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ISP GLOBAL LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8487)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2022

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 announcement, for which the directors (the “**Directors**”) of ISP Global Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”) 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 announcement 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 announcement misleading.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 S\$	2021 S\$
Revenue	3	20,161,834	10,129,704
Costs of sales/services		<u>(15,791,972)</u>	<u>(6,317,258)</u>
Gross profit		4,369,862	3,812,446
Other income	4	159,540	430,856
Other losses	4	(15,932)	(29,804)
(Provision for)/reversal of allowance for expected credit loss on trade receivables		(215,886)	34,970
Share-based payment expenses		(931,440)	–
Administrative expenses		(3,352,299)	(1,883,300)
Staff costs for administrative		(4,324,820)	(2,454,659)
Finance costs	5	<u>(226,998)</u>	<u>(226,028)</u>
Loss before income tax	7	(4,537,973)	(315,519)
Income tax expense	6	<u>(386,094)</u>	<u>(123,543)</u>
Loss for the year		<u>(4,924,067)</u>	<u>(439,062)</u>
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>(108,470)</u>	<u>(248)</u>
Other comprehensive loss for the year, net of income tax		<u>(108,470)</u>	<u>(248)</u>
Total comprehensive loss for the year		<u>(5,032,537)</u>	<u>(439,310)</u>
(Loss)/profit for the year attributable to:			
– Owners of the Company		<u>(4,603,093)</u>	(445,968)
– Non-controlling interest		<u>(320,974)</u>	6,906
		<u>(4,924,067)</u>	<u>(439,062)</u>
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		<u>(4,716,373)</u>	(448,699)
– Non-controlling interest		<u>(316,164)</u>	9,389
		<u>(5,032,537)</u>	<u>(439,310)</u>
Loss per share attributable to the owners of the Company			
Basic and diluted (Singapore cents)	8	<u>(0.53)</u>	<u>(0.06)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	2022 S\$	2021 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>9</i>	6,315,119	6,785,823
Goodwill	<i>10</i>	186,848	187,342
Deposits	<i>12</i>	86,749	261,512
		<u>6,588,716</u>	<u>7,234,677</u>
Current assets			
Inventories	<i>11</i>	8,219,698	1,542,102
Trade receivables	<i>12</i>	7,637,128	3,772,946
Other receivables, deposits and prepayments	<i>12</i>	4,104,322	2,536,785
Contract assets	<i>13</i>	84,460	32,319
Pledged bank deposits, bank balances and cash	<i>14</i>	8,661,969	11,176,664
		<u>28,707,577</u>	<u>19,060,816</u>
Current liabilities			
Trade and other payables	<i>15</i>	6,968,084	7,759,143
Contract liabilities	<i>13</i>	227,145	221,158
Lease liabilities	<i>9</i>	665,477	647,596
Borrowings	<i>16</i>	5,062,385	167,815
Income tax payable		389,064	199,605
		<u>13,312,155</u>	<u>8,995,317</u>
Net current assets		<u>15,395,422</u>	<u>10,065,499</u>
Total assets less current liabilities		<u>21,984,138</u>	<u>17,300,176</u>
Non-current liabilities			
Lease liabilities	<i>9</i>	1,330,125	1,655,520
Borrowings	<i>16</i>	902,370	1,068,272
Deferred tax liabilities	<i>17</i>	9,641	9,664
		<u>2,242,136</u>	<u>2,733,456</u>
Net assets		<u>19,742,002</u>	<u>14,566,720</u>
EQUITY			
Share capital	<i>18</i>	1,513,382	1,372,630
Reserves		18,379,417	13,085,142
Equity attributable to the owners of the Company		<u>19,892,799</u>	<u>14,457,772</u>
Non-controlling interest		(150,797)	108,948
Total equity		<u>19,742,002</u>	<u>14,566,720</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. GENERAL

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 Clifton House, 75 Fort Street, 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. The head office and principal place of business of the Group is at 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 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 networking, sound and communication systems, provision of integrated services of networking, sound and communication systems, and provision of alert alarm system services in Singapore and the People’s Republic of China (the “**PRC**”) and e-commerce operation in the PRC.

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

The consolidated financial statements are approved by the board of directors of the Company on 23 September 2022.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

The Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board (“**IASB**”), for the first time, in the current year:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendment to IFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to IFRS 9, International Accounting Standards (“ IAS ”) 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform Phase 2

The application of the amendments to IFRS 16 had no impact to the opening retained earnings at 1 July 2021. The Group has benefited from partial waiver of lease payments on two of the leases of the Group. The Group has derecognised the part of lease liabilities that have been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of S\$37,497, which has been recognised in other income for the year ended 30 June 2022.

Save for the above, the application of other amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

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

		Effective for annual reporting period beginning on or after
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
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 IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Interpretation 5 (2021)	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
IFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration to which the Group expects to be entitled to from (1) sale of networking, sound and communication systems; (2) provision of integrated services of networking, sound and communication systems, includes installation and customisation of networking, sound and communication systems and technical support services; (3) provision of alert alarm system services; and (4) e-commerce operation. The Group's operations are mainly derived from Singapore and the PRC during the years ended 30 June 2022 and 2021.

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. (1) sale of networking, sound and communication systems; (2) provision of integrated services of networking, sound and communication systems, includes installation and customisation of networking, sound and communication systems and technical support services; (3) provision of alert alarm system services; and (4) e-commerce operation. 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:

- a) Sale and provision of integrated services of networking, sound and communication systems, which includes points (1), (2) and (3) as mentioned above; and
- b) E-commerce operation, which mainly includes sale of consumer products on e-commerce platforms.

During the current year, the sale of networking system is reclassified from the operating segment “E-commerce operation” (previously named as “Sale of consumer products”) to “Sale and provision of integrated services of networking, sound and communication systems” (previously named as “Sale and services of sound and communication systems”) by the CODM for better performance evaluation and resources allocation purposes. Certain comparative figures of revenue and segment information were therefore reclassified to conform with current year's presentation.

Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of certain administration costs, directors' emoluments, other income, other losses, share-based payment expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenue and results

For the year ended 30 June 2022

	Sale and provision of integrated services of networking, sound and communication systems S\$	E-commerce operation S\$	Total S\$
Gross segment revenue	17,933,317	2,228,517	20,161,834
Inter-segment revenue	—	—	—
Revenue	<u>17,933,317</u>	<u>2,228,517</u>	<u>20,161,834</u>
Timing of revenue recognition			
At a point in time	16,408,164	2,228,517	18,636,681
Over time	<u>1,525,153</u>	<u>—</u>	<u>1,525,153</u>
	<u>17,933,317</u>	<u>2,228,517</u>	<u>20,161,834</u>
Segment results	<u><u>1,438,420</u></u>	<u><u>(3,234,752)</u></u>	<u>(1,796,332)</u>
Other income			159,540
Other losses			(15,932)
Unallocated depreciation			(270,829)
Share-based payment expenses			(931,440)
Unallocated expenses			(1,455,982)
Finance costs			(226,998)
Income tax expense			<u>(386,094)</u>
Loss for the year			<u><u>(4,924,067)</u></u>
Segment results include:			
Provision for allowance for expected credit loss (“ECL”)			
on of trade receivables	(138,990)	(76,896)	(215,886)
Depreciation	<u>(135,988)</u>	<u>(436,963)</u>	<u>(572,951)</u>

For the year ended 30 June 2021

	Sale and provision of integrated services of networking, sound and communication systems S\$	E-commerce operation S\$	Total S\$
Gross segment revenue	6,957,702	3,172,002	10,129,704
Inter-segment revenue	<u>–</u>	<u>–</u>	<u>–</u>
Revenue	<u>6,957,702</u>	<u>3,172,002</u>	<u>10,129,704</u>
Timing of revenue recognition			
At a point in time	6,055,768	3,172,002	9,227,770
Over time	<u>901,934</u>	<u>–</u>	<u>901,934</u>
	<u>6,957,702</u>	<u>3,172,002</u>	<u>10,129,704</u>
Segment results	<u>986,749</u>	<u>(523,240)</u>	463,509
Other income			430,856
Other losses			(29,804)
Unallocated depreciation			(92,688)
Unallocated expenses			(861,364)
Finance costs			(226,028)
Income tax expense			<u>(123,543)</u>
Loss for the year			<u>(439,062)</u>
Segment results include:			
Reversal of allowance for ECL on trade receivables	34,970	–	34,970
Depreciation	<u>(429,546)</u>	<u>(72,317)</u>	<u>(501,863)</u>

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

	2022	2021
	S\$	S\$
At a point in time:		
Sale of networking, sound and communication systems	16,408,164	6,055,768
Sale of consumer products	2,228,517	3,172,002
Over time:		
Integrated services of networking, sound and communication systems	1,525,153	232,249
Alert alarm system services	<u>—</u>	<u>669,685</u>
	<u>20,161,834</u>	<u>10,129,704</u>

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2022	2021
	S\$	S\$
Customer I [#]	4,922,549	N/A*
Customer II [#]	<u>N/A*</u>	<u>1,868,914</u>

[#] Revenue from sale and provision of integrated services of networking, sound and communication systems

* The customers contributed less than 10% of the total revenue for the respective years

Segment assets and liabilities

	2022	2021
	S\$	S\$
Segment assets		
Sale and provision of integrated services of networking, sound and communication systems	16,625,507	18,020,280
E-commerce operation	<u>18,072,212</u>	<u>7,465,646</u>
Total segment assets	34,697,719	25,485,926
Unallocated corporate assets		
– Property, plant and equipment	179,313	452,601
– Deposits and other receivables	98,288	157,440
– Bank balance and cash	<u>320,973</u>	<u>199,526</u>
Total assets	<u>35,296,293</u>	<u>26,295,493</u>
Segment liabilities		
Sale and provision of integrated services of networking, sound and communication systems	3,182,659	2,934,426
E-commerce operation	<u>12,047,719</u>	<u>8,167,515</u>
Total segment liabilities	15,230,378	11,101,941
Unallocated corporate liabilities		
– Other payables	172,411	196,804
– Lease liabilities	<u>151,502</u>	<u>430,028</u>
Total liabilities	<u>15,554,291</u>	<u>11,728,773</u>

These assets and liabilities are allocated based on the operations of the segment.

Geographical information

Information by geographical location on the Group's revenue from customers and non-current assets (excluding deposits), are detailed below:

	2022	2021
	S\$	S\$
a) Revenue from external customers		
Singapore	9,131,016	6,637,401
The PRC	11,029,826	3,492,303
Malaysia	992	–
	<u>20,161,834</u>	<u>10,129,704</u>
b) Non-current assets		
Singapore	4,327,147	4,438,331
The PRC	1,995,506	1,954,531
Others	179,314	580,303
	<u>6,501,967</u>	<u>6,973,165</u>

4. OTHER INCOME AND OTHER LOSSES

	2022	2021
	S\$	S\$
Government grants (<i>Note (a)</i>)	98,709	415,193
Interest income	12,418	9,588
Rent concession in relation to COVID-19 (<i>Note (b)</i>)	37,497	–
Others	10,916	6,075
	<u>159,540</u>	<u>430,856</u>
Foreign exchange loss, net	(13,658)	(26,900)
Loss on disposal of property, plant and equipment	(1,634)	–
Others	(640)	(2,904)
	<u>(15,932)</u>	<u>(29,804)</u>

Notes:

- (a) During the year ended 30 June 2022, the amount mainly included (i) an amount of S\$70,000 (2021: S\$88,975), representing the foreign worker levy rebate from the Singapore government, for which has granted a flat rate of S\$750 for each S Pass or work permit holder in employment; and (ii) S\$17,025 (2021: S\$290,603) in relation to Jobs Support Scheme (“JSS”). The JSS is a temporary scheme introduced in the Singapore Budget 2020 and 2021 to help enterprises retain local employees. Under the JSS, employers receive cash grants in relation to the gross monthly wages of eligible employees.

All incentives were granted in the form of cash payout and there were no unfulfilled conditions or contingencies relating to these grants, and recognised as other income upon incentive amounts confirmed by the Singapore and the PRC governments and cash received.

- (b) The Group was granted a rent concession in relation to COVID-19 for an office premises during the year (2021: Nil). The Group applied the practical expedient in paragraph 46A of IFRS 16 for its rent concession in relation to COVID-19, such that the Group elected not to assess whether the rent concession that meets the conditions in paragraph 46B of IFRS 16 is a lease modification. Therefore, the rent concession was recognised as other income for the year (2021: Nil).

5. FINANCE COSTS

	2022	2021
	S\$	S\$
Interest on lease liabilities (<i>Note 9</i>)	101,034	20,932
Interest on bank and other borrowings	24,326	23,043
Interest on other payables (<i>Note 15(b)</i>)	101,638	182,053
	<u>226,998</u>	<u>226,028</u>

6. INCOME TAX EXPENSE

	2022	2021
	S\$	S\$
Current tax:		
– Singapore corporate income tax (“CIT”)	373,307	248,501
– The PRC enterprise income tax (“EIT”)	1,739	11,789
– Under/(over)provision in prior years	11,071	(84,084)
	<u>386,117</u>	<u>176,206</u>
Deferred tax (<i>Note 17</i>)	(23)	(52,663)
	<u>386,094</u>	<u>123,543</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax under these jurisdictions during the year ended 30 June 2022 (2021: Nil).

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements during the year ended 30 June 2022 as the Group does not have income which arises in, or derived from, Hong Kong (2021: Nil).

Singapore CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income for the years of assessment 2021 and 2022.

The PRC EIT has been provided at the rate of 25% on the taxable profits of the Group’s subsidiaries in the PRC during the years ended 30 June 2022 and 2021. Certain subsidiaries of the Group, which are qualified small and micro-sized enterprises under Caishui [2019] No.13, are eligible for certain tax reduction.

The income tax expense for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 S\$	2021 S\$
Loss before income tax	<u>(4,537,973)</u>	<u>(315,519)</u>
Tax at domestic income tax rate	(1,025,172)	(89,377)
Tax effect of income not taxable for tax purpose	(1,239)	–
Tax effect of expenses not deductible for tax purpose	594,843	244,727
Tax effect of tax losses not recognised	824,016	124,526
Effect of tax concessions and partial tax exemptions	(17,425)	(72,249)
Under/(over)-provision in prior years	<u>11,071</u>	<u>(84,084)</u>
	<u>386,094</u>	<u>123,543</u>

7. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):

	2022 S\$	2021 S\$
Auditor's remuneration	148,062	138,619
Expense relating to short-term leases (<i>Note 9</i>)	129,636	115,112
Depreciation of property, plant and equipment (<i>Note a</i>)	843,780	594,551
Directors' remuneration, including share-based payment expenses of S\$272,537 (2021: Nil)	1,968,989	1,093,147
Other staff costs:		
– Salaries, wages and other benefit including share-based payment expenses of S\$616,756 (2021: Nil)	5,491,485	2,436,199
– Defined contribution plans, including retirement benefits	398,802	130,130
– Foreign worker levy and skill development levy	<u>207,671</u>	<u>141,220</u>
Total staff costs (<i>Note b</i>)	<u>8,066,947</u>	<u>3,800,696</u>
Cost of materials recognised as costs of sales/services	12,421,987	4,534,471
Share-based payment expenses for external consultants	42,147	–
Provision for/(reversal of) allowance for ECL on trade receivables	215,886	(34,970)
Subcontractor costs recognised as costs of sales/services	<u>1,839,161</u>	<u>139,530</u>

Notes:

- No depreciation (2021: S\$297,220) were included in costs of sales/services.
- Staff costs of S\$1,530,824 (2021: S\$1,346,037) were included in costs of sales/services.

8. LOSSES PER SHARE

	2022 S\$	2021 S\$
Loss for the year attributable to the owners of the Company	<u>(4,603,093)</u>	<u>(445,968)</u>

Number of share

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>875,835,617</u>	<u>800,000,000</u>
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The calculation of basic losses per share is based on the loss for the year attributable to the owners of the Company and the weighted average number of shares in issue.

The computation of diluted loss per share for the year ended 30 June 2022 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share. Therefore, the amount of diluted loss per share is the same as the amount of basic loss per share.

Diluted losses per share is the same as the basic losses per share because the Group has no dilutive securities that are convertible into shares during the year ended 30 June 2021.

9. PROPERTY, PLANT AND EQUIPMENT

	Computers S\$	Office equipment S\$	Furniture, fixtures and fittings S\$	Motor vehicles S\$	Leasehold land and property S\$	Alert alarm systems S\$	Right- of-use assets S\$	Total S\$
Cost								
At 1 July 2020	53,296	63,913	168,264	134,962	4,938,600	2,752,307	–	8,111,342
Acquisition of subsidiaries	18,188	–	–	–	–	–	–	18,188
Additions	12,172	5,682	–	39,499	–	–	2,488,579	2,545,932
At 30 June 2021 and 1 July 2021	83,656	69,595	168,264	174,461	4,938,600	2,752,307	2,488,579	10,675,462
Disposal	(2,468)	(7,279)	–	–	–	–	–	(9,747)
Written off	–	–	–	–	–	(2,752,307)	–	(2,752,307)
Additions	23,824	–	440	–	–	–	347,177	371,441
Exchange realignment	(150)	–	–	–	–	–	–	(150)
At 30 June 2022	104,862	62,316	168,704	174,461	4,938,600	–	2,835,756	8,284,699
Accumulated depreciation								
At 1 July 2020	44,774	58,520	164,817	77,230	493,860	2,455,088	–	3,294,289
Depreciation for the year	22,064	2,611	2,433	26,883	87,152	297,219	156,189	594,551
Exchange realignment	(937)	1,124	–	–	–	–	612	799
At 30 June 2021 and 1 July 2021	65,901	62,255	167,250	104,113	581,012	2,752,307	156,801	3,889,639
Depreciation for the year	26,445	1,074	1,124	23,917	87,151	–	704,069	843,780
Disposal	(2,468)	(4,820)	–	–	–	–	–	(7,288)
Written off	–	–	–	–	–	(2,752,307)	–	(2,752,307)
Exchange realignment	3,632	(43)	–	–	–	–	(7,833)	(4,244)
At 30 June 2022	93,510	58,466	168,374	128,030	668,163	–	853,037	1,969,580
Carrying amount								
At 30 June 2022	<u>11,352</u>	<u>3,850</u>	<u>330</u>	<u>46,431</u>	<u>4,270,437</u>	<u>–</u>	<u>1,982,719</u>	<u>6,315,119</u>
At 30 June 2021	<u>17,755</u>	<u>7,340</u>	<u>1,014</u>	<u>70,348</u>	<u>4,357,588</u>	<u>–</u>	<u>2,331,778</u>	<u>6,785,823</u>

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Computers	–	1 year
Office equipment	–	3 years
Furniture, fixtures and fittings	–	3 years
Motor vehicles	–	6 years
Leasehold land and property	–	Over the lease term, which is 680 months
Alert alarm systems	–	Over the service contract term, which ranges from 72 to 94 months
Right-of-use assets	–	Over the lease terms, which ranges from 18 to 60 months

As at 30 June 2022, the leasehold land and property with carrying amount of S\$4,270,437 (2021: S\$4,357,588) was pledged to a bank for a bank borrowing (Note 16).

The Group as a lessee

The Group has entered into lease contracts for various office premises used in its operations. Leases of office premises generally have lease terms between 2 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include termination options which the directors of the Company considered reasonably certain not to exercise.

The Group has also entered into certain leases of office premises with lease terms of 12 months or less and leases of office equipment and dormitories with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

	2022	2021
	S\$	S\$
Lease liabilities payable:		
– Within one year	753,067	746,946
– Within a period of more than one year but not exceeding two years	1,068,808	1,016,235
– Within a period of more than two years but not exceeding five years	<u>358,585</u>	<u>799,706</u>
	2,180,460	2,562,887
<i>Less:</i> Future finance charges	<u>(184,858)</u>	<u>(259,771)</u>
	1,995,602	2,303,116
<i>Less:</i> Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	<u>(665,477)</u>	<u>(647,596)</u>
Amounts due for settlement after twelve months from the end of the reporting period (shown under non-current liabilities)	<u>1,330,125</u>	<u>1,655,520</u>

The followings are the amounts recognised in the consolidated profit or loss:

	2022	2021
	S\$	S\$
Depreciation expense of right-of-use assets (as per above)	704,069	156,189
Interest expenses on lease liabilities (<i>Note 5</i>)	101,034	20,932
Expense relating to short-term leases (<i>Note 7</i>)	129,636	115,112
	<u>934,739</u>	<u>292,233</u>
	2022	2021
	S\$	S\$
Within financing cash flow – fixed payments	717,311	206,395
Within operating cash flow – expenses relating to short-term lease	129,636	115,112
	<u>846,947</u>	<u>321,507</u>

10. GOODWILL

	S\$
At 1 July 2020	–
Acquisition of subsidiaries	187,342
	<u>187,342</u>
At 30 June 2021 and 1 July 2021	187,342
Exchange realignment	(494)
	<u>186,848</u>
At 30 June 2022	<u>186,848</u>

Goodwill arose from the acquisition of subsidiaries of during the year ended 30 June 2021 which had been allocated to e-commerce operation business. The goodwill recognised is not expected to be deductible for the income tax purpose.

E-commerce operation cash-generating unit (“CGU”)

The recoverable amount of the e-commerce operation CGU as at 30 June 2022 has been determined based on a value-in-use calculation (2021: value-in-use calculation) using cash flow forecast derived from the most recent financial budgets approved by senior management based on their best estimates covering 5-year projected period. The pre-tax discount rate and terminal growth rate adopted in the forecast were 15.68% (2021: 13.27%) and 3.0% (2021: 0.3%), respectively. Management has calculated that the value-in-use of the operating subsidiaries located in the PRC and concluded that the recoverable amount is greater than their total carrying amount of the assets of the e-commerce operation CGU including allocated goodwill. As a result of this analysis, the management of the Company does not believe an impairment charge of in the current year is required.

11. INVENTORIES

	2022	2021
	S\$	S\$
Finished goods	<u>8,219,698</u>	<u>1,542,102</u>

12. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022	2021
	S\$	S\$
Trade receivables, gross	7,882,681	3,805,740
Less: Allowance for ECL	<u>(245,553)</u>	<u>(32,794)</u>
Trade receivables, net (<i>Note a</i>)	<u>7,637,128</u>	<u>3,772,946</u>
Deposits (<i>Note b</i>)	657,693	492,239
Prepayments (<i>Note c</i>)	2,420,527	2,194,321
Other receivables (<i>Note d</i>)	1,059,056	53,107
Advances to staffs	<u>53,795</u>	<u>58,630</u>
	4,191,071	2,798,297
Less: amount classified as non-current		
– rental deposits on lease agreement expiring after one year (<i>Note b</i>)	<u>(86,749)</u>	<u>(261,512)</u>
Current portion	<u>4,104,322</u>	<u>2,536,785</u>

Notes:

- (a) During the year ended 30 June 2022, the Group granted credit terms to its customers in the segment of sale and provision of integrated services of networking, sound and communication systems typically between 30 to 180 days (2021: sale and provision of integrated services of sound and communication systems - 30 to 60 days). For the sale of consumer products, no credit term (2021: Nil) is granted to individual customers and relevant trading or settlement platform for online sale, while the Group generally grants credit terms of 180 days (2021: 180 days) to those corporate customers with good credit records. The Group does not charge interest nor hold any collateral over these balances.

As at 30 June 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of S\$1,837,233 (2021: S\$1,327,448) which are past due as at the reporting date. Out of the past due balances, S\$93,418 (2021: S\$116,856) has been past due 90 days or more and is not considered as in default due to having on-going relationship and no default repayment record from these customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

The ECL on trade receivables is measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade receivables would be written off when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery.

An ageing analysis of the Group's trade receivables at the end of the reporting period, net of impairment, based on invoice date is as follows:

	2022	2021
	S\$	S\$
0-30 days	4,952,354	1,450,759
31-90 days	1,327,428	693,208
91-120 days	176,862	1,292,206
121-365 days	552,853	347,680
Over 365 days	873,184	21,887
Less: Allowance for ECL	<u>(245,553)</u>	<u>(32,794)</u>
	<u><u>7,637,128</u></u>	<u><u>3,772,946</u></u>

The following table details the risk profile of trade receivables with customers based on the Group's provision matrix which is derived from the ageing based on past due.

	Not yet past due	Less than 30 days	31 – 90 days	91 – 180 days	181 – 365 days	Over 365 days	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
30 June 2022							
Effective ECL rate	2%	2%	3%	21%	49%	100%	
Trade receivables, gross	5,898,238	525,200	1,269,016	72,957	69,160	48,110	7,882,681
Lifetime ECL	(98,343)	(11,311)	(39,090)	(15,091)	(33,608)	(48,110)	<u>(245,553)</u>
							<u><u>7,637,128</u></u>
30 June 2021							
Effective ECL rate	N/A	N/A	N/A	N/A	21%	100%	
Trade receivables, gross	2,445,498	766,702	443,890	75,724	52,039	21,887	3,805,740
Lifetime ECL	–	–	–	–	(10,907)	(21,887)	<u>(32,794)</u>
							<u><u>3,772,946</u></u>

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	2022	2021
	S\$	S\$
At beginning of year	32,794	67,764
Provision for/(reversal of) credit loss allowances, net	215,886	(34,970)
Exchange realignment	(3,127)	–
	<u>245,553</u>	<u>32,794</u>

- (b) As at 30 June 2022 and 2021, the balances mainly included deposits paid for lease agreements in the PRC and Hong Kong and deposits paid to online platform providers to become merchants of e-shop or e-channel.
- (c) As at 30 June 2022, prepayments mainly represented payment in advances to the suppliers which amounted to S\$1,861,783 (2021: S\$1,901,497). Up to the date of this announcement, amount to S\$1,294,020 (2021: S\$1,400,000) of prepayments has been utilised with subsequent purchases by the Group.
- (d) As at 30 June 2022, the balance included value-added-tax (“VAT”) recoverable amounted to S\$928,260 (2021: Nil).

13. CONTRACT ASSET AND CONTRACT LIABILITIES

	2022	2021
	S\$	S\$
Contract assets		
Retention receivables	<u>84,460</u>	<u>32,319</u>
Contract liabilities		
Advance billing to customers	<u>227,145</u>	<u>221,158</u>

Contract assets

The contract assets include retention receivables which represent monies withheld by customers of contract works that will be released after the end of warranty period of the relevant contracts, and are classified as current as they are expected to be received within the Group’s normal operating cycle. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

Contract liabilities

For both years, contract liabilities are arising from sale and provision of integrated services of networking, sound and communication systems business. The Group typically receives a deposit from customers when they sign the contracts with the Group. In the opinion of the directors of the Company, contract liabilities are expected to be recognised as revenue within one year.

14. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

	2022	2021
	S\$	S\$
Bank balances and cash (<i>Note a</i>)	8,455,022	10,969,717
Pledged bank deposits (<i>Note b</i>)	<u>206,947</u>	<u>206,947</u>
	<u>8,661,969</u>	<u>11,176,664</u>

Notes:

- a. Bank balances carry interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default. As at 30 June 2022, there was S\$655,436 (2021: S\$703,520) denominated in RMB and deposited with banks in the PRC. RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.
- b. The balances represent deposits placed to a bank in Singapore for corresponding amounts of performance guarantee granted to the Group in favour of a customer with a maturity term of 36 months ended in April 2022. The balances carry interest rate of 0.65% (2021: 0.65%) per annum at 30 June 2022 and 2021 and the balance was fully released subsequently in July 2022.

15. TRADE AND OTHER PAYABLES

	2022	2021
	S\$	S\$
Trade payables (<i>Note a</i>)	5,113,372	664,762
Retention payables	26,500	26,500
Goods and services tax payable	99,904	91,009
Accrued operating expenses	455,480	491,825
Accrued payroll costs	356,243	195,954
Amounts due to a third party (<i>Note b</i>)	854,551	4,802,280
Amount due to a director of the Company (<i>Note c</i>)	62,034	416,500
Others (<i>Note d</i>)	–	1,070,313
	<u>6,968,084</u>	<u>7,759,143</u>

Notes:

- a. The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (2021: 30 to 60 days) or payable upon delivery. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting date:

	2022	2021
	S\$	S\$
Within 30 days	4,564,986	309,332
31 to 90 days	12,093	351,480
91 to 180 days	186,921	–
Over 180 days	349,372	3,950
	<u>5,113,372</u>	<u>664,762</u>

- b. As at 30 June 2022 and 2021, the balance represented short-term advances from an independent third party for the purpose of financing the initial working capital of e-commerce operation before the Group reallocated foreign financial resource into the PRC. The advances are unsecured, interest bearing at 6% per annum and repayable within one year from the drawdown dates.
- c. As at 30 June 2022 and 2021, the amount due to a director of the Company, Mr. Cao, which is unsecured, non-interest bearing and repayable on demand.
- d. As at 30 June 2021, the balance included other payables and short-term advances from independent third parties for initial cost of new segment in the PRC, which are unsecured, non-interest bearing and repayable on demand. All these advances had been fully settled during the year ended 30 June 2022.

16. BORROWINGS

	2022	2021
	S\$	S\$
Bank borrowings – Secured (<i>Notes (a) and (b)</i>)	3,560,552	1,236,087
Bank borrowing – Unsecured (<i>Note (c)</i>)	207,690	–
Other borrowings (<i>Note (d)</i>)	2,196,513	–
	<u>5,964,755</u>	<u>1,236,087</u>
Carrying amount repayable within 1 year	5,062,385	167,815
Carrying amount repayable over 1 year but within 2 years	170,174	152,144
Carrying amount repayable over 2 years but within 5 years	531,268	708,393
Carrying amount repayable over 5 years	200,928	207,735
	<u>5,964,755</u>	<u>1,236,087</u>
<i>Less: Amount due within 1 year (shown under current liabilities)</i>	<u>(5,062,385)</u>	<u>(167,815)</u>
Amount shown under non-current liabilities	<u>902,370</u>	<u>1,068,272</u>

As at 30 June 2022, the balances include:

- (a) Two secured bank borrowings with carrying amount of RMB12,000,000 (equivalent to S\$2,492,280) (2021: Nil) in aggregate which was interest bearing at 4.00% per annum and repayable in June 2023. These borrowings were guaranteed by Mr. Cao's spouse and a residential property of Mr. Cao.
- (b) A secured term loan with carrying amount of S\$1,068,272 (2021: S\$1,236,087) which bear floating interest rates with weighted average effective interest rate at 1.68% (2021: 1.68%) per annum during the year ended 30 June 2022. The borrowing was secured by the Group's leasehold land and property with carrying amount of S\$4,270,437 (2021: S\$4,357,588) (Note 9) and corporate guarantee provided by the Company. The term loan is for 15 years and repaid by instalment and the final maturity date of the loan will be on 11 June 2028.
- (c) An unsecured bank borrowing with carrying amount of RMB1,000,000 (equivalent to S\$207,690) (2021: Nil) which was interest bearing at 4.05% per annum and repayable in June 2023.
- (d) During the year ended 30 June 2022, the Group entered into a receivable transfer arrangement (the "Arrangement") with a financial institution to transfer existing or future trade receivables of a customer with full recourse to the financial institution in the PRC for financing purpose. In the event of default by the customer, the Group is obliged to pay the financial institution the amount in default. The proceeds of the Arrangement were included in borrowings as asset-backed financing until the trade debts were collected or the Group settled any losses suffered by the financial institution. During the year, interest was charged at a range from 9.00% to 14.50% (2021: Nil) per annum on the proceeds received from the financial institution until the day the borrowings are repaid.

17. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation
	S\$
At 1 July 2020	62,327
Credited to consolidated profit or loss (<i>Note 6</i>)	<u>(52,663)</u>
At 30 June 2021 and 1 July 2021	9,664
Credited to consolidated profit or loss (<i>Note 6</i>)	<u>(23)</u>
At 30 June 2022	<u><u>9,641</u></u>

As at 30 June 2022, the Group had unused tax losses of S\$3,442,603 (2021: S\$146,539) available to offset against future profits sourced in the PRC. Such unused tax losses are subject to the approval of the PRC tax authorities and can be carried forward for five years from the year when the corresponding loss was incurred. No deferred tax asset has been recognised due to unpredictability of future profit streams.

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

18. SHARE CAPITAL

	The Company	
	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised share capital:		
At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	<u>1,500,000,000</u>	<u>15,000</u>
	Number of shares	Amount S\$
Issued and paid-up:		
At 1 July 2020, 30 June 2021, 1 July 2021	800,000,000	1,372,630
Issuance of shares upon placing, net of transaction costs (<i>Note</i>)	<u>80,000,000</u>	<u>140,752</u>
At 30 June 2022	<u>880,000,000</u>	<u>1,513,382</u>

Fully paid ordinary shares carry one vote per share and a right to dividends as and when declared by the Company.

Note:

On 19 July 2021, the Company completed the placing of 80,000,000 placing shares (the “**Placing**”) representing approximately 9.09% of the enlarged issued share capital of the Company as at the date of this announcement. The gross and net proceeds (after deducting the placing commission and other related expenses) from the Placing are amounted to HK\$52,800,000 (equivalent to S\$9,289,632) and HK\$52,377,548 (equivalent to S\$9,219,960), respectively. The Company intends to apply the net proceeds from the Placing for (i) the networking business in the PRC; (ii) the e-commerce operation in the PRC, and (iii) general working capital and general corporate purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK

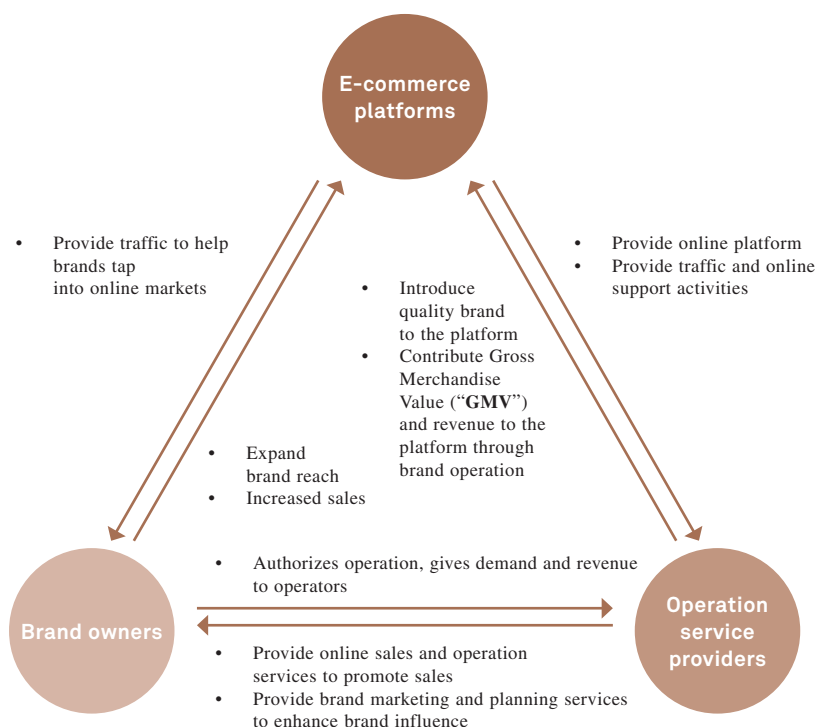
Outlook of E-commerce in the PRC

Overview of China's Brand E-commerce Service Market

Brand e-commerce operation services refer to third-party services provided to brand owners, mainly include brand market analysis, marketing and promotion, online store operation, consumer management, customer service and warehousing logistics services.

With professional operating experience, brand e-commerce operation service providers can help brand clients to promote brand culture and improve customer experience, carry out promotional activities through diversified online distribution channels to expand customer base, and constantly optimise marketing strategies based on accurate consumer analysis, so as to ultimately enhance their brand influence.

As a link between brand owners, e-commerce platforms and consumers, brand e-commerce operation service providers create value for all parties in the industry chain. With the increasing importance of online sales channels, operation service providers have gradually built a dynamic and beneficial ecosystem with brand owners and e-commerce platforms.



Brand owners enter e-commerce platforms to explore online sales channels and tap into the traffic resources of e-commerce platforms; aided by the professional operation of e-commerce operation service providers, they fully reach target customers and continuously improve the conversion rate which would in turn ultimately increase sales of products for the brands. Brand operation service providers cater to needs of the brand owners, obtain authorization, and generate business revenue through operations. E-commerce platforms, while providing traffic platforms for brand owners and operating service providers, benefit from them in turn. In expanding online channels for brand owners, operation service providers also bring premium brands to the platform, thereby enhancing the reputation and traffic of the platform. The gross merchandise volume that operation service providers help brand owners create is also an important support for the platform's transaction volume. Therefore, operation service providers play an indispensable role in promoting the ecological prosperity of the platform.

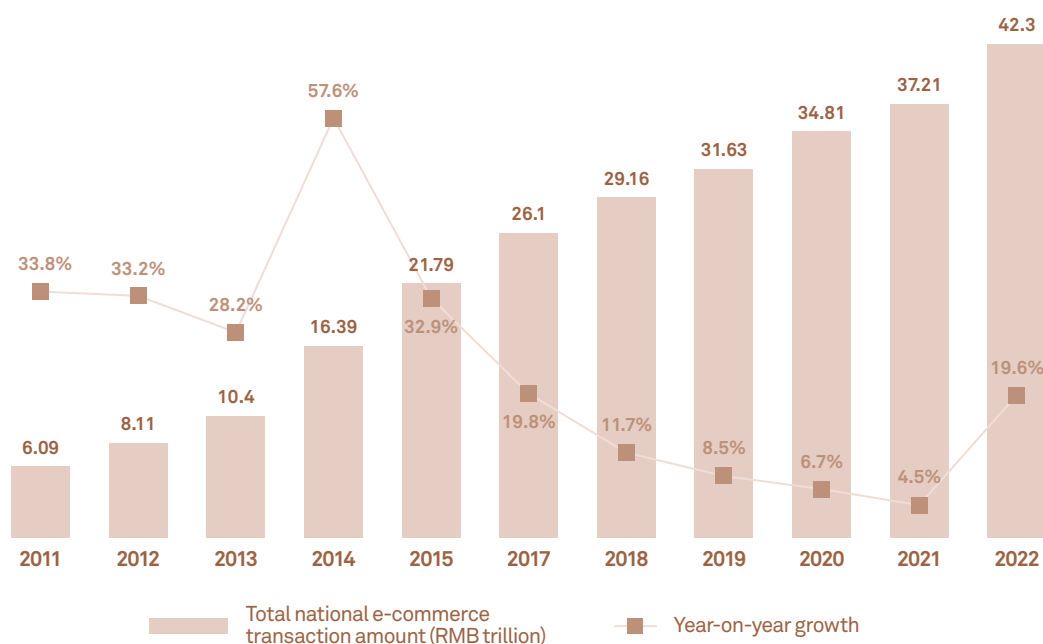
Industry overview of brand E-commerce Service Market in the PRC

The rapid growth of e-commerce in China opens up vast market space for the development of the brand e-commerce service market

Brand e-commerce operation service is a service industry that grows with the development of e-commerce in China. It proliferates with the rapid growth and deeper penetration of the e-commerce industry in China. According to data from iiMedia Research, the size of the brand e-commerce service market in China exceeded RMB200 billion in 2019, with an annual growth rate of 37.1%. It reached RMB300 billion in 2021 and is expected to reach RMB366.32 billion in 2022.

According to the Ministry of Commerce's Report on E-commerce in China and Report on Development of the Online Retail Market, China's national e-commerce transaction amount in 2021 was RMB42.30 trillion, representing a year-on-year increase of 19.6%.

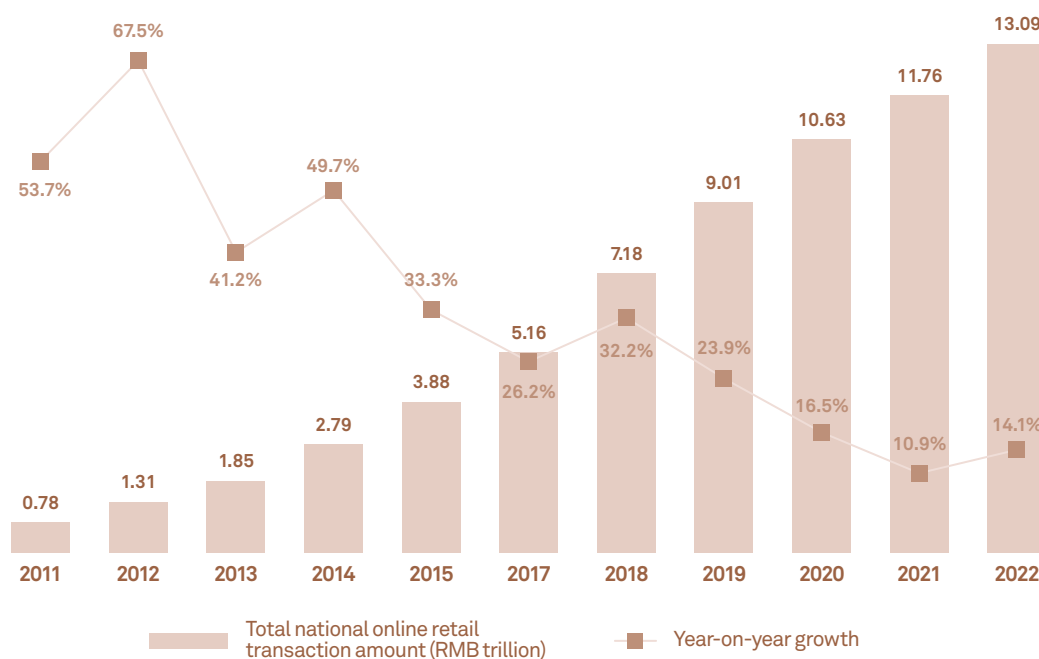
China's Total E-commerce Transaction Amount in 2011-2021



Unit: 0'000 persons Source: CNNIC The 47th Statistical Report on China's Internet Development

Amid the impact of the epidemic and the complex economic environment, China's online retail market maintained steady growth and the scale of the market reached a new high. In 2021, national online retail sales reached RMB11.76 trillion, representing a year-on-year increase of 10.9%. The contribution of online retail to the consumer market saw a continuous increase, and online retail sales of physical goods in 2021 was RMB10.80 trillion, representing a year-on-year increase of 14.8% and accounting for 24.5% of the total retail sales of consumer goods in society, basically remaining flat compared with the share of 24.9% in 2020. China has been the largest global online retail market for nine consecutive years. With online retail sales of physical goods accounting for nearly one quarter of the total retail sales of consumer goods in society, e-commerce has become one of the main consumption channels for Chinese residents.

China's Total Online Retail Transaction Amount in 2011-2021



The e-commerce service industry is a service industry that has gradually emerged with the development of e-commerce. It is a general term for various professional services provided for the development of e-commerce activities. According to the classification of the e-commerce service industry in the 2020 Report on E-commerce in China issued by the Ministry of Commerce, the e-commerce service industry includes three categories: transaction services, support services and derivative services, of which transaction services mainly include business-to-business transaction services, business-to-consumer transaction services and consumer-to-consumer transaction services, with e-commerce platforms as the main entities. Support services mainly include electronic payment services, logistics services and information technology services; while derivative services refer to various special services, such as e-commerce operation services, e-commerce brand services, e-commerce consultation services, e-commerce education and training services and e-commerce security services. The report shows that China's e-commerce service industry continued to maintain steady growth in 2020, with further expansion in the scale of the market. The size of the annual revenue of the e-commerce service industry was RMB5.45 trillion, representing a year-on-year increase of 21.88%, of which the business scale of derivative services was RMB2.21 trillion, growing by 20.30%. It can be seen that the rapid growth of the online retail market has also driven the growth of China's e-commerce service industry. Meanwhile, it has also given the e-commerce support service market, mainly comprising e-commerce operation services, a broad market space and speedy growth.

The vigorous development of cross-border e-commerce has generated more demand for e-commerce operation from international brands

For foreign brand owners, factors such as complicated rules for e-commerce operation in China, large differences between online and offline markets, limited capacity for devoting attention to operation and low cost-effectiveness of proprietary operation have prompted foreign brands to become more willing to acquire e-commerce operation services.

According to the statistics of China's General Administration of Customs, China's total cross-border e-commerce imports in 2021 reached RMB531.9 billion, representing a year-on-year decrease of 0.9%. Taking into account the impact of China's relatively strict epidemic control policies on imports and exports, it can be seen that the Chinese market remains strongly attractive to international brands. International brands lack an understanding of the Chinese market, so their demand for e-commerce operation services is more pressing. The development of cross-border e-commerce will certainly promote the market growth of e-commerce operation services.

The rise of live streaming e-commerce and social e-commerce provides branded e-commerce operators with new market growth opportunities

Amid the sluggish growth of traditional e-commerce traffic, social e-commerce and live streaming e-commerce, as innovative online consumption models, can meet the diversified needs of consumers and have become a crucial element of online consumption. Social e-commerce operators, such as Pinduoduo, Xiaohongshu and Youzan, have produced efficient multi-node exchanges in social e-commerce between individual merchants, individual users as well as between both merchants and users, effectively triggering the consumption potential of consumers. In addition, the COVID-19 epidemic has fully triggered live streaming marketing, and the live streaming industry has entered a stage of broad popularity and development. Short videos, live streaming and e-commerce are mutually beneficial, and platforms such as Kuaishou and Douyin have become strongholds for e-commerce traffic.

According to the Report on Live Streaming E-commerce Industry in China issued by iResearch in 2021, the scale of the live streaming e-commerce market in China reached RMB1.2 trillion in 2020, with an annual growth of 197.0%. It is expected that the scale of live streaming e-commerce will exceed RMB4.9 trillion in 2023. Live streaming has become a normal marketing method and sales channel in the e-commerce market.

While social e-commerce and live streaming e-commerce have become essential channels for brand marketing diversification, the new e-commerce model has also increased the complexity of e-commerce operation, such as the interactions between brand owners and institutions, including but not limited to the content platforms, key opinion leaders, multi-channel networks, and the use of paid tools of platforms to precisely reach target customers, capture consumer demand preferences and changes and quickly identify and profile consumers. All of the above have brought great challenges to brands and thus the value of professional services for e-commerce operators has become increasingly prominent.

Prospect of the business of E-commerce Operation of the Company

The business of e-commerce services is one of the diversified business lines newly developed by the Company since the end of 2020. As at the date of this announcement, it has established a complete operation team and achieved a certain scale in its operation. Meanwhile, it has also introduced renowned brands at home and abroad, such as Changyu, Philips, ASUS, Shunxin, Moutai Chun, lightair, Ren logik, BISSELL and THERASCIENCE. Although some warehouses faced the adverse factor of being unable to deliver goods for 2 months due to the impact of domestic epidemic control policies, the operation team worked hard to proactively react and overcome difficulties encountered in order to lay a good foundation for subsequent business developments.

In terms of brand expansion, we will focus on introducing relatively matured and renowned brands at home and abroad in order to ensure a high-speed growth of our operation business in addition to the consolidation of existing cooperative brands.

In terms of e-commerce channels, we will (1) focus on the JD.com platform by strengthening close cooperation with various industry sectors of JD.com; (2) cooperate with Tmall, Taobao and Pinduoduo at the same time; (3) strengthen the operation capacity of social e-commerce operator such as Youzan through the introduction of strategic partners and partners with ample private domain traffic such as China Comfort Tourism and Ctrip had been introduced upon the date of this announcement; (4) continue to invest in and strive to create new business growth engines in private domain traffic operation and promote cross-border business in an orderly manner on the back of THERASCIENCE and BISSELL, two cross-border cooperative brands, and continue to increase the scale of cross-border business and (5) explore live streaming e-commerce business for offering e-commerce operation services across all channels to brands.

As regards establishment of operation systems, we will consolidate our teams by enhancing the structure of the front office, middle office and back office, and continuously boosting operational capability and efficiency of our teams through talent recruitment and internal training.

We firmly believe that with the trend of the COVID-19 epidemic becoming an endemic and the relaxation of epidemic control policies in various places, the e-commerce operation business will see a big leap forward in the new financial year on the back of the sound foundation for operation laid previously.

Outlook of networking, sound and communications system solutions industry in Singapore and Malaysia

Since 2020, COVID-19 induced strict movement controls of restrictions imposed on labour-intensive worksites and in closed-quartered areas to prevent the spread of infection has caused unprecedented revenue delays in the construction sub-sector. However, the Group was resilient and continued its essential services operations to work tirelessly to deliver top-of-the-class preventive and reactive maintenance service and round-the-clock support to our public, private, and non-for-profit customers in the healthcare and education sectors.

During the Year, the Gross Domestic Product (“GDP”) of Singapore grew by 10.1% when compared to the 12 months preceding 30 June 2021. Singapore’s construction sub-sector grew by 19.6% and is one of the leading sub-sectors leading Singapore’s general economic recovery. In line with the sector’s rebounding, the Group’s projects in Singapore resumed and contributed to geographical revenue growth of 37.6%, to approximately S\$9.1 million during the Year from S\$6.6 million in the preceding financial year.

We continue to look for opportunities to work together with potential and existing customers to expand our sales pipeline through the introduction of cloud-based network solutions to enhance both wired and wireless communication systems within healthcare and education institutions.

In line with the expected injection of new public tenders for sound and communication systems in Singapore and Malaysia, 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.

We believe that with our healthy level of project and maintenance pipeline, we are poised to continue to create and share value amongst the stakeholders in our industry chain, through building mutually beneficial relationships.

Outlook of Integrated services of networking, sound and communication systems in the PRC

The 14th Five-Year Plan set “Accelerating Digitalization and Building Digital China” as a separate chapter, proposing to “transform the pattern of production, lifestyle, and governance models through digital transformation”. Digital economy and digital transformation will become important strategies and development drivers for China in the coming years.

The state will also speed up the construction of computing infrastructure represented by data centers and intelligent computing centers. According to China’s Digital Transformation Market Forecast, 2021-2026: Practicing a Digital Priority Strategy through Application Scenarios, a study report published by IDC in the end of June 2022, it is forecast that the Chinese government’s total investment in digital economy during the 14th Five-Year Plan period will reach RMB15-20 trillion, with the government and large and medium state-owned enterprises accounting for 70% of digital transformation spending.

In view of China’s national strategy and the instrumental role of “data centers and computing centers”, the provision of IT system integration services, IT technical services and operation and maintenance services for large and medium state-owned enterprises revolving around “data centers” will be a market with great potential and size.

Building on the robust start in the previous financial year, we will continue to vigorously expand presence and actively secure new customers in the financial and railway industries as well as continuously improve the quality of IT technical services, so as to provide customers with more professional services and experiences.

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 China Academy of Railway Sciences (“CARS”) and Hengfeng Bank in the railway and financial industries, we expect to develop other customers in the industries.

By constantly securing high-quality customers and increasing projects under operation, we will establish more stable and trustworthy 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.

In conclusion, the Company will help customers to achieve successful results mutually by securing new customers, developing new projects, and improving service quality.

BUSINESS REVIEW

Our principal businesses are:

- (i) provision of networking, sound and communication systems and alert alarm system services (including the sale of networking, sound and communication systems, integrated services of networking, sound and communication systems and alert alarm system services) to customers in Singapore, Malaysia and the PRC; and
- (ii) provision of brand e-commerce operation services (digital marketing services, online agency operation services, online retailing and distribution services) in the PRC.

For the Year, the Group recorded revenue of approximately S\$20.2 million representing an approximately S\$10.1 million increase in revenue from approximately S\$10.1 million earned in the year ended 30 June 2021. The increase was mainly due to the contribution from business diversification. The Group recorded a total comprehensive loss attributable to the owners of the Company of approximately S\$4.7 million, representing an increase of S\$4.3 million compared with total comprehensive loss attributable to owners of the Company of approximately S\$0.4 million for the year ended 30 June 2021. The following table sets forth the breakdown of our revenue by segment for the years indicated:

	For year ended 30 June	
	2022	2021
	S\$	S\$
<i>Revenue from:</i>		
Sale and provision of integrated services of networking, sound and communication systems (the “NSC Segment”)	17,933,317	6,957,702
E-commerce operation (the “EC Segment”)	2,228,517	3,172,002
	<u>20,161,834</u>	<u>10,129,704</u>

Sale and provision of integrated services of networking, sound and communication systems

Our revenue generated from the sale and provision of integrated services of networking, sound and communication systems was approximately S\$17.9 million and S\$7.0 million for the years ended 30 June 2022 and 2021, respectively, which represent approximately 88.9% and 68.7% of our total revenue for the same period.

Revenue from the NSC segment increased by approximately 1.6 times and was due to (i) an increase in contracts completed during the Year, to 140 from 103 for the years ended 30 June 2022 and 2021 respectively in line with the gradual restart of the construction sector in Singapore; and (ii) that we won the bids of 16 projects in railway, financial and other industries, serving customers such as China Railway Special Cargo, Laos-China Railway, Institute of Computing Technology of CARS, and China Railway Captive Insurance in the railway industry, as well as financial institutions such as Hengfeng Bank, CITIC Trust, CDB Securities, Chongqing Rural Commercial Bank, and BOC Services in the PRC.

The Group endeavour to continue developing value-added and long-term relationship with customers in the long run with contracts for the provision of maintenance and related services for networking, sound and communication systems.

E-commerce operation

For the years ended 30 June 2022 and 2021, our revenue from E-commerce operation were S\$2.2 million and S\$3.2 million respectively, representing 11.1% and 31.3% of our total revenue for the same period.

The main reasons for the 29.7% decrease in revenues from E-commerce were:

- (i) Decrease in consumers' willingness to spend in the PRC due to the COVID-19, resulting in decline of the retail market. This is coupled with prohibitions against operations of restaurants and entertainment venues in many regions across the PRC, further limiting the consumption of white and red wine, which were one of the main products of the Company, leading to decrease in sales;
- (ii) The stricter COVID-19 prevention and control policy in the PRC caused supply chain disruptions in our main warehouses in Beijing and Shanghai for many months, and resulted in destabilising normal E-commerce operation;

(iii) The management of the Company is aware of the lack of variety of products offered by our E-Commerce operation segment at early stage and addressed this issue by proactively adjusting product mix at the end of the financial year to include consumer health products such as water purification and eye masks. However, these new products may require some time to achieve consumer outreach and adoption. Through iteratively adjusting the product mix, the management of the Company is confident that E-Commerce revenues and scale of operations will increase significantly in the coming financial years.

Brand e-commerce operation service is a service industry that grows with the development of e-commerce. It grows continuously with the expansion and deeper penetration of the e-commerce industry. Brand operation service providers, as a link between brand owners, e-commerce platforms and consumers, create value for all parties in the industry chain and have established a beneficial ecosystem with e-commerce platforms and brand owners.

Considering the market size and development potential of the industry, the management of the Company marked this business as a key area of investment for the Company. The Company has formed a front-office business system comprising digital marketing services, online agency operation services, online retailing (2C) and distribution (2B) services, as well as a back-office support service system comprising the supply chain, customer service and warehousing services.

Digital marketing services refer to the provision of brand building, online marketing, reputation management, public opinion management and event planning services for brand owners.

Online agency operation services refer to the provision by the Company of various operating services for the sales of online stores opened by brand owners, including visual design, store operations, marketing campaigns and customer service.

Online retailing services refer to the online sales of products purchased by the Company from brand owners or their agents to consumers (2C) or other distribution channels (2B) through brand flagship stores or franchise stores operated on third-party platforms such as Tmall and JD.com as an authorised distributor for the brand owners.

The Group has established partnerships with 14 renowned brands at home and abroad, including Changyu, Philips, Shunxin, ASUS, Xiaogou, BISSELL, Moutai Health Liquor, Therascience (French), CHANTEGRIVE (Swiss), LightAir (Sweden), China Comfort, and CTRIP, and has opened 27 online stores, including brand flagship stores, brand self-operated stores, franchise stores and comprehensive stores, on e-commerce platforms such as JD.com, Tmall and Youzan.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately S\$10.1 million or 99.0% to approximately S\$20.2 million for the Year, from approximately S\$10.1 million for the year ended 30 June 2021. This was principally due to the increased revenue contribution during the Year from increased project completions in our NSC Segment in both Singapore and the PRC. Revenue increase was slightly offset by a slowdown in revenues from our EC Segment during the Year, attributed to COVID-19 related movement controls affecting consumers' willingness to spend and supply chain movement.

Costs of sales/services

Our costs of sales/services increased by approximately S\$9.5 million or 1.5 times to approximately S\$15.8 million for the Year from approximately S\$6.3 million for the year ended 30 June 2021. The increase in costs was mainly due to higher material purchases and was in line with the significantly higher revenue earned during the Year as part of our new NSC Segment and EC Segment in the PRC.

Gross profit

Our gross profit increased by approximately S\$0.6 million or 14.6% to approximately S\$4.4 million for the Year from approximately S\$3.8 million for the year ended 30 June 2021 due to gross profit contributions from our new geographical expansion into the PRC within the NSC Segment. The Group's gross profit margin decreased to 28.1% for the Year, from approximately 37.6% for the year ended 30 June 2021. The decrease in gross profit margin was due to the substantial increase in material costs for our new geographical expansion into the PRC within the NSC Segment during the Year.

Other income

Our other income decreased by approximately S\$0.2 million or 63.0% to approximately S\$0.2 million for the Year from approximately S\$0.4 million for the year ended 30 June 2021. The decrease was attributed to the one-off extraordinary income in the year ended 30 June 2021 from the Group's acquisition of a subsidiary and disposals of two associated companies, and from the receipt of government support grants for employees' salaries in Singapore.

Administrative and payroll expenses

Our administrative expenses increased to approximately S\$7.7 million for the Year, by approximately S\$3.4 million or 77.0%, from approximately S\$4.3 million for the year ended 30 June 2021. The increase was mainly attributed to administrative expenses incurred to expand our NSC Segment in the PRC, including but not limited to: (i) increased payroll costs amounting to S\$1.9 million in line with the increase in headcount hired to manage new offices in the PRC; (ii) higher general operating expenses amounting to S\$0.8 million; (iii) rising depreciation on leased office space assets-in-use amounting to S\$0.5; and (iv) a S\$0.3 million increase in general sales and marketing expenses.

Finance costs

Our finance costs remained stable at approximately S\$0.2 million for the Year and for the year ended 30 June 2021. This was mainly due to (i) a decrease in the interest accrued from interest-bearing loans from an independent third party used in the Group's EC Segment due to partial repayments during the Year; which was offset by (ii) an increase in the lease liabilities used in the Group's NSC segment during the Year.

Income tax expense

Our income tax expense increased to approximately S\$0.4 million for the Year, by approximately S\$0.3 million or 2.1 times, from approximately S\$0.1 million for the year ended 30 June 2021. The increase was primarily due to an increase in taxable profits in the Group's NSC Segment in Singapore for the Year.

Loss and other comprehensive loss for the year attributable to owners of the Company

The Group recorded total comprehensive loss for the Year attributable to the owners of the Company of approximately S\$4.7 million for the Year. Compared to the total comprehensive loss of approximately S\$0.4 million for the year ended 30 June 2021, the decrease was principally caused by significant initial and continuing operational costs to break into the new market and expand our NSC Segment operations into the PRC during the Year.

DIVIDEND

The Board does not recommend the payment of final dividend for the Year (2021: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed our operations primarily through cash generated from our operating activities.

Pledged bank deposits, bank balances and cash

As at 30 June 2022, our Group's pledged bank deposits, bank balances and cash are denominated in the following currencies:

	For year ended 30 June	
	2022	2021
	S\$	S\$
Denominated in:		
CNY	655,436	714,120
HKD	275,956	149,212
MYR	55,653	10,706
SGD	7,536,046	8,616,725
USD	138,878	1,685,901
	<u>8,661,969</u>	<u>11,176,664</u>

Net current assets

As at 30 June 2022, the Group had net current assets of approximately S\$15.4 million (2021: S\$10.1 million).

Total equity

The equity of the Group mainly comprises share capital, share premium and reserves. The Group's total equity attributable to owners of the Company amounted to S\$19.9 million (2021: S\$14.5 million).

Borrowings

Our borrowings increased by approximately S\$4.8 million or 5 times to approximately S\$6.0 million as at 30 June 2022 from approximately S\$1.2 million as at 30 June 2021. The increase was primarily due to the drawdown of loans and transfer arrangement of trade receivables which were used to fund the operating costs of the expansion in the PRC during the Year.

CAPITAL STRUCTURE

On 19 July 2021, an aggregate of 80,000,000 shares, representing approximately 9.09% of issued share capital of the Company on 30 June 2021, were placed at HK\$0.66 per share to no less than six places. Other than as disclosed above, there has been no further change in the capital structure of the Group during the Year and up to the date of this announcement.

TREASURY POLICY

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to 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.

CAPITAL EXPENDITURES AND COMMITMENTS

During the Year, the Group acquired items of property, plant and equipment of approximately S\$24.3 thousand (2021: approximately S\$57.4 thousand).

As at 30 June 2022, the Group did not have any capital commitments (2021: nil).

LEASE COMMITMENTS

Our lease commitments represent the minimum lease payments for short-term leases which would be payable under operating lease in respect of staff dormitories and warehouse, amounting to approximately S\$126.5 thousand (2021: approximately S\$115.1 thousand).

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any contingent liabilities (2021: nil).

OFF BALANCE SHEET ARRANGEMENTS

As at 30 June 2022, the Group did not enter into any material off-balance sheet arrangements (2021: nil).

PLEGGED ASSETS

Our pledged bank deposits represent deposits placed to a bank for corresponding amounts of performance guarantee arranged by our Group in favour of a customer with an original maturity term of 36 months. The balances carry interest of 0.65% per annum as at 30 June 2021 and 2022. We had pledged bank deposits of S\$0.2 million as at 30 June 2021 and 2022. The pledged bank deposits were uplifted on 1 July 2022.

As at 30 June 2022, the leasehold land and property with carrying amount of S\$4,270,437 (2021: S\$4,357,588) was pledged to a bank for a bank borrowing.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, including our Directors, the Group had a total of 151 employees (2021: 104).

We recognise employees as valuable assets and our success is underpinned by our people. In line with our human resource policies, we are committed to providing attractive remuneration packages, and a fair and harmonious working environment to safeguard the legitimate rights and interests of our employees. The Group regularly reviews our human resource policies which outline the Group's compensation, working hours, rest periods and other benefits and welfare, to ensure compliance with laws and regulations. We always place emphasis on attracting qualified applicants by offering competitive remuneration packages. These packages are reviewed based on employees' performance and reference to prevailing market conditions, and are adjusted in a timely manner to keep them in line with market benchmarking.

The Group operates the retirement schemes for employees in Singapore outlined in the Central Provident Fund Act (Chapter 36 of Singapore), in Malaysia outlined in the Employee's Provident Fund Act 1991 and Employment Insurance System Act 2018 Laws of Malaysia, in Hong Kong outlined in the Mandatory Provident Fund Schemes Ordinance (Cap. 485), and in the PRC in accordance to Labour Law and Labour Contract Law of the PRC.

In addition, the Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") on 14 December 2017 and a share award scheme (the "**Share Award Scheme**") on 18 February 2021 so as to motivate, attract and retain the right employees.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any significant investments or any material acquisition and disposal of subsidiary or affiliated company during the Year (2021: 2).

CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

Our Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and other reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

Financial risk management

Our Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, and borrowings. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk.

KEY FINANCIAL RATIOS

	For year ended 30 June	
	2022 <i>Times</i>	2021 <i>Times</i>
<i>Liquidity ratios</i>		
Current ratio	2.2	2.1
Quick ratio	<u>1.5</u>	<u>1.9</u>
	%	%
<i>Capital adequacy ratios</i>		
Gearing ratio	<u>44.7%</u>	<u>8.4%</u>

The calculation of current ratio is based on current assets divided by current liabilities.

The calculation of quick ratio is based on current assets less inventories divided by current liabilities.

The calculation of gearing ratio is based on interest-bearing liabilities divided by the total equity and multiplied by 100%.

Quick and current ratios

The quick ratio decreased by 20.3% and current ratio increased by 2.4% respectively during the Year. The quick ratio decrease is primarily due to current liabilities build-up owed to both trade vendors and non-trade creditors in relation to operating in the NSC Segment and EC Segment in the PRC. However, the current ratio slightly increased due to build-up of inventory in our EC Segment in the PRC stemming from the stricter movement controls in the PRC during the Year.

Gearing ratio

The increase of gearing ratio is due to drawing down on interest-bearing loans and factoring of trade receivables to finance our operation in both our NSC Segment and EC Segment in the PRC during the Year.

USE OF PROCEEDS FROM LISTING AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Up to 30 June 2022, we utilised the net proceeds raised from the Listing 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 30/06/22 <i>HK\$M</i>	Unutilised amount as at 30/06/22 <i>HK\$M</i>	% utilised as at 30/06/22 %	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.5	0.9	35.7%	31/12/22
Expand and train our sales and marketing, technical and support workforce	11.6	10.1	1.5	87.1%	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%	30/06/24
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	0.9	1.1	45.0%	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	<u>44.0</u>	<u>25.7</u>	<u>18.3</u>	<u>58.4%</u>	

Note: Expected date to fully utilised were updated in this announcement and explanations for the delay of expected date to fully utilise the unutilised amount were provided following the table below.

The following table sets forth the designated and actual implementation plan up to 30 June 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 update our corporate websites by the external consultant for customised website development • Participate in 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 • Maintained and updated our corporate websites by the external consultant • Considered the current project tender
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> • Staff cost for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs • Staff cost for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and taking into account potential increase in wage level, 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 2 engineers and 22 technicians were recruited by June 2022 • New headcount of approximately 4 sales and marketing executives were recruited by June 2022 • Provided internal and external trainings and workshops to our technical staff • In the process to seek suitable candidates to the remaining positions
Purchase transportation vehicles	<ul style="list-style-type: none"> • Purchase of three vans for maintenance operations and, transportation of relevant equipment and/or labour • Purchase of two lorries for delivery and transportation of larger equipment and/or labour 	<ul style="list-style-type: none"> • Purchased of two vans for maintenance operations and, transportation of relevant equipment and/or labour • Considered and monitored Group's current project portfolio but postponed the purchase of lorries due to current different project requirements

Purpose	Implementation Plan	Actual implementation activities
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 current observed 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
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 2020 The Group is currently accumulating the necessary track record requirement

The net proceeds raised from the listing of the shares of the Company (the "**Shares**") on GEM, 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 result of the outbreak of COVID-19, it is expected that the unutilised proceeds will be utilised on or before 30 June 2023.

As at the date of this announcement, approximately HK\$10.0 million allocated for purchasing new sales office has not been utilised by the Group, which was planned to be fully utilised by 30 June 2022 as set forth in the Supplemental Announcement. The Company has been looking for a suitable office for the Group's long-term use but the property prices in Singapore continued rising past our expectation. The Group requires more time to identify the suitable premises in order to meet the Group's financial budget. It is expected that the unutilised proceeds will be utilised on or before 30 June 2024.

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 announcement. The Board confirms that the Group continues to be invited for tender and be awarded projects from its customers during the relevant periods and therefore considers that the delay in use of proceeds and business expansion does not have any material adverse impacts on the operation of the Group. The Board will continue closely monitoring the situation and evaluate the impacts on the timeline to utilise the unutilised proceeds and will keep shareholders and potential investors informed if there are any material changes.

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 (the “**Placing**”) first announced on 30 June 2021 with the expected amount of net proceeds to be raised by approximately HK\$52,370,000 (after deduction of commission and other expenses of the Placing) and the Placing was completed on 19 July 2021. The net proceeds from the Placing were fully utilised as at 30 June 2022.

	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%)

Actual use of proceeds as at 30/06/22 (% utilised as at 30/06/22)		Sound and	System	E-Commerce	Total	Expected timeline to fully utilise the unutilised amount (<i>Note</i>)
		Communication Business in the PRC	Servicing Solutions Business	Business in the PRC		
(i)	Establish new team/scale-up existing team by hiring additional technicians/salespersons/operating staff	2,619,000 (100%)	5,237,000 (100%)	10,474,000 (100%)	18,330,000 (100%)	30/06/2022
(ii)	Purchase of inventories	– (–%)	– (–%)	10,474,000 (100%)	10,474,000 (100%)	30/11/2021
(iii)	Purchase of machineries and equipment	5,237,000 (100%)	10,474,000 (100%)	– (–%)	15,711,000 (100%)	30/06/2022
	Sub-total	7,856,000 (100%)	15,711,000 (100%)	20,948,000 (100%)	44,515,000 (100%)	
(iv)	General working capital and general corporate purposes				7,855,000 (100%)	31/01/2022
	Total				52,370,000 (100%)	

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 THE REPORTING PERIOD

On 15 September 2022, the Company entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with NNK Group Limited (“**NNK Group**”) which is valid from 15 September 2022 to 15 September 2025. Pursuant to the Strategic Cooperation Agreement, the Company and NNK Group endeavour to cooperate in good faith and jointly maintain each other's corporate brand to gain an edge through brand cooperation, joint exploration and the sharing information resources in e-commerce, customer resources and other areas. A regular cooperation and consultation mechanism will be established to discover and solve problems in a timely manner, and a commitment has been made by both parties to abide by relevant laws and regulations on a non-infringement basis during the cooperation. This event has no material impact on the Group's financial performance and positions up to the date of this announcement.

Other than as disclosed above, as at the date of this announcement, the Group had no other significant events from the end of the reporting period to the date of this announcement.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

I. Long position in the ordinary shares of the Company

Name of Directors	Capacity/Nature of interest	Number of shares held/interested	Approximate percentage of shareholding in our Company
Mr. Cao Chunmeng (“Mr. Cao”)	Beneficial owner	98,572,000	11.20%
Mr. Yuan Shuangshun	Beneficial owner	3,000,000	0.34%
Mr. Han Bing	Beneficial owner	1,000,000	0.11%

II. Long position in underlying shares or equity derivatives of the Company

Name	Nature of interest	Share options	Approximate percentage of shareholding in the Company	Approximate percentage of shareholding in the Company assuming all the share options granted under 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%
Mr. Yan Xiaotian	Beneficial owner	800,000	0.09%	0.08%
Mr. Tang Chi Wai	Beneficial owner	800,000	0.09%	0.08%
Dr. Cai Rongxin	Beneficial owner	800,000	0.09%	0.08%

Save as disclosed above, as at 30 June 2022, none of the Directors had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the CG Code.

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

As at 30 June 2022, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have interests and short positions in 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:

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

Save as disclosed above, as at 30 June 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 “**INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**” 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.

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 Year.

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 Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Board confirms that during the Year, 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.

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	Lapsed during the period	At 30 June 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	(360,000)	13,410,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	–	13,770,000	(360,000)	13,410,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	–	18,360,000	(480,000)	17,880,000
Consultants	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>(1,200,000)</u>	<u>64,100,000</u>	

Share options were lapsed due to termination of employment during the year ended 30 June 2022. An independent non-executive director of the Company, Dr. Cai Rongxin resigned on 1 July 2022 and his 800,000 share options were lapsed accordingly. As of the announcement date, no share options were exercised.

SHARE AWARD SCHEME

On 18 February 2021, the Company adopted 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.

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 Listing Date. The Company has, so far as applicable, principally complied with the CG Code throughout the Year.

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 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 announcement, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Zheng Xiaorong, Mr. Yan Xiaotian and Mr. Tang Chi Wai. Mr. Tang Chi Wai is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2022.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2022 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2022 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ispg.hk). The annual report of the Company for the Year containing all the relevant information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

Unless otherwise specified in this announcement 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 or at any other rates or at all.

By order of the Board
ISP Global Limited
Cao Chunmeng
Chairman and executive Director

Hong Kong, 23 September 2022

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

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.ispg.hk.