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## **ISP GLOBAL LIMITED**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 8487)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MARCH 2023**

#### **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”) 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.*

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

For the three months and nine months ended 31 March 2023

## Unaudited third quarterly results

The unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and nine months ended 31 March 2023, together with the unaudited comparative figures for the corresponding periods in 2022, are as follows:

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2023 S\$ (Unaudited)	2022 S\$ (Unaudited)	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
<b>Revenue</b>	3	<b>10,755,137</b>	4,789,080	<b>30,007,774</b>	16,800,025
Costs of sales/services		<u>(8,100,931)</u>	<u>(3,334,063)</u>	<u>(21,579,599)</u>	<u>(12,108,834)</u>
<b>Gross profit</b>		<b>2,654,206</b>	1,455,017	<b>8,428,175</b>	4,691,191
Other income	4	<b>12,082</b>	31,644	<b>188,300</b>	95,555
Other (losses) gains, net		<b>(288,081)</b>	114,899	<b>(868,327)</b>	(126,585)
Share-based payment expenses		<b>(147,625)</b>	–	<b>(476,492)</b>	–
Administrative expenses		<b>(1,748,467)</b>	(739,712)	<b>(5,332,203)</b>	(2,335,824)
Administrative staff costs		<b>(1,764,451)</b>	(1,610,473)	<b>(4,783,445)</b>	(3,839,218)
Finance costs	5	<b>(90,869)</b>	(46,897)	<b>(315,855)</b>	(127,344)
<b>Loss before taxation</b>	6	<b>(1,373,205)</b>	(795,522)	<b>(3,159,847)</b>	(1,642,225)
Income tax expense	7	<b>(43,776)</b>	(148,358)	<b>(222,558)</b>	(297,383)
<b>Loss for the period</b>		<u><b>(1,416,981)</b></u>	<u>(943,880)</u>	<u><b>(3,382,405)</b></u>	<u>(1,939,608)</u>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		<u>60,801</u>	<u>77,191</u>	<u>103,398</u>	<u>237,623</u>
<b>Total comprehensive loss for the period, net of tax</b>		<u><b>(1,356,180)</b></u>	<u>(866,689)</u>	<u><b>(3,279,007)</b></u>	<u>(1,701,985)</u>

	Three months ended 31 March		Nine months ended 31 March	
	2023	2022	2023	2022
<i>Notes</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss for the period attributable to:</b>				
Owners of the Company	(1,210,452)	(876,684)	(3,385,244)	(1,702,082)
Non-controlling interest	<u>(206,529)</u>	<u>(67,196)</u>	<u>2,839</u>	<u>(237,526)</u>
<b>Loss for the period</b>	<b><u>(1,416,981)</u></b>	<b><u>(943,880)</u></b>	<b><u>(3,382,405)</u></b>	<b><u>(1,939,608)</u></b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(1,157,879)	(841,768)	(3,296,988)	(1,507,585)
Non-controlling interest	<u>(198,301)</u>	<u>(24,921)</u>	<u>17,981</u>	<u>(194,400)</u>
<b>Total comprehensive loss for the period, net of tax</b>	<b><u>(1,356,180)</u></b>	<b><u>(866,689)</u></b>	<b><u>(3,279,007)</u></b>	<b><u>(1,701,985)</u></b>
<b>Losses per share</b>				
Basic and diluted ( <i>S\$ cents</i> )	<i>8</i>			
	<b><u>(0.14)</u></b>	<b><u>(0.10)</u></b>	<b><u>(0.38)</u></b>	<b><u>(0.19)</u></b>

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

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2023

	Attributable to the owners of the Company							Non-controlling interest	Total
	Share capital	Share premium	Merger reserve	Translation reserves	Share Option Reserve	Accumulated profits	Sub-total		
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 July 2022 (Audited)	1,513,382	17,672,286	524,983	(115,495)	916,866	(619,223)	19,892,799	(150,797)	19,742,002
<b>Total comprehensive loss for the period</b>									
Loss for the period	-	-	-	-	-	(3,385,244)	(3,385,244)	2,839	(3,382,405)
Other comprehensive income for the period	-	-	-	88,256	-	-	88,256	15,142	103,398
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,268</b>	<b>-</b>	<b>(3,385,244)</b>	<b>(3,296,988)</b>	<b>17,981</b>	<b>(3,279,007)</b>
<b>Transactions with owners, recognised directly in equity</b>									
Grant of share options to employees	-	-	-	-	476,492	-	476,492	-	476,492
Forfeiture of share options	-	-	-	-	(49,019)	49,019	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	8,806	8,806
<b>Balance at 31 March 2023 (Unaudited)</b>	<b>1,513,382</b>	<b>17,672,286</b>	<b>524,983</b>	<b>(27,239)</b>	<b>1,344,339</b>	<b>(3,955,448)</b>	<b>17,072,303</b>	<b>(124,010)</b>	<b>16,948,293</b>

For the nine months ended 31 March 2022

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

Note:

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

ISP Global Limited (the “**Company**”) was incorporated and registered as an exempted Company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”) on 8 September 2017 and the head office and principal place of business in Hong Kong registered is Suite 4302, 43/F., Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong. The principal place of business in Singapore is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The shares of the Company (the “**Shares**”) have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 16 January 2018.

The Company is an investment holding company and the principal activities of its operating subsidiaries are sale of networking, sound and communication systems, provision of integrated services of networking, sound and communication systems in Singapore and the People’s Republic of China (“**PRC**”) and e-commerce operation in PRC.

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

The unaudited condensed consolidated financial statements are approved by the board of Directors (the “**Board**”) on 12 May 2023.

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

For the purpose of preparing and presenting the unaudited condensed consolidated financial statement for the reporting period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 July 2022 throughout the reporting period. At the date of issuance of this announcement, the Group has not applied the following new IFRSs, amendments to IFRSs, amendments to International Accounting Standards (“**IASs**”), and the new interpretations that have been issued but are not yet effective:

## New and amendments to IFRSs in issue but not yet effective

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

		<b>Effective for annual reporting period beginning on or after</b>
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 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 and provision of integrated services of networking, sound and communication systems (including the sale of networking, sound and communication systems, and integrated services of networking, sound and communication systems) (the “**NSC segment**”); and (2) e-commerce operation (including digital marketing services, online agency operation services, online retailing and distribution services) (the “**EC segment**”). The Group’s operations are mainly derived from Singapore and the PRC during the nine months ended 31 March 2023 and 2022.

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. 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.

Segment (loss)/profit represents the (loss incurred)/profit earned 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 3 months and 9 months ended 31 March 2023 (the “**Relevant Period**”):

	Three months ended 31 March 2023			Nine months ended 31 March 2023		
	Sale and provision of integrated services of networking, sound and communication systems S\$	E-commerce operation S\$	Total S\$	Sale and provision of integrated services of networking, sound and communication systems S\$	E-commerce operation S\$	Total S\$
Gross segment revenue	4,908,310	5,846,827	10,755,137	11,510,343	18,497,431	30,007,774
Inter-segment revenue	–	–	–	–	–	–
<b>Revenue</b>	<b>4,908,310</b>	<b>5,846,827</b>	<b>10,755,137</b>	<b>11,510,343</b>	<b>18,497,431</b>	<b>30,007,774</b>
Timing of revenue recognition						
At a point in time	1,585,843	5,846,827	7,432,670	4,646,029	18,497,431	23,143,460
Over time	3,322,467	–	3,322,467	6,864,314	–	6,864,314
	<b>4,908,310</b>	<b>5,846,827</b>	<b>10,755,137</b>	<b>11,510,343</b>	<b>18,497,431</b>	<b>30,007,774</b>
<b>Segment results</b>	<b>182,397</b>	<b>(449,627)</b>	<b>(267,230)</b>	<b>667,187</b>	<b>(562,927)</b>	<b>104,260</b>
Other income			12,082			188,300
Other losses			(133,623)			(634,162)
Depreciation			(44,829)			(179,314)
Unallocated expenses			(848,736)			(2,323,076)
Finance costs			(90,869)			(315,855)
Income tax expense			(43,776)			(222,558)
<b>Loss for the year</b>			<b>(1,416,981)</b>			<b>(3,382,405)</b>
<b>Segment results include:</b>						
Provision for allowance for expected credit loss of trade receivables	(134,740)	(19,718)	(154,458)	(213,570)	(20,595)	(234,165)
Depreciation	(33,839)	(164,649)	(198,488)	(100,760)	(457,438)	(558,198)

Segment revenue and results for the 3 months and 9 months ended 31 March 2022:

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



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

	Three months ended 31 March		Nine months ended 31 March	
	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
<i>At a point in time:</i>				
Sale of networking, sound and communication systems	1,585,843	2,662,962	4,646,029	6,731,390
E-commerce	5,846,827	28,643	18,497,431	3,483,234
<i>Over time:</i>				
Integrated networking, sound and communication systems	<u>3,322,467</u>	<u>2,097,475</u>	<u>6,864,314</u>	<u>6,585,401</u>
	<u>10,755,137</u>	<u>4,789,080</u>	<u>30,007,774</u>	<u>16,800,025</u>

#### Information about the Major Customers

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

	Nine months ended 31 March	
	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
Customer I	— <sup>#</sup>	4,940,772
Customer II	15,240,534	— <sup>^</sup>
Customer III	<u>5,667,200</u>	<u>—<sup>^</sup></u>

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

<sup>#</sup> For the nine months ended 31 March 2023, the corresponding revenue from that customer did not amount to more than 10% of total Group revenue for the period.

## Geographical information

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

	Three months ended 31 March		Nine months ended 31 March	
	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
<i>Revenue from external customers:</i>				
Singapore	1,928,839	2,722,887	5,752,438	6,800,784
PRC	8,826,525	2,066,194	24,201,562	9,998,244
Others	(227)	(1)	53,774	997
	<u>10,755,137</u>	<u>4,789,080</u>	<u>30,007,774</u>	<u>16,800,025</u>
			As at 31 March	
			2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
<i>Non-current assets:</i>				
Singapore			4,280,615	4,351,380
PRC			1,573,164	1,892,780
Hong Kong			151,105	372,960
Malaysia			49,863	—
			<u>6,054,747</u>	<u>6,617,120</u>

#### 4. OTHER INCOME, GAINS AND LOSSES, NET

	Three months		Nine months	
	ended 31 March		ended 31 March	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government grants	4,089	26,211	10,746	75,693
Interest income	4,156	3,611	6,770	9,394
Others	3,837	1,822	170,784	10,468
	<u>12,082</u>	<u>31,644</u>	<u>188,300</u>	<u>95,555</u>
Net foreign exchange (loss) gain	(112,102)	94,716	(612,419)	(127,938)
(Provision for) reversal of allowance for expected credit losses (“ECL”) on trade receivables	(154,458)	20,271	(234,165)	3,095
Gain (loss) on disposal of property, plant and equipment	2	–	(301)	(1,643)
Others	(21,523)	(88)	(21,442)	(99)
	<u>(288,081)</u>	<u>114,899</u>	<u>(868,327)</u>	<u>(126,585)</u>

#### 5. FINANCE COSTS

	Three months		Nine months	
	ended 31 March		ended 31 March	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on:				
Banking borrowings	68,868	4,894	247,859	15,013
Lease liabilities	22,001	24,314	67,996	77,765
Other payables	–	17,689	–	34,566
	<u>90,869</u>	<u>46,897</u>	<u>315,855</u>	<u>127,344</u>

## 6. (LOSS) PROFIT BEFORE TAXATION

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

	Three months ended 31 March		Nine months ended 31 March	
	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
Depreciation of property, plant and equipment	<u>243,317</u>	<u>208,499</u>	<u>737,512</u>	<u>631,719</u>
Directors' remuneration	<b>430,041</b>	408,054	<b>1,299,374</b>	1,011,351
– Share-based payment expenses for director	<b>39,189</b>	–	<b>126,490</b>	–
<i>Other staff costs</i>				
– Salaries, wages and other benefit	<b>1,745,145</b>	1,447,717	<b>4,739,136</b>	3,751,497
– Share-based payment expenses for staff	<b>106,209</b>	–	<b>342,815</b>	–
– Defined contribution plans, including retirement benefits	<b>96,727</b>	40,229	<b>342,226</b>	71,050
– Foreign worker levy and skill development levy	<b>51,599</b>	<u>97,173</u>	<b>151,176</b>	<u>153,183</u>
Total staff costs (inclusive of Directors' remuneration) ( <i>Note a</i> )	<u><b>2,468,910</b></u>	<u>1,993,173</u>	<u><b>7,001,217</b></u>	<u>4,987,081</u>
Cost of materials recognised as costs of sales/services	<b>7,518,883</b>	2,843,579	<b>19,759,214</b>	10,616,926
Subcontractor costs recognised as costs of sales/services	<b>22,987</b>	107,784	<b>71,918</b>	344,045
– Share-based payment expenses for external consultant	<u><b>2,227</b></u>	<u>–</u>	<u><b>7,187</b></u>	<u>–</u>

*Note:*

- a. For the Relevant Period, staff costs of S\$1,748,467 (period ended 31 March 2022: S\$1,147,863) is included in costs of sales/services.

## 7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (nine months ended 31 March 2022: 17%). The People's Republic of China ("PRC") corporate income tax has been provided at the rate of 25% (nine months ended 31 March 2022: 25%). A breakdown of the income tax expenses is as follows:

	Three months ended 31 March		Nine months ended 31 March	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
– Singapore corporate income tax	45,119	155,306	211,026	304,142
– PRC corporate income tax	1,487	3	13,795	977
Deferred tax	(2,830)	(6,951)	(2,263)	(7,736)
	<u>43,776</u>	<u>148,358</u>	<u>222,558</u>	<u>297,383</u>

## 8. LOSSES PER SHARE FOR THE PERIOD

	Three months ended 31 March		Nine months ended 31 March	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	(1,210,452)	(876,684)	(3,385,244)	(1,702,082)
Weighted average number of ordinary shares ('000) (Note (a))	<u>880,000</u>	<u>874,745</u>	<u>880,000</u>	<u>874,745</u>
Basic and diluted losses per share (S\$ cents per share)	<u>(0.14)</u>	<u>(0.10)</u>	<u>(0.38)</u>	<u>(0.19)</u>

Note:

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

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 Relevant Period and for the nine months ended 31 March 2023.

## 9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the nine months ended 31 March 2023 (nine months ended 31 March 2022: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Development of business and prospects

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 (the “**NSC segment**”); and
- (ii) provision of brand e-commerce operation services (digital marketing services, online agency operation services, online retailing and distribution services) in the PRC (the “**EC segment**”).

For the nine months ended 31 March 2023 (the “**Relevant Period**”), the Group recorded a net loss of approximately S\$3.4 million as compared to a net loss of approximately S\$1.9 million for the nine months ended 31 March 2022. The Directors are of the view that the net loss was primarily caused by the increase in administrative costs and payroll expenses incurred as part of business expansion and operations in the Group’s NSC segment and EC segment in the PRC for the Relevant Period. Despite the increase in revenue of the Company during the Relevant Period, it was offset by the increase in expenses arising from the business expansion of the EC segment in the PRC during the Relevant Period.

## Outlook

### *Pursuing rapid growth in e-commerce operation business in the PRC*

The e-commerce operation business is one of the diversified business lines newly developed by the Company since late 2020 and has then become the most important business segment of the Company. As at the date of this announcement, the e-commerce operation business has entered a period of steady growth and the Company has been providing operation services for renowned brands at home and abroad, such as Changyu, Philips, ASUS, Shunxin, Moutai Chun, LightAir, Renlogik, BISSELL, THERASCIENCE, Changhong, TCL, Junlebao, Xiaogou, FAW Toyota, and Under Armour. During the Relevant Period, the Company has been optimizing its brand and the digital marketing business in the e-commerce operation business, in order to achieve steady and rapid development of the online distribution business.

In terms of brand expansion, we will continue to introduce 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) continue to 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 operators such as Youzan through the introduction of strategic partners with ample private domain traffic. The cooperation with China Comfort Tourism and Ctrip is proceeding in an orderly manner. The Company will also continue to invest in and strive to create new business growth engines in private domain traffic operations; and (4) continue to explore live streaming e-commerce business for offering e-commerce operation services across all channels to brands. During the Relevant Period, the Company has been in the process of cooperating with Philips, ASUS, and Under Armour on live broadcast and live commerce.

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

We firmly believe that China and the rest of the world will gradually emerge from the pandemic and return to normal. In addition, a solid operating foundation has been established for the e-commerce operation business. We are optimistic that the e-commerce operation business will see rapid growth.

### ***Ramping up network system integration and core IT service portfolios in NSC segment 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.

In February 2023, the Chinese government promulgated the “Plan for the Overall Layout of Building a Digital China”, which pointed out that building a digital China is an important engine for promoting Chinese-style modernization in the digital age. The plan stipulates that the construction of digital China will be carried out in accordance with the “2522” overall framework. The promulgation of this plan by the Chinese government will surely lead to the development of China’s digital economy.

The state will speed up the construction of digital 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 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 strategic planning and the instrumental role of "data centers and computing centers" and other digital infrastructure, 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.

During the Relevant Period, we obtained various projects of networking system integration in the railway industry, which has become a key driver of the Group's business. As railway has become an important industry in respect of China's infrastructure construction, railway construction is also an industry where the Group endeavours to deepen and expand the business of networking system integration. In addition, during the reporting period, the Company also obtained several projects in the financial industry, including BOC Services, Chongqing Rural Commercial Bank, and other banking clients, and has made progress in the financial industry.

The Company has developed its industry positioning as "an overseas networking system integrator serving the railway industry" and constantly develops its overseas networking system integration projects in the railway industry based thereon. We are confident that we will obtain more overseas projects in the future.

***Maintaining dual focus on new public tenders and maintenance contracts in NSC segment in Singapore and Malaysia***

We continue to look for opportunities to work along 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 serving our clients in the public healthcare and housing sectors. Through iterative and constructive feedbacks 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 creating and sharing value amongst the stakeholders in our industry chain, through building mutually beneficial relationships.



## **Financial review**

### ***Revenue***

The Group's revenue for the Relevant Period was approximately S\$30.0 million, increased by approximately S\$13.2 million or 78.6% from approximately S\$16.8 million for the nine months ended 31 March 2022. This was mainly due to improvements in the Group's revenue performance, as (i) the revenue of the Group's EC segment in the PRC increased by approximately S\$15.0 million; offset by (ii) decrease in the revenue of the Group's NSC segment in the PRC of approximately S\$0.9 million; and (iii) decrease in revenue of the Group's NSC segment in Singapore of approximately S\$0.9 million. The increase in revenue was mainly driven by the Group's fulfillment of contractual obligations with two Chinese customers.

### ***Gross profit and gross profit margin***

The Group's gross profit increased to approximately S\$8.4 million for the Relevant Period by approximately S\$3.7 million or 79.7%, from approximately S\$4.7 million for the nine months ended 31 March 2022. The increase was mainly attributable to the increase in sales of the Group's EC segment in the PRC. In addition, the Group's gross profit margin increased from 27.9% for the nine months ended 31 March 2022 to 28.1% for the Relevant Period. The increase in the Group's gross profit margin was mainly due to the decrease in material procurement costs and the increase in gross profit margin for the NSC segment in Singapore and the EC segment in the PRC.

### ***Other income and other losses, net***

Net other losses increased by approximately S\$649 thousand or 20.9 times from a net other losses of approximately S\$31 thousand for the nine months ended 31 March 2022 to a net loss of approximately S\$680 thousand for the Relevant Period. The increase was mainly attributable to the increase in foreign exchange losses arising from the trade expenses held in currencies other than Singapore dollars (such as Renminbi, US dollars and Hong Kong dollars, which appreciated against Singapore dollars during the Relevant Periods). The Group will closely monitor its foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

### ***Administrative expenses***

The administrative expenses increased by approximately S\$3.0 million or 1.3 times from approximately S\$2.3 million for the nine months ended 31 March 2022 to approximately S\$5.3 million for the Relevant Period. The increase was mainly due to the increase in administrative costs related to the expansion and growth of the operations of the Group's NSC segment and EC segment in the PRC.

### ***Administrative staff costs***

Payroll expenses increased by approximately S\$1.0 million or 24.6%, from approximately S\$3.8 million for the nine months ended 31 March 2022, to approximately S\$4.8 million for the Relevant Period. The increase was primarily due to an increase of payroll headcount related to operation expansion and growth in the Group's NSC segment and EC segment in the PRC.

### ***Finance costs***

Finance costs increased by approximately S\$189 thousand from approximately S\$127 thousand for the nine months ended 31 March 2022 to approximately S\$316 thousand for the Relevant Period, mainly due to the accrued and paid interest for the increase in the principal of bank borrowings and trade receivable factoring in the PRC during the Relevant Periods.

### ***Loss for the period attributable to owners of the Company***

For the Relevant Period, the Group recorded a net loss for the period attributable to owners of the Company of approximately S\$3.4 million as compared to a net loss for the period attributable to owners of the Company of approximately S\$1.7 million for the nine months ended 31 March 2022. The Directors are of the view that the net loss was primarily caused by the increase in administrative costs and administrative staff costs incurred as part of business expansion and operations in the Group's NSC segment and EC segment in the PRC for the Relevant Period. Despite the increase in revenue of the Company during the Relevant Period, it was offset by the increase in expenses arising from the business expansion of the EC segment in the PRC during the Relevant Period.

### ***Dividends***

The Directors do not recommend the payment of dividend for the Relevant Period (nine months ended 31 March 2022: S\$nil).

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

Up to 31 March 2023, the net proceeds raised from the listing of shares of the Company were utilised in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the “**Prospectus**”) and the supplemental announcement issued on 31 July 2020 (the “**Supplemental Announcement**”) as follows:

Description	Amount designated in the Prospectus <i>HK\$M</i>	Actual use of proceeds as at 31 March 2023 <i>HK\$M</i>	Unutilised amount as at 31 March 2023 <i>HK\$M</i>	% utilised as at 31 March 2023 <i>% utilised</i>	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.9	0.5	64.3%	30 June 2024 <sup>1</sup>
Expand and train our sales and marketing, technical and support workforce	11.6	11.6	Nil	100%	N/A
Purchase transportation vehicles	3.0	1.0	2.0	33.3%	30 June 2023
Setting up of a new sales office in Singapore	10.0	–	10.0	0.0%	30 June 2024 <sup>2</sup>
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	1.5	0.5	75.0%	30 June 2023
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	–	2.5	0.0%	30 June 2023
General working capital and general corporate purposes	3.5	3.5	Nil	100.0%	N/A
Grand total	<u>44.0</u>	<u>28.5</u>	<u>15.5</u>	<u>64.8%</u>	

*Notes:*

- As at the date of this announcement, there were net proceeds raised for strengthening our marketing efforts in the sound and communication industry in Singapore, which was planned to be fully utilised by 31 December 2022 as set forth in the Supplemental Announcement. Given the adverse impact on the Singapore economy as a result of the outbreak of COVID-19 and the Company has been maintaining and improving our corporate websites using internal resources to develop and improve outreach to potential stakeholders, it is expected that the unutilised proceeds will be utilised on or before 30 June 2024.
- 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 following table sets forth the designated and actual implementation plan up to 31 March 2023:

<b>Purpose</b>	<b>Implementation Plan</b>	<b>Actual implementation activities</b>
Strengthen our marketing efforts in the sound and communication industry in Singapore	<ul style="list-style-type: none"> <li>• Implement corporate branding and identity for our sound and communication services solution operations in Singapore which includes printing of marketing materials and advertisement</li> <li>• Maintain and improve our corporate websites by the external consultant for customised website development</li> <li>• Participate in industry trade show(s)</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Maintained and updated our corporate websites by the external consultant</li> </ul>
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> <li>• Staff costs for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs</li> <li>• Staff costs for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and the associated staff accommodation costs</li> <li>• Staff costs for retaining the approximately one marketing manager, four engineers and 15 technicians to be recruited by July 2019, and the associated staff accommodation costs</li> <li>• To provide internal and external trainings and workshops to our sales and technical staff</li> </ul>	<ul style="list-style-type: none"> <li>• New headcount of approximately six engineers and 25 technicians were recruited by December 2022</li> <li>• New headcount of approximately two sales and marketing executives were recruited by December 2022</li> <li>• Provided internal and external trainings and workshops to our technical staff</li> <li>• In the process of identifying suitable candidates to fill remaining positions</li> <li>• Staff costs for retaining the aforesaid headcount, taking into account increases in wage level, and associated staff accommodation and training costs</li> </ul>

<b>Purpose</b>	<b>Implementation Plan</b>	<b>Actual implementation activities</b>
Purchase transportation vehicles	<ul style="list-style-type: none"> <li>• Purchase of three van for maintenance operations and, transportation of relevant equipment and/or labour</li> <li>• Purchase of two lorries for delivery and transportation of larger equipment and/or labour</li> </ul>	<ul style="list-style-type: none"> <li>• Purchased three vans for maintenance, operations and transportation of relevant equipment and/or labour</li> <li>• Considered and monitored the Group’s current project portfolio but postponed the purchase of lorry due to current different project requirements</li> </ul>
Setting up a new sales office in Singapore	<ul style="list-style-type: none"> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Considered and monitored the Group’s project tenders and plan was postponed due to the latest observation of industry customers’ requirements and the property prices in Singapore were surged up higher than expected which the Group requires additional time to identify the suitable premises in order to meet the Group’s financial budget</li> </ul>
Partial repayment of bank loan	<ul style="list-style-type: none"> <li>• Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore</li> </ul>	<ul style="list-style-type: none"> <li>• The mortgage loan was partially repaid on 11 July 2018</li> </ul>
Expansion of our sound and communication services solution business	<ul style="list-style-type: none"> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Postponed due to performance bond not required in recent awarded tenders to the Group</li> <li>• In the process of exploring large scale potential projects which requires the provision of performance bonds</li> </ul>
Take steps to obtain higher grade level under our current mechanical and electrical workhead	<ul style="list-style-type: none"> <li>• Satisfy the minimum financial requirements for “L6” grade under our current mechanical and electrical workhead</li> </ul>	<ul style="list-style-type: none"> <li>• Considered and monitored the Group’s project portfolio and postponed to April 2023</li> <li>• The Group is currently accumulating the necessary track record requirement</li> </ul>

The net proceeds raised from the listing of the shares of the Company on GEM of the Stock Exchange, after deducting the related expenses, were approximately HK\$44.0 million. As at the disclosures stated in the Supplemental Announcement, the expected timeline for fully utilise the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information available.

Although the Group is expanding the business of its EC segment, the Board confirms that there is no material change in the business nature of the Group’s EC segment as set out in the Prospectus and the Group continues being invited for tender and being awarded projects from its customers during the Relevant Period 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.

## **DISCLOSURE OF INTERESTS AND OTHER INFORMATION**

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

As at 31 March 2023, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO), or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### **Long position in ordinary shares of the Company**

<b>Name of Directors</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held/ interested</b>	<b>Approximate percentage of shareholding in the Company</b>
Mr. Cao Chunmeng	Beneficial owner	103,572,000	11.77%
Mr. Yuan Shuangshun <sup>1</sup>	Beneficial owner/ Interest of spouse	3,744,000	0.43%
Mr. Han Bing	Beneficial owner	1,000,000	0.11%

*Note:*

- Ms. Zeng Xiu Hua, the spouse of Mr. Yuan Shuangshun, holds 744,000 ordinary shares of the Company. By virtue of the SFO, Mr. Yuan Shuangshun is deemed to be interested in the 744,000 ordinary shares.

## Long position in underlying shares or equity derivatives of the Company

Name of Directors	Capacity/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 the Share Option Scheme were exercised
				Approximate percentage of shareholding in the Company
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%

Save as disclosed above, as at 31 March 2023, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2023, so far as is known to the Directors, the following person (other than Directors or chief executive of the Company) had or were deemed or taken to have interests and short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

### **Long position in ordinary shares of the Company**

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held/interested</b>	<b>Approximate percentage of shareholding in the Company</b>
Lux Aeterna Global Fund SPC	Beneficial owner	65,300,000	7.42%

Save as disclosed above, as at 31 March 2023, so far as is known to the Directors or chief executive of the Company, no other persons, other than the Directors and chief executive of the Company whose interests are set out in the section “**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**” above, had any interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

The Company was listed on the GEM by way of share offer on 16 January 2018 and there has been no change in the capital structure of the Group after the share offer. The capital of the Group only comprises of ordinary shares.

As at 31 March 2023, the Group had total assets of approximately S\$48.4 million, total liabilities and shareholders' equity of approximately S\$31.4 million and S\$17.0 million, respectively. The Group's current ratio as at 31 March 2023 was approximately 1.4 times compared to 2.2 times as at 30 June 2022. The decrease in current ratio was primarily due to increase in the trade and other payables and borrowings as at 31 March 2023 due to business expansion of e-commerce operation segment in the PRC.

The gearing ratio for the Group as at 31 March 2023 was 51.0% (30 June 2022: 30.2%). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

### **TREASURY POLICY**

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Relevant Period. 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.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

There were no other significant investments, material acquisitions and disposals of subsidiaries and associated companies during the Relevant Period.

### **FOREIGN EXCHANGE EXPOSURE**

The Group's transactions are mainly denominated in Singapore Dollar and Chinese Yuan which are the functional and presentation currency of the Group. Significant fluctuations in unrealised foreign exchange losses observed during the Relevant Period amounted to approximately S\$0.6 million due to the monies held in currencies other than Singapore Dollar, such as in United States Dollar, Hong Kong Dollar, and Chinese Yuan.

## **CAPITAL EXPENDITURE**

Total capital expenditure for the Relevant Period was approximately S\$130 thousand, which was used to purchase property, plant and equipment.

## **CONTINGENT LIABILITIES**

As at 31 March 2023, the Group did not have any significant contingent liabilities (30 June 2022: nil).

## **COMMITMENTS**

As at 31 March 2023, the Group had no significant capital and operating lease commitments (30 June 2022: nil).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2023, the total number of employees of the Group was 149 (31 March 2022: 116) and the Directors' emoluments incurred during the Relevant Period were approximately S\$1.3 million (nine months ended 31 March 2022: approximately S\$1.0 million).

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

The Group operates the retirement scheme for employees in Singapore which is outlined in the Central Provident Fund Act, (Chapter 36 of Singapore). The Group also participates in the Employees' Provident Fund in Malaysia and Mandatory Provident Fund in Hong Kong which are defined contribution retirement benefit plans, when employees have rendered service entitling them to the contributions. The Group's companies which are located in the PRC would contribute funds, based on certain percentage of the salaries of the employees, to a defined contribution retirement benefit plan organized by relevant government authorities in the PRC on a monthly basis.

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

## **EVENTS AFTER REPORTING PERIOD**

On 18 April 2023, the Company granted an aggregate of 24,000,000 awarded shares to 16 selected participants pursuant to the terms of the Share Award Scheme at nil consideration, subject to the acceptance by each of the selected participants, as incentives in order to retain them for the continual operation and development of the Group.

Other than disclosed above, the Group had no other significant events which were subsequent to the end of the reporting period of this announcement.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **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, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the GEM Listing Rules during the Relevant Period.

## **COMPETITION AND CONFLICT OF INTERESTS**

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

### SHARE OPTION SCHEME

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

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

As at 31 March 2023, options to subscribe for an aggregate of 59,700,000 shares of the Company granted to Directors, certain employees and external consultant pursuant to the Share Option Scheme remained outstanding, details of which were as follows:

Name and category of participants	Date of grant	Exercise price per option	Exercise period	Closing price of the Company's shares immediately before the grant date	Vesting period	At 1 July 2022	Granted during the period	Lapsed/ forfeited during the period	At 31 March 2023
Directors									
Mr. Yuan Shuangshun	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	HK\$0.2	N/A	2,400,000	-	-	2,400,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	HK\$0.2	1st anniversary of the date of grant	2,400,000	-	-	2,400,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	HK\$0.2	2nd anniversary of the date of grant	3,200,000	-	-	3,200,000
Sub-total						<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>
Mr. Han Bing	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	HK\$0.2	N/A	2,400,000	-	-	2,400,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	HK\$0.2	1st anniversary of the date of grant	2,400,000	-	-	2,400,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	HK\$0.2	2nd anniversary of the date of grant	3,200,000	-	-	3,200,000
Sub-total						<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>
Mr. Yan Xiaotian	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	HK\$0.2	N/A	240,000	-	-	240,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	HK\$0.2	1st anniversary of the date of grant	240,000	-	-	240,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	HK\$0.2	2nd anniversary of the date of grant	320,000	-	-	320,000
Sub-total						<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>

Name and category of participants	Date of grant	Exercise price per option	Exercise period	Closing price of the Company's shares immediately before the grant date		At 1 July 2022	Granted during the period	Lapsed/ forfeited during the period	At 31 March 2023
					Vesting period				
Mr. Tang Chi Wai	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	HK\$0.2	N/A	240,000	-	-	240,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	HK\$0.2	1st anniversary of the date of grant	240,000	-	-	240,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	HK\$0.2	2nd anniversary of the date of grant	320,000	-	-	320,000
Sub-total						<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Dr. Cai Rongxin (Note 1)	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	HK\$0.2	N/A	240,000	-	(240,000)	-
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	HK\$0.2	1st anniversary of the date of grant	240,000	-	(240,000)	-
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	HK\$0.2	2nd anniversary of the date of grant	320,000	-	(320,000)	-
Sub-total						<u>800,000</u>	<u>-</u>	<u>(800,000)</u>	<u>-</u>
Employees – In aggregate	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	HK\$0.2	N/A	13,410,000	-	(1,080,000)	12,330,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	HK\$0.2	1st anniversary of the date of grant	13,410,000	-	(1,080,000)	12,330,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	HK\$0.2	2nd anniversary of the date of grant	17,880,000	-	(1,440,000)	16,440,000
Sub-total						<u>44,700,000</u>	<u>-</u>	<u>(3,600,000)</u>	<u>41,100,000</u>
External consultant (Note 2)									
Mr. Liuqingwang	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	HK\$0.2	N/A	300,000	-	-	300,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	HK\$0.2	1st anniversary of the date of grant	300,000	-	-	300,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	HK\$0.2	2nd anniversary of the date of grant	400,000	-	-	400,000
Sub-total						<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total						<u>64,100,000</u>	<u>-</u>	<u>(4,400,000)</u>	<u>59,700,000</u>

**Notes:**

1. Dr. Cai Rongxin, an independent non-executive director of the Company, resigned on 1 July 2022 and his 800,000 share options were lapsed accordingly.
2. For further details of the grant of share options to Mr. Liuqingwang, please refer to the Company's announcement dated 14 December 2022.

Particulars of the Share Option Scheme are set out below:

### **Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution to the Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.

### **Total number of shares available for issue under the Share Option Scheme**

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the 16 January 2018, being 80,000,000 Share (the “**Scheme Limit**”). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may renew this limit at any time to 10% of the Shares in issue (the “**New Scheme Limit**”) as at the date of the approval by the Shareholders in that general meeting.

### **Maximum entitlement of each participant under the Share Option Scheme**

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

### **Period within which the shares must be taken up under an option**

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

### **Minimum period for which an option must be held before it can be exercised**

The minimum period will be determined by the Board upon the grant of an option.

## **Amount payable on acceptance of an option and the period within which payments shall be made**

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date no later than 21 business days from the date upon which it is made.

## **Basis of determining the exercise price**

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of the share on the date of grant.

## **Remaining life of the Share Option Scheme**

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 13 December 2027.

Details of share options granted under the Share Option Scheme are as follows:

	<b>Share options granted on 31 December 2021</b>
Number of ordinary shares issued upon exercise:	
– Directors	18,400,000
– Employees	45,900,000
– External consultant	<u>1,000,000</u>
	<u><u>65,300,000</u></u>

For the share options granted on 31 December 2021, 19,590,000 share options are exercisable immediately on the date of grant (i.e. 31 December 2021) (the “**first tranche**”); 19,590,000 share options are exercisable on the 1st anniversary of the date of grant (i.e. 31 December 2022) (the “**second tranche**”); 26,120,000 share options are exercisable on the 2nd anniversary of the date of grant (i.e. 31 December 2023) (the “**third tranche**”).

In the event the grantee ceases to be the participants, the share options granted to the grantee shall lapse on the date which the grantee ceases to be the participant.

The Group does not have a legal or constructive obligation to repurchase or settle the options in cash.

Details in the exercise prices and the movement of number of share options outstanding and exercisable are as follows:

Grant date	Exercise price per share option <i>HK\$</i>	Equivalent to S\$	As at 1 July 2022	Granted during the Relevant Period	Lapsed/ forfeited during the Relevant Period	As at 31 March 2023
<b>31 December 2021</b>						
– Directors	0.5	0.08	18,400,000	–	(800,000)	17,600,000
– Employees	0.5	0.08	44,700,000	–	(3,600,000)	41,100,000
– External consultant	0.5	0.08	1,000,000	–	–	1,000,000
			<u>64,100,000</u>	<u>–</u>	<u>(4,400,000)</u>	<u>59,700,000</u>

Grant date	Exercise price per share option <i>HK\$</i>	Equivalent to S\$	As at 1 July 2021	Granted during the year	Lapsed/ forfeited during the year	As at 30 June 2022
<b>31 December 2021</b>						
– Directors	0.5	0.08	–	18,400,000	–	18,400,000
– Employees	0.5	0.08	–	45,900,000	(1,200,000)	44,700,000
– External consultant	0.5	0.08	–	1,000,000	–	1,000,000
			<u>–</u>	<u>65,300,000</u>	<u>(1,200,000)</u>	<u>64,100,000</u>



At 31 March 2023, the weighted average remaining contractual life of these outstanding share options was approximately 3.8 years (30 June 2022: 4.5 years), with a weighted average exercise price of HK\$0.50 (equivalent to S\$0.08) (30 June 2022: HK\$0.50) per share option. At 31 March 2023, the number of exercisable share options was 35,820,000 (30 June 2022: 19,230,000). The weighted average share price per share from the date of the share options granted to 31 March 2023 was HK\$0.25 (equivalent to S\$0.04).

4,400,000 share options were lapsed due to the termination of employment during the period ended 31 March 2023. As a result, share options reserve of S\$49,019 was reclassified to be accumulated losses thereafter.

As at the date of this announcement, no share options were exercised.

### **Exercisable at the end of the Period**

During the Relevant Period, no share option were granted.

The fair values of employee services received in return for share options granted are measured by reference to the fair value of share options granted.

An external consultant was engaged to provide legal advice on the business operations of the Group in the PRC as detailed in the Company's supplemental announcement dated 14 December 2022. In the opinion of the directors of the Company, the fair value of services cannot be measured reliably and the Group should measure the services rendered by the external consultant by reference to the fair value of share options granted.

During the year ended 30 June 2022, the Group granted 1,000,000 share options to external consultant. The options will entitle the grantee to subscribe for a total of 1,000,000 new shares at an exercise price of HK\$0.50 (equivalent to S\$0.08) per share.

For the fair value of services measured indirectly by reference to the fair value of the share options granted, the fair value is determined by the directors of the Company with reference to the valuation performed by an independent valuer, Ravia Global Appraisal Advisory Limited using the Binomial Option Pricing Model and significant inputs into the model were as follows:

**Share options  
granted on  
31 December 2021**

Expected volatility	100.38%
Expected option life	5 years
Expected dividend yield	0.00%
Annual risk-free interest rate	1.11%
Fair value	HK\$10,300,000
Fair value – first tranche	HK\$0.1382
– second tranche	HK\$0.1550
– third tranche	HK\$0.1740

The expected volatility reflects the assumption that the historical volatility of future trends, adjusted for any expected changes to future volatility based on publicly available information, which may also not necessarily be the actual outcome. No other feature of the options was incorporated into the measurement of the fair value.

The variables and assumptions used in estimating the fair value of the share options were the directors' best estimates. Change in subjective input assumptions can materially affect the fair value.

During the Relevant Period, share-based payment expense of S\$476,492 (30 June 2022: S\$931,440) for the share option scheme was recognised in the consolidated profit or loss with a corresponding credit in share-based payment reserve.

None of the share options (30 June 2022: nil) were exercised during Relevant Period. At the time when the share options are subsequently exercised, the amount previously recognised in share-based payment reserve will be transferred to share capital and share premium.

## **SHARE AWARD SCHEME**

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

No shares of the Company were held by the trustee of the share award scheme as at 31 March 2023 and 31 March 2022.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

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

## AUDIT COMMITTEE

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

The unaudited quarterly results of the Company for the Relevant Period have not been audited by the Company’s independent auditors, but have been reviewed by the Audit Committee which is of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure have been made in respect thereof.

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, 12 May 2023

*As at the date of this announcement, the executive Directors are Mr. Cao Chunmeng, Mr. Han Bing, Mr. Yuan Shuangshun, Mr. Mong Kean Yeow and Ms. Choon Shew Lang; the non-executive Director is Mr. Qiu Yingming 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 Stock Exchange website at <http://www.hkexnews.hk> 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](http://www.ispg.hk).*