAL RESOURCES

During the financial period ended 30 June 2023, the Group's working capital was financed by both internal resources and bank borrowings. As at 30 June 2023, cash and bank balances amounted to approximately S\$51.6 million, which decreased by approximately 8.8% as compared to S\$56.6 million as at 31 December 2022. The quick ratio of the Group was approximately 1.2 times (31 December 2022: 1.1 times).



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES (CONTINUED)

As at 30 June 2023, the Group has long and short-term bank borrowings of approximately S\$33.8 million. Among the borrowings, the bank borrowings due within one year amounted to approximately S\$24.0 million (31 December 2022: S\$23.8 million) while the bank borrowings due after one year amounted to approximately S\$9.8 million (31 December 2022: S\$10.1 million).

As at 30 June 2023, the weighted average effective interest rates on bank borrowings is 5.1% (31 December 2022: 4.5%) per annum. The Group obtained the Temporary Bridge Loan (the "TBL") of S\$5.0 million in financial year ended 2021 which was initiated by the Singapore government to help local companies' working capital needs. The term of the TBL is 5 years with fixed interest rate at 2.65% per annum. Other than the above, the Group does not have fixed rate bank borrowings as at 30 June 2023 and 31 December 2022. Together with the obligation under finance leases of approximately S\$0.1 million (31 December 2022: S\$0.2 million), the Group's total borrowings amounted to S\$33.9 million (31 December 2022: S\$34.1 million).

As at 30 June 2023, the carrying amounts of the Group's cash and bank balances and bank borrowings are denominated in the below currencies:

	RMB S\$'000	USD S\$'000	SGD S\$'000	HKD S\$'000	CHF S\$'000	EUR S\$'000	Others S\$'000	Total S\$'000
<u>30 June 2023</u>								
Cash and bank balances	29,251	7,837	4,666	357	979	2,001	6,466	51,557
Bank borrowings	6,315	13,660	11,895	-	-	908	1,037	33,815
<u>31 December 2022</u>								
Cash and bank balances	26,801	12,939	6,633	372	1,401	2,721	5,687	56,554
Bank borrowings	6,810	12,252	11,569	-	-	1,818	1,426	33,875

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM ISSUES OF SECURITIES

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

The Group has re-allocated the unutilised net proceeds from the Placement, which was originally allocated for working capital requirements of the mining-related business of the Group, in particular for coal trading to funding for construction and working capital requirement of the renewal energy business of the Group. For more information, please refer to Company’s announcement entitled “Change in Use of Proceeds” dated 7 July 2023.

The Group’s utilisation of net proceeds of approximately S\$10,415,000 (after deducting expenses of approximately S\$263,500) from the Placement, as set out below:

Prospects/ Future Plans	Amount of net proceeds allocated S\$’000	Amount utilised from 08/05/2013 up to 30/06/2023 S\$’000	Amount utilised during 1H2023 S\$’000	Amount unutilised as at 30/06/2023 / prior to re-allocation S\$’000	Amount re-allocated S\$’000	Amount unutilised as at 07/07/2023 S\$’000	Expected timeline of full utilisation of unutilised proceeds
Partial funding of the planning and construction of additional facilities within the ISDN High-Tech Industrial Park	1,815	1,200	-	615	-	615	December 2026
Working capital requirements of the mining- related business of the Group (in particular, coal trading)	6,600	500	-	6,100	(6,100)	-	N/A
Funding for construction and working capital requirement of the renewal energy business	-	-	-	-	6,100	6,100	December 2026
Exploration of power plant opportunities	2,000	2,000	-	-	-	-	N/A
Total	10,415	3,700	-	6,715	-	6,715	

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM ISSUES OF SECURITIES (CONTINUED)

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

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

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

Prospects / Future Plans	Amount of net proceeds allocated S\$’000	Amount utilised from 27/02/2019 up to 30/06/2023 S\$’000	Amount utilised during 1H2023 S\$’000	Amount unutilised as at 30/06/2023 S\$’000	Expected timeline of full utilisation of unutilised proceeds
Business development	4,770	1,056	767	3,714	December 2026
General working capital ⁽¹⁾	530	530	-	-	N/A
Total	5,300	1,586	767	3,714	

Note:

- (1) The general working capital consisted of payroll related expenses, trade payables, administrative overheads and other operating expenses.

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

GEARING RATIO

As at 30 June 2023, the gearing ratio of the Group was about 16.9% (31 December 2022: 17.2%) 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).

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the six months ended 30 June 2023. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments can meet its funding requirements

from time to time. In the event of capital need, the Group may borrow funds from banks in the currency that coincide with the functional currency of the subsidiary as a natural hedge against foreign exchange fluctuation. During the six months ended 30 June 2023, 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 USD. The Group has currency exposure as certain sourced parts and components incurred in the Mainland China were denominated in RMB. Certain of the subsidiaries of the Company have their assets and liabilities denominated in RMB and other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the financial period ended 30 June 2023,

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE (CONTINUED)

the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, there were 1,165 (31 December 2022: 1,124) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance.

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

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

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

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interest in any other company during the financial period ended 30 June 2023.

RISK MANAGEMENT

Contingent Liabilities

The Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties as at 30 June 2023.

Charge on the Group's Assets

As at 30 June 2023, the Group's bank deposits, service concession receivables, net book value of property, plant and equipment and land use rights of approximately S\$2.0 million, S\$77.0 million, S\$18.8 million and S\$1.1 million, respectively (31 December 2022: S\$2.4 million, S\$77.0 million, S\$19.6 million and S\$1.1 million) were pledged to banks to secure banking facilities granted to the Group.

Interim dividend

The Board has resolved not to declare any interim dividend for the 1H2023 (1H2022: S\$Nil).



OTHER INFORMATION

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

As at 30 June 2023, the interests or short positions of the Directors and the chief executive of the Company (the "**Chief Executive**") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**"), as may be amended or modified from time to time which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules (the "**Model Code**"), were as follows:

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

Name of directors	Capacity	Number of ordinary shares			Approximate percentage of the issued Share (Note 3)
		Personal interests	Corporate interests	Total	
Mr. Teo (Note 1)	Interest of controlled corporation	-	141,189,015	141,189,015	31.98%
Mr. Kong Deyang	Beneficial owner	2,050,000	-	2,050,000	0.46%
Mr. Toh Hsiang-Wen Keith (" Mr. Toh ") (Note 2)	Interest of controlled corporation	-	37,556,134	37,556,134	8.51%

Notes:

- (1) The Shares were held by Assetraise, which is beneficially owned by Mr. Teo and his spouse, Ms. Thang. Accordingly, Mr. Teo was deemed to be interested in these 141,189,015 Shares by virtue of the SFO.
- (2) The Shares were held by NTSP. Novo Tellus PE Fund 2, L.P. ("**NT Fund 2**") is the owner of 100% of the shares of the NTSP and is therefore treated as having an interest in the Shares. New Earth Group 2 Ltd. ("**NEG 2**") is the general partner of NT Fund 2 and therefore NEG 2 is deemed to have an interest in the Shares. Mr. Toh is entitled to control not less than 20% of the votes attached to the voting shares in NEG 2, and therefore are deemed to be interested in all of the Shares held by NTSP.
- (3) The percentage of shareholding was calculated based on 441,468,533 Shares in issue as at 30 June 2023.

OTHER INFORMATION

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

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

As at 30 June 2023, Mr. Teo had the personal interests in the following associated corporations:-

1. in 5,547 ordinary shares, representing 1% of the issued shares, in Dirak Asia Pte Ltd held in his capacity as a beneficial owner; and
2. in 1 ordinary share, representing 50% of the issued shares, in Assestraise held in his capacity as a beneficial owner.

Save as disclosed above, as at 30 June 2023, none of the Directors or the Chief Executive had an interest or short position in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share option scheme ("ISDN ESOS")

The ISDN ESOS and the amendments to the ISDN ESOS were approved by the Shareholders at the extraordinary general meetings of the Company (the "EGMs") held on 22 April 2016 and 16 December 2016, respectively, which shall be valid and effective for a period of 10 years from the date of adoption until 22 April 2026.

Since the implementation of the ISDN ESOS, no share options have been granted to the Directors, controlling Shareholders of the Company or associates of controlling Shareholders of the Company, and no employee of the Group has received 5% or more of the total number of share options available under the ISDN ESOS.

On 2 November 2022, the ISDN ESOS was terminated with immediate effect as certain terms of the ISDN ESOS would be inconsistent with the Hong Kong Listing Rules with effect from 1 January 2023. No further options shall be offered by the Company.

Employee Performance Share Plan ("ISDN PSP")

The Company's PSP and the amendments to the PSP were approved by Shareholders at the EGMs held on 17

February 2012 ("ISDN PSP 2012") and 16 December 2016, respectively.

The ISDN PSP 2012 had expired and lapsed on 16 February 2022. On 31 January 2023, the Company adopted a new share incentive scheme, namely, the ISDN PSP 2022.

The plan is administrated by the remuneration committee of the Board comprising the Independent Non-executive Directors, Tan Soon Liang, Lim Siang Kai and Soh Beng Keng.

The following persons shall be eligible to participate in the ISDN PSP 2022:

- a) full time Group employees (including Group executive directors);
- b) having attained the age of 21 years on or before the date in which the ISDN PSP 2022 is granted;
- c) not be an undischarged bankrupt; and
- d) not have entered into a composition with his creditors.

OTHER INFORMATION

Employee Performance Share Plan ("ISDN PSP") (Continued)

Details of the Shares awarded and granted pursuant to the ISDN PSP 2022 to the grantees are set out below:

Participant	Date of Award	Number of Awarded Shares	Award Price	Vesting Date	Unvested as at 1 January 2023	Granted during 1H2023	Vested during 1H2023	Lapsed during 1H2023	Cancelled during 1H2023	Unvested as at 30 June 2023
67 Selected employees of the Group	13 March 2023	2,830,000	\$0.49 (equivalent to HK\$2.85, based on the exchange rate of S\$0.1721 : HK\$1 as at 10 March 2023)	13 March 2023	Nil	2,830,000	2,830,000	Nil	Nil	Nil

The number of Shares available for grant under the ISDN PSP 2022 as at 31 December 2022 is 43,863,853 (representing 10% of the Shares in issue as at the date of approval of the ISDN PSP 2022) and 41,033,853 as at the date of this report.

Arrangements to purchase, sale or redemption of Listed Securities

During the 1H2023 and up to the date of this interim report, 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.

Deed of Non-competition

The Company has received the written confirmations from Mr. Teo and Ms. Thang in respect of the compliance with the provisions of the deed of non-competition (the

"Deed of Non-competition"), entered into between the controlling shareholders and the Company as set out in the section headed "Relationship with Controlling Shareholders - Non-Competition Undertaking" of the prospectus of the Company dated 30 December 2016, during the 1H2023 and up to the date of this interim report.

The independent non-executive Directors had reviewed and confirmed that the controlling shareholders have complied with the Deed of Non-competition and the Deed of Non-competition has been enforced by the Company in accordance with its terms during the 1H2023 and up to the date of this interim report.

OTHER INFORMATION

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

As at 30 June 2023, the entities or persons (other than a Director or the Chief Executive) who have interests or short positions in the Shares and underlying Shares which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of ordinary shares			Approximate percentage of the issued Share (Note 3)
		Personal interests	Corporate interests	Total	
Assetraise (Note 1)	Beneficial owner	141,189,015	-	141,189,015	31.98%
Ms. Thang (Note 1)	Interest of controlled corporation	-	141,189,015	141,189,015	31.98%
NTSP (Note 2)	Beneficial owner	37,556,134	-	37,556,134	8.51%
Mr. Loke Wai San ("Mr. Loke") (Note 2)	Interest of controlled corporation	-	37,556,134	37,556,134	8.51%
NEG 2 (Note 2)	Interest of controlled corporation	-	37,556,134	37,556,134	8.51%
NT Fund 2 (Note 2)	Interest of controlled corporation	-	37,556,134	37,556,134	8.51%
Tuas Fund Investments Pte Ltd ("TF") (Note 2)	Interest of controlled corporation	-	37,556,134	37,556,134	8.51%
Fullerton Fund Investments Pte Ltd ("FF") (Note 2)	Interest of controlled corporation	-	37,556,134	37,556,134	8.51%
Temasek Holdings (Private) Limited ("TH") (Note 2)	Interest of controlled corporation	-	37,556,134	37,556,134	8.51%

Notes:

- (1) Assetraise, which is beneficially owned by Mr. Teo and his spouse Ms. Thang, are the beneficial owner of 141,189,015 Shares. By virtue of the SFO, Mr. Teo and his spouse Ms. Thang, are deemed to be interested in all of the Shares held by Assetraise.
- (2) These Shares were held by NTSP. NT Fund 2 is the owner of 100% of the shares of the NTSP and is therefore treated as having an interest. TF is a limited partner of NT Fund 2, with an investment amount of not less than one-third. TF is directly wholly owned by FF. FF is directly wholly owned by TH. Therefore, each of TF, FF and TH is deemed to be interested in the 37,556,134 Shares held by NTSP pursuant to SFO. For the avoidance of doubt, each of TF, FF and TH do not have a deemed interest in the 37,556,134 Shares held by NTSP under The Securities and Futures Act, Cap. 289, of Singapore ("SFA"). NEG 2 is the general partner of NT Fund 2 and therefore NEG 2 is deemed to have an interest in the Shares. Mr. Loke is entitled to control not less than 20% of the votes attached to the voting shares in NEG 2, and therefore are deemed to be interested in all of the Shares held by NTSP.
- (3) The percentage of shareholding was calculated based on 441,468,533 issued shares of the Company as at 30 June 2023.

OTHER INFORMATION

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any entities or persons (who were not a Directors or the Chief Executive) who had an interest or short position in the Shares and underlying Shares which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Group has applied the principles and the extent of compliance with the guidelines as set out in the Singapore Revised Code of Corporate Governance 2018 (the "Code") and the mandatory disclosure requirements and applicable code provisions of the Corporate Governance Code (the "HK CG Code") as set out in Part 2 of Appendix 14 to the Hong Kong Listing Rules to provide the structure through which the objectives of protection of Shareholders' interest and enhancement of long-term Shareholders' value are met. In the event of any conflict between the Code and the HK CG Code, the Group will comply with the more onerous provisions. Throughout the 1H2023, the Group has complied with the Code and the HK CG Code.

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

In compliance with Rules 1207(19) of the Listing Manual (the "Singapore Listing Manual") of the SGX-ST and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules (the "Model Code"), the Company has adopted its own internal compliance code pursuant to the SGX-ST's and the Model Code's best practices on dealings in securities and these are applicable to all officers in relation to their dealings in the Company's securities. In furtherance, specific enquiry has been made with all the Directors and the Directors have confirmed that they have complied with the Model Code during the 1H2023 and up to the date of this interim report.

The Company and its officers are not allowed to deal in the shares during the period commencing 30 days immediately before the announcement of the Company's half-year results and 60 days immediately before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results.

The Directors, management and executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information and/or inside

information of the Company and they are not to deal in the Company's securities on short-term considerations.

Change in Information of Director

Subsequent to the date of the 2022 annual report of the Company, the change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules is set out below:

Mr. Tan Soon Liang has resigned as an independent director of Colex Holdings Limited (stock code: 567, a company listed on Catalyst board of the SGX-ST, with effect from 31 March 2023.

Mr. Tan Soon Liang has retired as an independent director of Clearbridge Health Limited (stock code: 1H3, a company listed on Catalyst board of the SGX-ST, with effect from 28 June 2023.

Audit Committee

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

The Audit Committee comprises three independent non-executive Directors, namely 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 report has not been audited or reviewed by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the financial period ended 30 June 2023 and is of the opinion that such results complied with the applicable accounting standards, the requirements under Singapore Listing Manual and the Hong Kong Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

Publication of the interim report

The interim report of the Company for 1H2023 is published on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>, website of the Stock Exchange at <https://www.hkexnews.hk/>, and the website of the Company at <https://www.isdnholdings.com/sgx-singapore-exchange>.

By order of the Board

ISDN HOLDINGS LIMITED
Lim Siang Kai
Chairman

Singapore, 8 August 2023



ISDN Holdings
LIMITED