

ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487

Third Quarterly Report
2021/22

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This report, for which the directors (the “**Directors**”) of ISP Global Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2022

UNAUDITED THIRD QUARTERLY RESULTS

The unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31 March 2022, together with the unaudited comparative figures for the corresponding periods in 2021, are as follows:

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Revenue	3	4,789,080	3,614,768	16,800,025	8,196,443
Costs of sales/services		(3,334,063)	(2,386,157)	(12,108,834)	(5,549,501)
Gross profit		1,455,017	1,228,611	4,691,191	2,646,942
Other income	4	31,644	17,941	95,555	266,377
Administrative expenses		(739,712)	(616,378)	(2,335,824)	(1,294,705)
Payroll expenses		(1,610,473)	(528,483)	(3,839,218)	(1,300,768)
Other gains and losses	4	114,899	81,440	(126,585)	(139,443)
Share of loss in associate		-	(44,340)	-	(60,298)
Finance costs	5	(46,897)	(6,787)	(127,344)	(19,073)
(Loss) profit before taxation	6	(795,522)	132,004	(1,642,225)	99,032
Income tax expense	7	(148,358)	(96,374)	(297,383)	(52,215)
(Loss) profit for the period		(943,880)	35,630	(1,939,608)	46,817

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2022

	Three months		Nine months	
	ended 31 March		ended 31 March	
	2022	2021	2022	2021
<i>Notes</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive				
(loss) income				
<i>Items that may be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences				
on translation of				
foreign operations	77,191	(2,622)	237,623	3,953
Total comprehensive (loss)				
income for the period,				
net of tax	(866,689)	33,008	(1,701,985)	50,770
(Loss) profit for the period				
attributable to:				
Owners of the Company	(876,684)	(305,098)	(1,702,082)	(347,914)
Non-controlling Interest	(67,196)	340,728	(237,526)	394,731
Profit for the period	(943,880)	35,630	(1,939,608)	46,817

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2022

	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
<i>Notes</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total comprehensive loss				
attributable to:				
Owners of the Company	(841,768)	(310,078)	(1,507,585)	(345,461)
Non-controlling Interest	(24,921)	343,086	(194,400)	396,231
Total comprehensive (loss)				
income for the period,				
net of tax	(866,689)	33,008	(1,701,985)	50,770
Losses per share				
Basic and diluted				
<i>(S\$ cents per share)</i>	<i>8</i>	<i>(0.10)</i>	<i>(0.04)</i>	<i>(0.19)</i>

Details of dividends of the Company are set out in note 9.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2022

	Attributable to equity shareholders of the Company								
	Share capital S\$	Share premium S\$	Merger reserve S\$	Translation reserves S\$	Share Option Reserve S\$	Accumulated profits S\$	Equity attributable to owners of the company S\$	Non-Controlling Interest S\$	Total S\$
Balance at 1 July 2021 (Audited)	1,372,630	8,593,078	524,983	(2,215)	-	3,969,296	14,457,772	108,948	14,566,720
Total comprehensive loss									
Loss for the period	-	-	-	-	-	(1,702,082)	(1,702,082)	(237,526)	(1,939,608)
Other comprehensive loss for the period									
	-	-	-	194,497	-	-	194,497	43,126	237,623
Total	-	-	-	194,497	-	(1,702,082)	(1,507,585)	(194,400)	(1,701,985)
Transactions with owners, recognised directly in equity									
Issuance of new shares	140,752	9,079,208	-	-	-	-	9,219,960	-	9,219,960
Grant of share options to employees	-	-	-	-	89,225	-	89,225	-	89,225
Non-controlling interest, arising from acquisition of a subsidiary representing transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	85,452	85,452
Balance at 31 March 2022 (Unaudited)	1,513,382	17,672,286	524,983	192,282	89,225	2,267,214	22,259,372	-	22,259,372

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2022

For the nine months ended 31 March 2021

	Attributable to equity shareholders of the Company					Equity attributable to owners of the company	Non-controlling interest	Total
	Share capital	Share premium	Merger reserve	Translation reserves	Accumulated profits			
	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Balance at 1 July 2020 (Audited)	1,372,630	8,593,078	524,983	516	4,415,264	14,906,471	-	14,906,471
Total comprehensive income								
(Loss) profit for the period	-	-	-	-	(347,914)	(347,914)	394,731	46,817
Other comprehensive income for the period	-	-	-	2,453	-	2,453	1,500	3,953
Total	-	-	-	2,453	(347,914)	(345,461)	396,231	50,770
Non-controlling interest, arising from acquisition of a subsidiary representing transactions with owners, recognised directly in equity	-	-	-	-	-	-	99,559	99,559
Balance at 31 March 2021 (Unaudited)	1,372,630	8,593,078	524,983	2,969	4,067,350	14,561,010	495,790	15,560,800

Notes:

- (i) Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the corporate reorganisation undertaken in the preparation for the listing of the shares of the Company (the “**Shares**”) on GEM of the Stock Exchange.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ISP Global Limited (the “**Company**”) was incorporated and registered as an exempted Company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”) on 8 September 2017 and the head office and principal place of business in Hong Kong registered is Room 2607, 26th Floor, The Center, 99 Queen’s Road Central, Hong Kong. The principal place of business in Singapore is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The shares of the Company (the “**Shares**”) have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 16 January 2018.

The Company is an investment holding company and the principal activities of its operating subsidiaries are sale of sound and communication systems and related services, provision of integrated services of network and communication systems, provision of alert alarm system services in Singapore, and e-commerce services and operations for sales of consumer products to external customers in the People’s Republic of China (“**PRC**”).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (Cont'd)

The unaudited condensed consolidated financial statements are presented in Singapore Dollars (“S\$”), which is also the functional currency of the Company.

The unaudited condensed consolidated financial statements are approved by the board of Directors (the “Board”) on 5 May 2022.

2. BASIS OF PREPARATION AND APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

For the purpose of preparing and presenting the unaudited condensed consolidated financial statement for the reporting period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 July 2021 throughout the reporting period. At the date of issuance of this report, the Group has not applied the following new IFRSs, amendments to IFRSs, amendments to International Accounting Standards (“IASs”), and the new interpretations that have been issued but are not yet effective:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Cont'd)

New and amendments to IFRSs in issue but not yet effective

The Group has not opted for early application of the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Interpretation 5 (2020)	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020	1 January 2022

Management anticipates that the adoption of the above IFRSs, IFRS INTs and amendments to IFRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (1) sale of sound and communication systems and related services ("**Sale of Sound and Communication Systems and Related Services**"), (2) provision of integrated services of network and communication systems ("**Integrated Services of Network and Communication Systems**"), (3) provision of alert alarm system services ("**Alert Alarm System Services**") to external customers, and (4) e-commerce service and operations for sale of consumer products ("**E-commerce**").

Information is reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of revenue, i.e. Sale of Sound and Communication Systems and Related Services, Integrated Services of Network and Communication Systems and Alert Alarm System Services and Sale of Consumer Products. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has two operating segments:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

- a) Sale and services of network and communication systems segment (“**NCS segment**”), which includes the Sale of Sound and Communication Systems and Related Services, Integrated Services of Network and Communication Systems and Alert Alarm System Services;
- b) Sales of consumer products segment (“**CP segment**”) mainly includes sales of consumer products on e-commerce platforms with individual customers and through offline trading channels with corporate customers in the PRC.

The CODM assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of other income, other gain and losses, finance costs and of corporate expenses from the operating segments.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results for the 3 months and 9 months ended 31 March 2022 (the “**Relevant Period**”):

	Three months ended 31 March 2022			Nine months ended 31 March 2022		
	Sale and services of network and communication systems S\$	Sale of consumer products S\$	Total S\$	Sale and services of network and communication systems S\$	Sale of consumer products S\$	Total S\$
Gross segment revenue	4,760,437	28,643	4,789,080	13,316,791	3,483,234	16,800,025
Inter-segment revenue	-	-	-	-	-	-
Revenue	4,760,437	28,643	4,789,080	13,316,791	3,483,234	16,800,025
Timing of revenue recognition						
At a point in time	2,662,962	28,643	2,691,605	6,731,390	3,483,234	10,214,624
Over time	2,097,475	-	2,097,475	6,585,401	-	6,585,401
	4,760,437	28,643	4,789,080	13,316,791	3,483,234	16,800,025
Segment results	1,051,692	(1,328,513)	(276,821)	1,377,468	(1,264,263)	113,205
Other income			31,644			95,555
Other gains and losses			94,628			(129,680)
Depreciation			(67,679)			(203,443)
Unallocated expenses			(530,397)			(1,390,518)
Finance costs			(46,897)			(127,344)
Income tax expense			(148,358)			(297,383)
Loss for the year			(943,880)			(1,939,608)
Segment results include:						
Write-back of (allowance for) expected credit loss of trade receivables	5,085	(63,486)	(58,401)	3,095	-	3,095
Depreciation	(31,717)	(142,138)	(173,855)	(99,777)	(328,499)	(428,276)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results for the 3 months and 9 months ended 31 March 2021:

	Three months ended 31 March 2021			Nine months ended 31 March 2021		
	Sale and services of network and communication systems S\$	Sale of consumer products S\$	Total S\$	Sale and services of network and communication systems S\$	Sale of consumer products S\$	Total S\$
Gross segment revenue	2,214,311	1,400,457	3,614,768	4,608,534	3,587,909	8,196,443
Inter-segment revenue	-	-	-	-	-	-
Revenue	2,214,311	1,400,457	3,614,768	4,608,534	3,587,909	8,196,443
Timing of revenue recognition						
At a point in time	1,995,425	1,400,457	3,395,882	3,841,876	3,587,909	7,429,785
Over time	218,886	-	218,886	766,658	-	766,658
	2,214,311	1,400,457	3,614,768	4,608,534	3,587,909	8,196,443
Segment results	575,113	(87,628)	487,485	640,726	34,231	674,957
Other income			17,941			266,377
Other gains and losses			32,068			(147,758)
Depreciation			(22,564)			(24,084)
Unallocated expenses			(376,139)			(651,387)
Finance costs			(6,787)			(19,073)
Income tax expense			(96,374)			(52,215)
Loss for the year			35,630			46,817
Segment results include:						
Write-back of expected credit loss of trade receivables	49,373	-	49,373	8,315	-	8,315
Depreciation	(132,135)	(49,979)	(182,114)	(396,623)	(50,381)	(447,004)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

An analysis of the Group's revenue is as follows:

	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>At a point in time:</i>				
Sale of Sound and Communication Systems and Related Services	2,662,962	1,995,425	6,731,390	3,841,876
E-commerce	28,643	1,400,457	3,483,234	3,587,909
<i>Over time:</i>				
Integrated Services of Network and Communication Systems	2,097,475	-	6,585,401	110,000
Alert Alarm System Services	-	218,886	-	656,658
	4,789,080	3,614,768	16,800,025	8,196,443

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Information about the Major Customers

Revenue from external customers contributing over 10% of total revenue of the Group are as follows:

	Nine months ended 31 March	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Customer I	4,940,772	— [#]
Customer II	— [^]	1,807,500

[^] For the nine months ended 31 March 2022, the corresponding revenue from that customer did not amount to more than 10% of total Group revenue for the period.

[#] For the nine months ended 31 March 2021, the corresponding revenue from that customer did not amount to more than 10% of total Group revenue for the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Geographical information

Information by geographical location on the Group's revenue from customers and non-current assets, comprising property, plant and equipment, goodwill, right-of-use assets, and pledged bank deposits, are detailed below:

	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Revenue from external customers:</i>				
Singapore	2,722,887	2,214,311	6,800,784	4,608,534
PRC	2,066,194	1,400,457	9,998,244	3,587,909
Others	(1)	-	997	-
	4,789,080	3,614,768	16,800,025	8,196,443

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Geographical information (Cont'd)

	As at 31 March	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
<i>Non-current assets:</i>		
Singapore	4,351,380	4,670,916
PRC	1,892,780	2,321,111
Hong Kong	372,960	649,629
Malaysia	–	3,534
	<u>6,617,120</u>	<u>7,645,190</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME, GAINS AND LOSSES

	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government grants	26,211	17,837	75,693	259,842
Interest income	3,611	104	9,394	6,534
Other income	1,822	–	10,467	–
Exchange gain (loss), net	94,716	34,698	(127,938)	(145,127)
Write-back of expected credit losses ("ECL")	20,271	49,373	3,095	8,315
Loss on write-off of property, plant and equipment	–	–	(1,643)	–
Other losses	(88)	(2,631)	(98)	(2,631)
	146,543	99,381	(31,030)	126,934

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE COSTS

	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on:				
Banking borrowings	4,894	5,406	15,013	17,692
Lease liabilities	24,314	1,381	77,765	1,381
Other payables	17,689	–	34,566	–
	46,897	6,787	127,344	19,073

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before income tax is arrived at after charging:

	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment <i>(Note a)</i>	208,499	204,678	631,719	471,088
Directors' remuneration	408,054	249,610	1,011,351	692,140
<i>Other staff costs</i>				
– Salaries, wages and other benefit	1,447,717	558,196	3,751,497	1,418,327
– Defined contribution plans, including retirement benefits	40,229	19,777	71,050	62,210
– Foreign worker levy and skill development levy	97,173	49,644	153,183	94,139
Total staff costs (inclusive of Directors' remuneration) <i>(Note b)</i>	1,993,173	877,227	4,987,081	2,266,816
Cost of materials recognised as costs of sales/services	2,843,579	1,921,323	10,616,926	4,200,818
Subcontractor costs recognised as costs of sales/services	107,784	17,019	344,045	85,415

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. (LOSS) PROFIT BEFORE TAXATION (Cont'd)

Notes:

- a. For the Relevant Period, there were no depreciation charges (period ended 31 March 2021: S\$297,220) included in costs of sales/services.
- b. For the Relevant Period, staff costs of S\$1,147,863 (period ended 31 March 2021: S\$966,048) is included in costs of sales/services.

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (nine months ended 31 March 2021: 17%). The People's Republic of China ("PRC") corporate income tax has been provided at the rate of 25%. A breakdown of the income tax expenses is as follows:

	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
– Singapore corporate income tax	155,306	111,503	304,142	144,565
– PRC corporate income tax	3	(1,214)	977	4,622
Overprovision current tax in prior years	–	–	–	(55,228)
Deferred tax	(6,951)	(13,915)	(7,736)	(41,744)
	148,358	96,374	297,383	52,215

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. LOSSES PER SHARE FOR THE PERIOD

	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to owners of the Company	(876,684)	(305,098)	(1,702,082)	(347,914)
Weighted average number of ordinary shares (<i>'000</i>) (<i>Note (a)</i>)	874,745	800,000	874,745	800,000
Basic and diluted (losses) earnings per share (<i>S\$ cents per share</i>)	(0.10)	(0.04)	(0.19)	(0.04)

Note:

- (a) The calculation of basic earnings per share is based on the loss for the period attributable to owners of the Company and the weighted average number of shares in issue.

The diluted losses per share is equal to the basic losses per share as there were no dilutive potential ordinary shares in issue during the respective periods.

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the nine months ended 31 March 2022 (nine months ended 31 March 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT OF BUSINESS AND PROSPECTS

The Group is principally engaged in the sales, installation and maintenance of network and communication system solutions, and alert alarm systems in Singapore and E-commerce services in China.

For the Relevant Period, the Group recorded a net loss attributable to the owners of the Company of approximately S\$1.7 million as compared to a net loss of approximately S\$0.3 million for the corresponding period in 2021. The Directors are of the view that the increase in net loss was mainly attributable to, among other things, the increase administrative costs and payroll expenses of approximately S\$3.4 million, or 2.92 times, incurred as part of business expansion and operations in the Group's NCS segment and CP segments in the PRC from approximately S\$1.2 million for the nine months ended 31 March 2021 to approximately S\$4.6 million for the Relevant Period. The increase in expenses was offset by (i) the increase gross margins of approximately S\$1.1 million, or 1.83 times, earned from the expansion in business operations the Group's NCS segment in the PRC from approximately S\$0.6 million for the nine months ended 31 March 2021 to approximately S\$1.7 million during the Relevant Period; and (ii) the increase in net profit margins of approximately S\$0.6 million, or 68.4%, from the Group's operations of NCS segment in Singapore from approximately S\$0.9 million for the nine months ended 31 March 2021 to approximately S\$1.5 million during the Relevant Period.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Maintain dual focus on new public tenders and maintenance contracts in Singapore

In line with the expected injection of new public tenders for sound and communication systems in Singapore, we stand ready and are committed to serve our clients in the public healthcare and housing sectors. Through iterative and constructive feedback from our stakeholders, we continue to create value for our clients through constant innovation and integration with existing or new systems to formulate the relevant solution to address the end-users' needs.

As the world moves towards treating COVID-19 as an endemic, we expect to gradually resume sales and installation delivery to project sites in existing contracts whilst complying with all existing social distancing measures and regulations. We believe that with our healthy level of project and maintenance pipeline, we are poised to continue to build rapport and mutually beneficial relationships with all our stakeholders in order to create and share values among industry chain.

With over 19 years of professional expertise, the Group is well-placed to provide innovative sound and communications systems solutions in support of the evolving education communication landscape and the projected increased healthcare capacities in Singapore. Looking forward, the Group will remain resilient and is cautiously optimistic of our business and expansion opportunities in Singapore and the Asia Pacific region.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuing rapid growth in E-commerce operations in the PRC

Partner development: The Group will uphold the basic principles of “Health, Value, Quality and Sustainability” for partner development. On this basis, leveraging its mature overseas business development capabilities, the Group will focus on partnering with companies that provide food, health products, household products and personal care products. In particular, Northern Europe and Western Europe will be the regions of focus for brand partner development.

Channel development: Based on the development of partners to be signed up and existing business needs, the Company will continue to open stores and look for cooperation opportunities on mainstream e-commerce platforms, live streaming e-commerce platforms, and private domain traffic channels. Specifically, JD.com, JD International, Tmall, Tmall International, Pinduoduo and Douyin will be the key channels for store opening. In addition, considering the sales needs of some partners and certain products, the Company will expand its business through new retail channels based on the combination of online and offline channels.

As the cost of public domain traffic is getting higher and higher, the Company will focus on developing private domain e-commerce business. On the one hand, we will provide brands with a full range of private domain traffic operation services; on the other hand, we will cooperate with organisations with private domain traffic to monetise their user traffic via e-commerce operations and enhance the commercial value of their private domain traffic.

MANAGEMENT DISCUSSION AND ANALYSIS

User operations: The Company will further expand its service offerings and user base through the model of “WeChat and SaaS tools for e-commerce”, and increase user activity, repeat purchase rate and per customer transaction through public/private domain content marketing.

Digital marketing: The Company will further strengthen team building and enhance service capabilities for digital branding, and focus on channel and product system development for live streaming e-commerce. Live streaming e-commerce services will include three parts: live streaming value-added services, self-owned store live broadcast, and live streaming agency services.

The Company is committed to serving premium brands around the world. Leveraging its e-commerce service capabilities, the Company helps promote premium brands and distribute quality products to Chinese consumers, in an effort to continuously improve the quality of life of Chinese consumers.

Ramping up network system integration and core IT service portfolios in the PRC

Network system integration services mainly involve network system integration solutions, IT technical services and maintenance services provided to customers in Mainland China, mainly including government departments, financial institutions, railway and aviation operators and other state-owned enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS

Key customers of our network system integration services include China Railway Beijing Group Co., Ltd. and local railway companies, the Institute of Computing Technology of China Academy of Railway Sciences Corporation Limited (CARS), Postal Savings Bank of China, Hengfeng Bank Co., Ltd., Chongqing Three Gorges Bank Co., Ltd., Dalian Rural Commercial Bank, BOB-Cardif Life Insurance Co., Ltd., National Grand Theater of China, SINOPEC Research Institute of Petroleum Processing, China International Intellectech Group Co., Ltd. and other large- and medium-sized state-owned enterprises.

Strengthen teambuilding: We expect to introduce outstanding IT engineers, invest more in training technicians, and enhance our technical service capacity and project management capability.

Expand our service system: Based on key customers, we will continue to expand the scope of products and services, ranging from technical services to system integration, and further to mainstream domestic security and database products.

Grow our customer base across industries by seeking breakthroughs in key customers: On the basis of key customers such as CARS in the railway and aviation industries, we expect to develop other customers in the railway system. In the financial service sector, we will deliver proven technical services to Hengfeng Bank and Chongqing Rural Commercial Bank, to play an exemplary role in developing other customers in the sector.

MANAGEMENT DISCUSSION AND ANALYSIS

Step up cooperation with industry resources: Based on an increasing cohort of high-quality customers, we will establish more stable and trustable cooperation with upstream hardware, security and data suppliers, e.g. seeking supplier exclusive agency, industry exclusive agency, gold medal agency and regional gold medal agency with more partners.

Expand our regional sales teams: We plan to set up offices at selected locations of eastern, southern and southwestern China, to better serve customers in the new regions.

Looking ahead, the Group will focus on railway and aviation industries to ramp up the system integration and core IT service portfolio. We will leverage key customers to engage the upstream supplier fleet and deepen cooperation with brand suppliers, ultimately building ourselves into an integrated system integration service provider of IT services.

FINANCIAL REVIEW

Revenue

During the Relevant Period, the Group's revenue amounted to approximately S\$16.8 million. The Group's revenue had increased by approximately S\$8.6 million or 1.05 times when compared to the same period in 2021. The increase in revenue was principally due to the Group's geographic expansion of its NCS segment to the PRC, and increasing revenues by approximately S\$9.4 million. The increase is offset by a decrease in Alert Alarm System Services revenues of approximately S\$0.7 million, compared with the corresponding period in 2021, as the Group did not engage in any Alert Alarm System Services projects during the Relevant Period. The Group's CP segment in the PRC recorded revenues of S\$3.4m during the Relevant Period, representing decreased revenues of approximately S\$0.1 million when compared with the corresponding period in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit increased to approximately S\$4.7 million during the Relevant Period by approximately S\$2.1 million or 77.2% from approximately S\$2.6 million during the same period in 2021. The Group's gross profit margin decreased 4.4% from approximately 32.3% for the nine months ended 31 March 2021, to 27.9% during the Relevant Period. The increase in the Group's gross profit was primarily due to higher material purchase costs and lower gross margins of in the Group's NCS segment in the PRC.

Administrative expenses

Administrative expenses increased by approximately S\$1.0 million or 80.4%, to approximately S\$2.3 million during the Relevant Period, from approximately S\$1.3 million for the nine months ended 31 March 2021. The increase was substantially due to an increase of administrative costs related to funding of business operations in both the Group's NCS segment and CP segment in the PRC.

Payroll expenses

Payroll expenses increased by approximately S\$2.5 million or 1.95 times, to approximately S\$3.8 million during the Relevant Period, from approximately S\$1.3 million for the nine months ended 31 March 2021. The increase was primarily due to (i) an increase in executive and operational headcount in the Group's PRC subsidiaries by 4.33 times to 80 as at 31 March 2022 from 15 as at 31 March 2021 in line with increased business opportunities in the Group's new NCS segment in the PRC, and (ii) an increase of director and management executive headcount in the Company by 75% to 14 as at 31 March 2022 from 8 as at 31 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income, gains and losses

Other income, gains and losses decreased by approximately S\$158,000, to losses of approximately S\$31,000 during the Relevant Period, from gains of approximately S\$127,000 for the nine months ended 31 March 2021. The decrease was mainly attributed to the decreased government grant income of approximately S\$184,000 from the Singapore government to help enterprises to offset payroll costs of operating in the built environment in Singapore, but was slightly offset by the increase in other foreign exchanges gains of approximately S\$17,000 in the Group's operating subsidiaries which settle or hold currencies other than S\$, such as US\$ and CNY, which had appreciated against the S\$ during the Relevant Period.

Finance costs

Finance costs increased by approximately S\$108,000 or 5.68 times to approximately S\$127,000 during the Relevant Period (nine months ended 31 March 2021: approximately S\$19,000). The significant increase was due to the interest implied in repayment of lease liabilities and accruing of unpaid interest on other payables during the Relevant Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss attributable to the owners for the period

During the Relevant Period, the Group recorded a net loss attributable to the owners of the Company of approximately S\$1.7 million as compared to a net loss of approximately S\$0.3 million for the same period in 2021. The Directors are of the view that the increase in net loss was mainly attributable to, among other things, the increase administrative costs and payroll expenses of approximately S\$3.4 million, or 2.92 times, incurred as part of business expansion and operations in the Group's NCS segment and CP segment in the PRC from approximately S\$1.2 million for the nine months ended 31 March 2021 to approximately S\$4.6 million for the Relevant Period. The increase in expenses was offset by (i) the increase gross margins of approximately S\$1.1 million, or 1.83 times, earned from the expansion in business operations the Group's NCS segment in the PRC from approximately S\$0.6 million for the nine months ended 31 March 2021 to approximately S\$1.7 million during the Relevant Period; and (ii) the increase in net profit margins of approximately S\$0.6 million, or 68.4%, from the Group's operations of NCS segment in Singapore from approximately S\$0.9 million for the nine months ended 31 March 2021 to approximately S\$1.5 million during the Relevant Period.

Dividends

The Directors do not recommend the payment of dividend for the Relevant Period (nine months ended 31 March 2021: S\$ nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Use of proceeds from Share Offer and Comparison of Business Objectives with Actual Business Progress

Up to 31 March 2022, the net proceeds raised from the listing of shares of the Company were utilised in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the “**Prospectus**”) and the supplemental announcement issued on 31 July 2020 (the “**Supplemental Announcement**”) as follows:

Description	Amount designated in the Prospectus <i>HK\$M</i>	Actual use of proceeds as at 31/03/22 <i>HK\$M</i>	Unutilised amount as at 31/03/22 <i>HK\$M</i>	% utilised as at 31/03/22 <i>% utilised</i>	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.4	1.0	28.6%	31/12/22
Expand and train our sales and marketing, technical and support workforce	11.6	7.7	3.9	66.4%	30/06/23
Purchase transportation vehicles	3.0	0.7	2.3	23.3%	30/06/23
Setting up of a new sales office in Singapore	10.0	–	10.0	0.0%	30/06/22
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	0.2	1.8	10.0%	30/06/23
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	–	2.5	0.0%	30/06/23
General working capital and general corporate purposes	3.5	3.5	Nil	100.0%	N/A
Grand total	44.0	22.5	21.5	51.1%	

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 31 March 2022:

Purpose	Implementation Plan	Actual implementation activities
Strengthen our marketing efforts in the sound and communication industry in Singapore	<ul style="list-style-type: none">• Implement corporate branding and identity for our sound and communication services solution operations in Singapore which includes printing of marketing materials and advertisement• Maintain and improve our corporate websites by the external consultant for customised website development• Participate in industry trade show(s)	<ul style="list-style-type: none">• Maintained and improved our corporate websites, by using in-house resources to develop and maintain the Group's website instead of engaging external website designers

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> • Staff costs for retaining the approximately one project manager, two engineers and 10 technicians to be recruited, and the associated staff accommodation costs • Staff costs for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited and the associated staff accommodation costs • To provide internal and external trainings and workshops to our sales and technical staff 	<ul style="list-style-type: none"> • New headcount of approximately 5 engineers, 21 technicians were recruited by March 2022 • New headcount of approximately four sales and marketing executives were recruited by March 2022 • Provided internal and external trainings and workshops to our technical staff • In the process of seeking suitable candidates to the remaining positions

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Purchase transportation vehicles	<ul style="list-style-type: none"> • Purchase of one van for maintenance operations and, transportation of relevant equipment and/or labour • Purchase of one lorry for delivery and transportation of larger equipment and/or labour 	<ul style="list-style-type: none"> • Purchased one van for maintenance, operations and transportation of relevant equipment and/or labour • Considered and monitored the Group's current project portfolio but postponed the purchase of lorry due to current different project requirements
Setting up a new sales office in Singapore	<ul style="list-style-type: none"> • Purchase of one new property to be used by our sales and contract department and act as a demonstration facility for our sound and communication systems 	<ul style="list-style-type: none"> • Considered and monitored the Group's project tenders and plan was postponed due to the latest observation of industry customers' requirements and the property prices in Singapore were surged up higher than expected which the Group requires additional time to identify the suitable premises in order to meet the Group's financial budget

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Partial repayment of bank loan	<ul style="list-style-type: none"> Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore 	<ul style="list-style-type: none"> The mortgage loan was partially repaid on 11 July 2018
Expansion of our sound and communication services solution business	<ul style="list-style-type: none"> To explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore, particularly larger scale projects which may be required for the provision of performance bonds. 	<ul style="list-style-type: none"> Postponed due to performance bond not required in recent awarded tenders to the Group In the process of exploring large scale potential projects which requires the provision of performance bonds
Take steps to obtain higher grade level under our current mechanical and electrical workhead	<ul style="list-style-type: none"> Satisfy the minimum financial requirements for “L6” grade under our current mechanical and electrical workhead 	<ul style="list-style-type: none"> Considered and monitored the Group’s project portfolio and postponed to April 2023 The Group is currently accumulating the necessary track record requirement

MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds raised from the listing of the shares of the Company on GEM of the Stock Exchange, after deducting the related expenses, were approximately HK\$44.0 million. As at the disclosures stated in the Supplemental Announcement, the expected timeline for fully utilise the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information available. Given the recent adverse impacts on Singapore economy as a results of the outbreak of COVID-19, it is expected that the unutilised proceeds will be utilised on or before 30 June 2023.

The expected timeline for fully utilise the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this report. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and the Group continue to being invited for tender and being awarded projects from its customers during the relevant periods and therefore considers that the delay in use of proceeds and business expansion do not have any material adverse impacts on the operation of the Group. However, due to the adverse impacts of the outbreak of COVID-19 on worldwide economies and the three-phased approach embarked by the Singapore government to resume usual daily activities after the 2020 Singapore Circuit Breaker measures, the Board will continue closely monitor the situation and evaluate the impacts on the timeline to utilise the unutilised proceeds and will keep shareholders and potential investors informed if there is any material changes.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of proceeds from the placing of shares of the Company and comparison of business objectives with actual business progress

The net proceeds raised from the placing of shares first announced on 30 June 2021 and completed on 19 July 2021 (the “**Placing**”) amounted to approximately HK\$52,347,000.

	Sound and Communication Business in the PRC	System Servicing Solutions Business	E-Commerce Business in the PRC	Total
(i) Establish new team/ scale-up existing team by hiring additional technicians/ salespersons/ operating staff	2,619,000 (5%)	5,237,000 (10%)	10,474,000 (20%)	18,330,000 (35%)
(ii) Purchase of inventories	– (–%)	– (–%)	10,474,000 (20%)	10,474,000 (20%)
(iii) Purchase of machineries and equipment	5,237,000 (10%)	10,474,000 (20%)	– (–%)	15,711,000 (30%)
Sub-total	7,856,000 (15%)	15,711,000 (30%)	20,948,000 (40%)	44,515,000 (85%)
(iv) General working capital and general corporate purposes				7,855,000 (15%)
Total				52,370,000 (100%)

MANAGEMENT DISCUSSION AND ANALYSIS

Actual use of proceeds as at 31/03/22 (% utilised as at 31/03/22)	Sound and Communication Business in the PRC	System Servicing Solutions Business	E-Commerce Business in the PRC	Total	Expected timeline to fully utilise the unutilised amount (Note)
(i) Establish new team/ scale-up existing team by hiring additional technicians/ salespersons/ operating staff	2,578,952 (98.5%)	4,084,278 (78.0%)	8,660,240 (82.7%)	15,323,470 (83.6%)	30/06/2022
(ii) Purchase of inventories	- (-%)	- (-%)	10,474,000 (100%)	10,474,000 (100%)	30/11/2021
(iii) Purchase of machineries and equipment	1,667,026 (31.8%)	10,474,000 (100%)	- (-%)	12,141,026 (77.3%)	30/06/2022
Sub-total	4,245,978 (54.0%)	14,558,278 (92.7%)	19,134,240 (91.3%)	37,938,496 (85.2%)	
(iv) General working capital and general corporate purposes				7,855,000 (100%)	31/01/2022
Total				45,793,496 (87.4%)	

Note: The expected timeline for fully utilising the unutilised proceeds of the Placing is determined based on the Group's best estimate of future market conditions, and is subject to change depending on future developments.

Events after Reporting Period

The Group had no other significant events which were subsequent to the end of the reporting period of this report.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2022, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO), or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name	Capacity/Nature	Number of	
		Shares held/ interested	Percentage of shareholding
Mr. Cao Chunmeng	Beneficial owner	88,906,000	10.10%
Mr. Yuan Shuangshun	Beneficial owner	3,000,000	0.34%
Mr. Han Bing	Beneficial owner	1,000,000	0.11%

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Long position in underlying shares or equity derivatives of the Company

Name	Nature of interest	Share options	Approximate percentage of shareholding in the Company assuming all the share options granted under the Share Option Scheme were exercised	
			Approximate percentage of shareholding in the Company	the Share Option Scheme were exercised
Mr. Yuan Shuangshun	Beneficial owner	8,000,000	0.91%	0.85%
Mr. Han Bing	Beneficial owner	8,000,000	0.91%	0.85%
Dr. Cai Rongxin	Beneficial owner	800,000	0.09%	0.08%
Mr. Yan Xiaotian	Beneficial owner	800,000	0.09%	0.08%
Mr Tang Chi Wai	Beneficial owner	800,000	0.09%	0.08%

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2022, so far as is known to the Directors, the following person (other than Directors or chief executive of the Company) had or were deemed or taken to have interests and short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange 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 was as follows:

Long position in ordinary shares of the Company

Name	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Lux Aeterna Global Fund SPC	Beneficial owner	65,300,000	7.42%

Save as disclosed above, as at 31 March 2022, so far as is known to the Directors or chief executive of the Company, no other persons, other than the Directors and chief executive of the Company whose interests are set out in the section **"DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS"** above, had any interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealing, as set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the Relevant Period.

NO CHANGE IN INFORMATION OF DIRECTORS

There was no change in the information of Directors required to be disclosed pursuant to rule 17.50A(1) of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors, Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the GEM Listing Rules.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business or interest that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as required to be disclosed pursuant to rule 11.04 of the GEM Listing Rules during the Relevant Period.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Board confirms that during the Relevant Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 December 2017 for the purpose of providing incentive to eligible participants (including Directors) who contributed to the success of the Group.

The following table sets out the change of number of share options outstanding under the Share Option Scheme:

	Date of grant	Exercise price per option	Exercise period	Vesting period	At 1 July 2021	Granted during the period	Exercised during the period	At 31 March 2022
Directors	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	-	5,520,000	-	5,520,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	-	5,520,000	-	5,520,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	-	7,360,000	-	7,360,000
Employees	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	-	13,770,000	-	13,770,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	-	13,770,000	-	13,770,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	-	18,360,000	-	18,360,000
Consultant	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	-	300,000	-	300,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	-	300,000	-	300,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	-	400,000	-	400,000
					<u>65,300,000</u>	<u>-</u>	<u>65,300,000</u>	

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

SHARE AWARD SCHEME

On 18 February 2021, the Company adopted the share award scheme (the “**Share Award Scheme**”) to recognise the contributions by certain eligible persons and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The details are set out in the announcements of the Company dated 18 February 2021 and 9 March 2021. According to the Share Award Scheme, the award shares will be satisfied by way of (i) allotment and issue of new shares to the trustee at the subscription price under general mandate or specific mandate (as the case may be); or (ii) acquisition of existing shares through on-market transactions by the trustee and will be held on trust until they are vested. The maximum number of all award shares granted under the Share Award Scheme shall not exceed 1% of the total issued share capital of the Company from time to time. During the Relevant Period, no award shares had been purchased or issued under the Share Award Scheme.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieve a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the shares of the Company were listed on GEM of Stock Exchange on 16 January 2018. The Company has, so far as applicable, principally complied with the CG Code throughout the Relevant Period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with rules 5.28 to 5.33 of the GEM Listing Rules on 14 December 2017 (the "**Audit Committee**"). The primary duties of the Audit Committee include, among others, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the Group's financial statements, annual report and accounts, half year report, and quarterly report and significant financial reporting judgements contained therein; and (c) reviewing the financial control, internal control and risk management systems of the Group. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Tang Chi Wai, Mr. Yan Xiaotian and Dr. Cai Rongxin. Mr. Tang Chi Wai is the chairman of the Audit Committee.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

The unaudited third quarterly results of the Company for the Relevant Period have not been audited by the Company's independent auditors, but have been reviewed by the Audit Committee members who have provided advice and comments thereon.

Unless otherwise specified in this report and for the purpose of illustration only, S\$ is translated into HK\$ at the rate of S\$1 = HK\$5.85. No representation is made that any amounts in S\$ have been or could be converted at the above rate of at any other rates or at all.

By order of the Board

ISP Global Limited

Cao Chunmeng

Chairman and executive Director

Hong Kong, 5 May 2022

As at the date of this report, the executive Directors are Mr. Cao Chunmeng, Ms. Choon Shew Lang, Mr. Yuan Shuangshun, Mr. Han Bing, and Mr. Mong Kean Yeow, and the independent non-executive Directors are Dr. Cai Rongxin, Mr. Yan Xiaotian, and Mr. Tang Chi Wai.

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