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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 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**", 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 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Revenue	3	**209,807**	95,469
Costs of sales/services		**(155,686)**	(75,066)
Gross profit		**54,121**	20,403
Other income	4	**1,383**	757
Other losses	4	**(2,799)**	(702)
Reversal of provision/(provision) for allowance for expected credit loss on trade receivables		**708**	(1,051)
Share-based payment expenses		**(4,058)**	(4,417)
Selling and administrative expenses		**(43,536)**	(15,628)
Staff costs for administrative		**(30,430)**	(20,728)
Finance costs	5	**(2,998)**	(1,078)
Loss before income tax	7	**(27,609)**	(22,444)
Income tax expense	6	**(901)**	(1,833)
Loss for the year		**(28,510)**	(24,277)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**6,706**	708
Other comprehensive income for the year, net of income tax		**6,706**	708
Total comprehensive loss for the year		**(21,804)**	(23,569)
Loss for the year attributable to:			
– Owners of the Company		**(26,825)**	(22,754)
– Non-controlling interest		**(1,685)**	(1,523)
		(28,510)	(24,277)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		**(20,119)**	(22,042)
– Non-controlling interest		**(1,685)**	(1,527)
		(21,804)	(23,569)
Loss per share attributable to the owners of the Company			
Basic and diluted *(Expressed in RMB per share)*	8	**(3.05)**	(2.60)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 RMB'000	As at 30 June 2022 RMB'000 (Restated)	As at 1 July 2021 RMB'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	9	**30,889**	30,441	32,619
Goodwill	10	**901**	899	899
Deposits	12	**51**	418	1,245
		31,841	31,758	34,763
Current assets				
Inventories	11	**89,697**	39,577	7,406
Trade receivables	12	**16,287**	36,772	18,084
Other receivables, deposits and prepayments	12	**22,086**	19,782	12,377
Contract assets	13	**3,149**	407	155
Pledged bank deposits, bank balances and cash	14	**46,097**	41,707	53,670
		177,316	138,245	91,692
Current liabilities				
Trade and other payables	15	**28,742**	33,560	36,973
Contract liabilities	13	**13,618**	1,094	1,051
Lease liabilities	9	**2,993**	3,343	3,863
Borrowings	16	**59,378**	24,375	806
Income tax payable		**929**	1,873	1,171
		105,660	64,245	43,864
Net current assets		**71,656**	74,000	47,828
Total assets less current liabilities		**103,497**	105,758	82,591
Non-current liabilities				
Lease liabilities	9	**4,677**	6,295	7,197
Borrowings	16	**21,309**	4,345	5,130
Deferred tax liabilities	17	**41**	46	46
		26,027	10,686	12,373
Net assets		**77,470**	95,072	70,218
EQUITY				
Share capital	18	**7,665**	7,455	6,787
Reserves		**72,071**	88,342	62,908
Equity attributable to the owners of the Company		**79,736**	95,797	69,695
Non-controlling interest		**(2,266)**	(725)	523
Total equity		**77,470**	95,072	70,218

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 4302, 43rd Floor, Center 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 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 (the "**PRC**") and e-commerce operation in the PRC.

Prior to 1 July 2022, Singapore dollars ("**S$**") was regarded as the presentation currencies of the Group. During the year, the directors of the Company announced that the presentation currency used in the consolidated financial statements of the Group will be changed to Renminbi ("**RMB**") from S$ (the "**Change of Presentation Currency**") effective from 1 July 2022 and the annual results for the year ended 30 June 2023.

Having considered that most of the Group's business and assets/(liabilities) are located in the PRC and its transactions are mainly denominated and settled in RMB, the Change of Presentation Currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance. The directors of the Company consider that it is more appropriate to use RMB as the presentation currency for the Group's consolidated financial statements.

The Group's consolidated financial statements for the year ended 30 June 2023 are the first set of consolidated financial statements presented in RMB. The Change of Presentation Currency has been applied retrospectively. The comparative figures have been restated in RMB in such consolidated financial statements of the Group. In addition, certain comparative figures have been reclassified to conform to current year's presentation. In the opinion of the directors of the Company, the Change of Presentation Currency and the restatement of the comparative figures from S$ to RMB are not expected to have material impact on the consolidated financial statements of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the preparation of the consolidated financial statements for the year ended 30 June 2023, the Group has applied the following amendments to IFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2022:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS	Annual Improvements to IFRSs 2018-2020

The adoption of the above amendments to IFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in these consolidated financial statements.

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 these 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
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Interpretation 5 (2021)	1 January 2024
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; and (3) e-commerce operation. The Group's operations are mainly derived from Singapore and the PRC.

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; and (3) 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) and (2) as mentioned above; and

b) E-commerce operation, which mainly includes sale of consumer products on e-commerce platforms.

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 2023

	Sale and provision of integrated services of networking, sound and communication systems in Singapore *RMB'000*	Sale and provision of integrated services of networking, sound and communication systems in the PRC *RMB'000*	E-commerce operation *RMB'000*	Total *RMB'000*
Gross segment revenue	**39,840**	**40,613**	**129,354**	**209,807**
Inter-segment revenue	**–**	**–**	**–**	**–**
Revenue	**39,840**	**40,613**	**129,354**	**209,807**
Timing of revenue recognition				
At a point in time	**31,555**	**32,358**	**129,354**	**193,267**
Over-time	**8,285**	**8,255**	**–**	**16,540**
	39,840	**40,613**	**129,354**	**209,807**
Segment results	**2,430**	**2,989**	**(11,895)**	**(6,476)**
Other income				**1,383**
Other losses				**(2,799)**
Unallocated depreciation				**(933)**
Share-based payment expenses				**(4,058)**
Unallocated expenses				**(11,728)**
Finance costs				**(2,998)**
Income tax expense				**(901)**
Loss for the year				**(28,510)**
Segment results include:				
Reversal of provision for allowance for expected credit loss (the "**ECL**") on trade receivables	**97**	**588**	**23**	**708**
Write-off of trade receivables	**(2,348)**	**–**	**–**	**(2,348)**
Provision for slow-moving and obsolescence inventories	**–**	**–**	**(1,118)**	**(1,118)**
Depreciation	**(696)**	**(62)**	**(3,051)**	**(3,809)**

For the year ended 30 June 2022

	Sale and provision of integrated services of networking, sound and communication systems in Singapore *RMB'000* (Restated)	Sale and provision of integrated services of networking, sound and communication systems in the PRC *RMB'000* (Restated)	E-commerce operation *RMB'000* (Restated)	Total *RMB'000* (Restated)
Gross segment revenue	42,329	41,771	11,369	95,469
Inter-segment revenue	–	–	–	–
Revenue	42,329	41,771	11,369	95,469
Timing of revenue recognition				
At a point in time	41,380	35,481	11,369	88,230
Over-time	949	6,290	–	7,239
	42,329	41,771	11,369	95,469
Segment results	4,443	2,438	(16,070)	(9,189)
Other income				757
Other losses				(702)
Unallocated depreciation				(1,314)
Share-based payment expenses				(4,417)
Unallocated expenses				(6,501)
Finance costs				(1,078)
Income tax expense				(1,833)
Loss for the year				(24,277)
Segment results include:				
Provision for allowance for ECL on trade receivables	14	(699)	(366)	(1,051)
Depreciation	(616)	(29)	(2,074)	(2,719)

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

	2023 *RMB'000*	2022 *RMB'000* (Restated)
At a point in time:		
Sale of networking, sound and communication systems	**63,913**	76,861
Sale of consumer products	**129,354**	11,369
Over-time:		
Integrated services of networking, sound and communication systems	**16,540**	7,239
	209,807	95,469

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

	2023 *RMB'000*	2022 *RMB'000* (Restated)
Customer I#	**N/A***	23,309
Customer II^	**84,263**	N/A*

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

^ *Revenue from E-commerce operation*

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

Segment assets and liabilities

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Segment assets		
Sale and provision of integrated services of networking, sound and communication systems in Singapore	**80,115**	50,891
Sale and provision of integrated services of networking, sound and communication systems in the PRC	**16,125**	29,996
E-commerce operation	**110,960**	86,652
Total segment assets	**207,200**	167,539
Unallocated corporate assets		
– Property, plant and equipment	**–**	897
– Deposits and other receivables	**696**	–
– Bank balance and cash	**1,261**	1,567
Total assets	**209,157**	170,003
Segment liabilities		
Sale and provision of integrated services of networking, sound and communication systems in Singapore	**(13,680)**	(11,583)
Sale and provision of integrated services of networking, sound and communication systems in the PRC	**(19,922)**	(4,088)
E-commerce operation	**(96,939)**	(57,667)
Total segment liabilities	**(130,541)**	(73,338)
Unallocated corporate liabilities		
– Other payables	**(1,146)**	(835)
– Lease liabilities	**–**	(758)
Total liabilities	**(131,687)**	(74,931)

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:

		2023 *RMB'000*	2022 *RMB'000* (Restated)
a)	Revenue from external customers		
	Singapore	**39,603**	43,237
	The PRC	**169,967**	52,228
	Malaysia	**237**	4
		209,807	95,469
b)	Non-current assets		
	Singapore	**23,270**	20,835
	The PRC	**8,328**	10,026
	Others	**243**	897
		31,841	31,758

4. OTHER INCOME AND OTHER LOSSES

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Government grants *(Note (a))*	**59**	470
Interest income	**116**	57
Rent concession in relation to COVID-19	**–**	163
Gains on early termination and modification of leases	**890**	–
Others	**318**	67
	1,383	757
Foreign exchange loss, net	**(380)**	(692)
Loss on disposal of property, plant and equipment	**–**	(7)
Write-off trade of receivables *(Note (b))*	**(2,348)**	–
Others	**(71)**	(3)
	(2,799)	(702)

Notes:

(a) During the year ended 30 June 2023, the amount mainly included (i) an amount of approximately RMB55,000 (2022: RMB337,000), representing the foreign worker levy rebate from the Singapore government, for which has granted a flat rate of S$750 (equivalent to approximately RMB4,000) for each S Pass or work permit holder in employment; and (ii) Nil (2022: RMB82,000) in relation to Jobs Support Scheme ("**JSS**"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 and 2022 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) During the year ended 30 June 2023, the amount represented the receivables due from a customer of the Group which was under creditors' voluntary liquidation as at 28 February 2023 and as at the date when the consolidated financial statements were authorised for issue. As at 30 June 2023, the amount was not determined to be collectible and was written-off (Note 12(a)).

5. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Interest on lease liabilities *(Note 9)*	**455**	480
Interest on bank and other borrowings	**2,543**	116
Interest on amount due to a third party *(Note 15(b))*	**–**	482
	2,998	1,078

6. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Current tax:		
– Singapore corporate income tax ("**CIT**")	**911**	1,772
– The PRC enterprise income tax ("**EIT**")	**–**	8
– Under-provision in prior years	**–**	53
	911	1,833
Deferred tax *(Note 17)*	**(10)**	–*
	901	1,833

* *less than RMB1,000*

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 2023 (2022: Nil).

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements during the year ended 30 June 2023 as the Group does not have income which arises in or derived from Hong Kong (2022: Nil).

Singapore CIT is calculated at 17% (2022: 17%) of the estimated assessable profit. Singapore incorporated companies can enjoy 75% tax exemption on the first S$10,000 (equivalent to approximately RMB53,000) of normal chargeable income and a further 50% tax exemption on the next S$190,000 (equivalent to approximately RMB1,015,000) of normal chargeable income for the years of assessment 2023 (2022: Same).

The PRC EIT has been provided at the rate of 25% (2022: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the year ended 30 June 2023. 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:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Loss before income tax	**(27,609)**	(22,444)
Tax at domestic income tax rate	**(5,763)**	(4,866)
Tax effect of income not taxable for tax purpose	**1**	(6)
Tax effect of expenses not deductible for tax purpose	**482**	2,823
Tax effect of tax losses not recognised	**6,364**	3,912
Effect of tax concessions and partial tax exemptions	**(132)**	(83)
Tax effect of utilisation of tax losses not previously recognised	**(51)**	–
Under-provision in prior years	**–**	53
	901	1,833

7. LOSS BEFORE INCOME TAX

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Auditor's remuneration	**823**	703
Expense relating to short-term leases *(Note 9)*	**164**	624
Depreciation of property, plant and equipment *(Note (a))*	**4,742**	4,033
Directors' remuneration, including share-based payment expenses of approximately RMB934,000 (2022: RMB1,294,000)	**10,950**	9,352
Other staff costs:		
– Salaries, wages and other benefits including share-based payment expenses of approximately RMB3,124,000 (2022: RMB2,924,000)	**35,261**	25,962
– Defined contribution plans, including retirement benefits	**2,914**	2,099
– Foreign worker levy and skill development levy	**1,023**	986
Total staff costs *(Note (b))*	**50,148**	38,399
Cost of materials recognised as costs of sales/services	**139,069**	58,956
Share-based payment expenses for external consultants	**–**	199
(Reversal of provision)/provision for allowance for expected credit loss on trade receivables	**(708)**	1,051
Provision for slow-moving and obsolescence inventories *(Note (c))*	**1,118**	–
Marketing and promotion expenses *(Note (d))*	**15,536**	1,074
Service fees to e-commerce platforms *(Note (d))*	**4,306**	642
Subcontractor costs recognised as costs of sales/services	**6,537**	8,729

Notes:

(a) No depreciation was included in costs of sales/services (2022: Nil).

(b) Staff costs of approximately RMB8,298,000 (2022: RMB7,348,000) were included in costs of sales/services.

(c) Provision for slow-moving and obsolescence inventories were included in costs of sales/services (2022: Nil).

(d) These expenses were included in selling and administrative expenses (2022: Same).

8. LOSSES PER SHARE

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Loss for the year attributable to the owners of the Company	**(26,825)**	(22,754)

The calculation of basic loss 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. Weighted average number of ordinary shares for the purpose of basic loss per share is set out below:

	2023	2022
Number of ordinary share	**880,000,000**	875,835,617

The computation of diluted loss per share for the year ended 30 June 2023 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share (2022: Same). The computation of diluted loss per share during the year ended 30 June 2023 also did not assume the exercise of the share award because the issuance of shares in relation to the share award scheme has anti-dilutive effect to the basic loss per share. The resulting number of shares issued and held by the trustee during the year is not included in the weighted average number of ordinary shares as the denominator for calculating basic loss per share for the year ended 30 June 2023. Therefore, the amount of diluted loss per share is the same as the amount of basic loss per share during the years ended 30 June 2023 and 2022.

9. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES

	Computers *RMB'000*	Office equipment *RMB'000*	Furniture, fixtures and fittings *RMB'000*	Motor vehicles *RMB'000*	Leasehold land and property *RMB'000*	Alert alarm systems *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
Cost								
At 1 July 2021 (Restated)	526	321	808	838	23,715	13,217	12,046	51,471
Disposal	(24)	(35)	–	–	–	–	–	(59)
Written off	–	–	–	–	–	(13,217)	–	(13,217)
Additions	121	–	2	–	–	–	1,697	1,820
Exchange realignment	2	–	2	2	64	–	13	83
At 30 June 2022 and 1 July 2022 (Restated)	625	286	812	840	23,779	–	13,756	40,098
Disposal	(12)	–	–	–	–	–	(3,423)	(3,435)
Written off	–	–	–	–	–	–	(9,610)	(9,610)
Additions	125	24	99	487	–	–	8,058	8,793
Exchange realignment	46	29	39	102	2,703	–	229	3,148
At 30 June 2023	**784**	**339**	**950**	**1,429**	**26,482**	**–**	**9,010**	**38,994**
At 1 July 2021 (Restated)	447	298	803	500	2,790	13,217	769	18,824
Depreciation for the year	131	4	5	114	366	–	3,413	4,033
Disposal	(24)	(23)	–	–	–	–	–	(47)
Written off	–	–	–	–	–	(13,217)	–	(13,217)
Exchange realignment	2	3	3	2	61	–	(7)	64
At 30 June 2022 and 1 July 2022 (Restated)	556	282	811	616	3,217	–	4,175	9,657
Depreciation for the year	116	9	5	169	447	–	3,996	4,742
Disposal	(8)	–	–	–	–	–	(3,423)	(3,431)
Written off	–	–	–	–	–	–	(3,699)	(3,699)
Exchange realignment	44	27	95	78	386	–	206	836
At 30 June 2023	**708**	**318**	**911**	**863**	**4,050**	**–**	**1,255**	**8,105**
Carrying amount								
At 30 June 2023	**76**	**21**	**39**	**566**	**22,432**	**–**	**7,755**	**30,889**
At 30 June 2022 (Restated)	69	4	1	224	20,562	–	9,581	30,441

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 24 to 48 months

As at 30 June 2023, leasehold land and property were pledged to a bank for a bank borrowing (Note 16) (2022: Same).

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 4 years (2022: 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.

During the year ended 30 June 2023, the Group has entered into several lease agreements for office premises with amounts of approximately RMB8,058,000 (2022: RMB1,697,000) and the same amounts of lease liabilities were recognised.

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.

The carrying amount and the movements of lease liabilities during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Carrying amount at 1 July	**9,638**	11,060
New leases	**8,058**	1,697
Write-off of leases liabilities	**(6,462)**	–
Accretion of interest recognised during the year	**455**	480
Covid-19-related rent concessions	**–**	(163)
Payments	**(3,193)**	(3,473)
Exchange realignment	**(826)**	37
Carrying amount at 30 June	**7,670**	9,638
Lease liabilities payable:		
– Within one year	**3,332**	3,752
– Within a period of more than one year but not exceeding two years	**2,405**	5,272
– Within a period of more than two years but not exceeding five years	**2,559**	1,727
	8,296	10,751
Less: Future finance charges	**(626)**	(1,113)
	7,670	9,638
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	**(2,993)**	(3,343)
Amounts due for settlement after twelve months from the end of the reporting period (shown under non-current liabilities)	**4,677**	6,295

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Depreciation of right-of-use assets (as per above)	**3,996**	3,413
Interest on lease liabilities *(Note 5)*	**455**	480
Expense relating to short-term leases *(Note 7)*	**164**	624
	4,615	4,517
Within financing cash flow – fixed payments	**3,193**	3,473
Within operating cash flow – expenses relating to short-term lease	**164**	624
Total cash outflow for leases	**3,357**	4,097

10. GOODWILL

	RMB'000
At 1 July 2021 (Restated)	899
Exchange realignment	–*
At 30 June 2022 and 1 July 2022 (Restated)	899
Exchange realignment	2
At 30 June 2023	**901**

* *Amount less than RMB1,000*

Goodwill arose from the acquisition of subsidiaries in prior years 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 CGU

The recoverable amount of the e-commerce operation CGU as at 30 June 2023 has been determined based on a value-in-use calculation (2022: 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 16.35% (2022: 15.68%) and 2.0% (2022: 3.0%), 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 does not believe an impairment charge of in the current year is required (2022: Same).

11. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Finished goods	**89,697**	39,577

During the year, provision for slow-moving and obsolescence inventories of approximately RMB1,118,000 (2022: Nil) were made based on prevailing market conditions.

12. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade receivables, gross	**16,773**	37,954
Less: Allowance for expected credit loss (the "**ECL**")	**(486)**	(1,182)
Trade receivables, net *(Note (a))*	**16,287**	36,772
Deposits *(Note (b))*	**3,433**	3,167
Prepayments *(Note (c))*	**7,542**	11,655
Other receivables *(Note (d))*	**10,386**	5,119
Advances to staff	**776**	259
	22,137	20,200
Less: amount classified as non-current – rental deposits on lease agreement expiring after one year *(Note (b))*	**(51)**	(418)
Current portion	**22,086**	19,782

Notes:

(a) During the year ended 30 June 2023, 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 (2022: 30 to 180 days). For the e-commerce operation, no credit term (2022: Nil) is granted to individual customers and relevant trading or settlement platform for online sale, while the Group generally grants credit terms ranging from 15 to 180 days (2022: 15 to 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 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB5,551,000 (2022: RMB8,847,000) which are past due as at the reporting date. Out of the past due balances, approximately RMB1,366,000 (2022: RMB450,000) 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. During the year ended 30 June 2023, trade receivables of approximately RMB2,348,000 (2022: Nil) were written-off (Note 4(b)).

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:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
0-30 days	**13,102**	23,845
31-90 days	**2,005**	6,391
91-120 days	**1,234**	852
121-365 days	**218**	2,662
Over 365 days	**214**	4,204
Less: Allowance for ECL	**(486)**	(1,182)
	16,287	36,772

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 days.

	Not yet past due	Less than 30 days	31 – 90 days	91 – 180 days	181 – 365 days	Over 365 days	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2023							
Effective ECL rate	**1%**	**0%**	**3%**	**4%**	**15%**	**100%**	
Trade receivables, gross	**10,865**	**2,237**	**2,005**	**1,234**	**218**	**214**	**16,773**
Lifetime ECL	**(129)**	**(3)**	**(54)**	**(52)**	**(34)**	**(214)**	**(486)**
							16,287
30 June 2022 (Restated)							
Effective ECL rate	2%	2%	3%	21%	49%	100%	
Trade receivables, gross	28,399	2,529	6,110	351	333	232	37,954
Lifetime ECL	(474)	(54)	(188)	(72)	(162)	(232)	(1,182)
							36,772

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.

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
At beginning of year	**1,182**	157
(Reversal of provision)/provision for allowance for ECL on trade receivables	**(708)**	1,051
Exchange realignment	**12**	(26)
At end of year	**486**	1,182

(b) As at 30 June 2023, 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 (2022: Same).

(c) As at 30 June 2023, prepayments mainly represented payment in advances to the e-commerce suppliers which amounted to approximately RMB4,301,000 (2022: RMB8,937,000). Up to the date of this announcement, prepayments amounted to approximately RMB4,223,000 (2022: RMB6,211,000) have been utilised by subsequent purchases made by the Group.

(d) As at 30 June 2023, the balance mainly included value-added-tax ("**VAT**") recoverable amounted to approximately RMB7,405,000 (2022: RMB4,456,000).

13. CONTRACT ASSET AND CONTRACT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Contract assets		
Retention receivables	**3,149**	407
Contract liabilities		
Advance billing to customers	**13,618**	1,094

Contract assets

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

Contract liabilities are arising from sale and provision of integrated services of networking, sound and communication systems business. The Group typical 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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Bank balances and cash *(Note a))*	**46,097**	40,710
Pledged bank deposits *(Note b))*	**–**	997
	46,097	41,707

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 2023, there was approximately RMB3,413,000 (2022: RMB3,156,000) 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) As at 30 June 2022, the balances represented 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 2023. The balances carried interest rate at 0.65% per annum at 30 June 2022 and the balance was fully released during the year.

15. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade payables *(Note (a))*	**19,644**	24,620
Retention payables	**–**	128
Other taxes payable	**1,849**	490
Accrued operating expenses	**3,210**	2,193
Accrued payroll costs	**2,187**	1,715
Other payables	**1,852**	–
Amounts due to a third party *(Note (b))*	**–**	4,115
Amount due to a director of the Company *(Note (c))*	**–**	299
	28,742	33,560

Notes:

(a) The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (2022: 30 to 60 days) or payable upon delivery (2022: Same). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting date:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Within 30 days	**5,294**	21,980
31 to 90 days	**7,536**	58
91 to 180 days	**5,120**	900
Over 180 days	**1,694**	1,682
	19,644	24,620

(b) As at 30 June 2022, 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 were unsecured, interest bearing at 6.0% per annum and repayable within one year from the drawdown dates. During the year, the amounts were fully repaid.

(c) As at 30 June 2022, the amount due to a director of the Company, Mr. Cao, which was non-trade in nature, unsecured, non-interest bearing and repayable on demand. During the year, the amount was fully repaid.

16. BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Bank borrowings – Secured *(Note (a))*	**23,184**	17,144
Bank borrowings – Unsecured *(Note (b))*	**7,600**	1,000
Other borrowings *(Note (c))*	**49,903**	10,576
	80,687	28,720
Carrying amount repayable within 1 year	**59,378**	24,375
Carrying amount repayable over 1 year but within 2 years	**6,604**	819
Carrying amount repayable over 2 years but within 5 years	**14,705**	2,558
Carrying amount repayable over 5 years	**–**	968
	80,687	28,720
Less: Amount due within 1 year (shown under current liabilities)	**(59,378)**	(24,375)
Amount shown under non-current liabilities	**21,309**	4,345

Notes:

(a) As at 30 June 2023, the balances include:

Two secured bank borrowings with carrying amounts of RMB12,000,000 (2022: RMB12,000,000) in aggregate which was interest bearing at 3.85% (2022: 4.00%) per annum and repayable in May 2026 (2022: June 2023). These borrowings were guaranteed by Mr. Cao's spouse and a residential property of Mr. Cao (2022: Same).

A secured term loan with carrying amount of approximately S$902,000 (equivalent to approximately RMB4,839,000) (2022: S$1,068,000 (equivalent to approximately RMB5,728,000)) which bear floating interest rates with weighted average effective interest rate at 2.88% (2022: 1.68%) per annum. The borrowing was secured by the Group's leasehold land and property with carrying amount of approximately RMB22,432,000 (2022: RMB20,562,000) (Note 9) and corporate guarantee provided by the Company (2022: Same). The term loan is for 15 years and is repayable by instalment and the final maturity date of the loan will be due on 11 June 2028.

A secured bank borrowing with carrying amount of approximately RMB855,000 (2022: Nil) with interest rate at 3.7% per annum and repayable in May 2024. The borrowing is guaranteed by a PRC financing guarantee company, an independent third party of the Company.

A secured bank borrowing with carrying amount of RMB3,490,000 (2022: Nil) which bear interest rate at 6.8% per annum and repayable in May 2025, and the borrowing was guaranteed by a PRC financing guarantee company, an independent third party of the Company.

A secured bank borrowing with carrying amount of RMB2,000,000 (2022: Nil) with interest rate at 12.6% per annum and repayable in July 2025. The borrowing is guaranteed by a director of a subsidiary of the Company.

(b) As at 30 June 2023, balance represents three (2022: one) unsecured bank borrowings which bear interest at rates of 2.05%, 3.90% and 4.35% (2022: 4.05%) per annum and repayable in June 2024, June 2024 and June 2025, respectively.

(c) The Group entered into a receivable transfer arrangement (the "**Arrangement**") with two financial institutions in the PRC to transfer existing or future trade receivables of a customer with full recourse to the financial institution 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. As at 30 June 2023, carrying amount of proceeds received under the Arrangement is amounting to approximately RMB33,403,000 (2022: RMB10,576,000) which bear interest at a range from 8.5% to 9.0% (2022: 9.0% to 14.5%) per annum. As at 30 June 2023, the amount of existing or future trade receivables pledged under the Arrangement is amounting to approximately RMB33,403,000 (2022: RMB10,576,000).

Other borrowings also include two unsecured other borrowings with carrying amounts of RMB14,500,000 (2022: Nil) and RMB2,000,000 (2022: Nil) with interest rates ranging from 8.0% to 10.0% per annum and repayable in April 2024 and March 2024, respectively.

17. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation *RMB'000*
At 1 July 2021 (Restated)	46
Credited to consolidated profit or loss *(Note 8)*	–*
At 30 June 2022 and 1 July 2022 (Restated)	46
Credited to consolidated profit or loss *(Note 6)*	(10)
Exchange realignment	5
At 30 June 2023	**41**

* *Amount less than RMB1,000*

As at 30 June 2023, the Group had unused tax losses of approximately RMB21,750,000 (2022: RMB3,443,000) 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	Amount
		HK$'000	*RMB'000*
Ordinary shares of HK$0.01 each			
Authorised share capital:			
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	**1,500,000,000**	**15,000**	**13,387**

	Number of shares	Amount
		RMB'000
Issued and paid-up:		
At 1 July 2021 (Restated)	800,000,000	6,787
Issuance of shares upon placing, net of transaction costs *(Note (a))*	80,000,000	668
At 30 June 2022 and 1 July 2022 (Restated)	**880,000,000**	**7,455**
Issuance of shares *(Note (b))*	**24,000,000**	**210**
At 30 June 2023	**904,000,000**	**7,665**

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

Notes:

(a) 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 approximately RMB44,081,000) and HK$52,377,548 (equivalent to approximately RMB43,728,000), 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.

(b) On 18 April 2023, the Company has allotted and issued of 24,000,000 shares (the "**Awarded Shares**") to a trustee as fully paid at nominal value under the general mandate pursuant to the share award scheme (the "**Share Award Scheme**"). The Awarded Shares represented approximately 2.65% of the enlarged issued share capital of the Company as at the date of this announcement. On the issuance date, the Trustee held such Shares on trust for the selected participants and will transfer the respective proportions to each of them at Nil consideration upon vesting and settlement of their respective Awarded Shares. Accordingly, no fund was raised from the allotment and issuance of the Awarded Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK

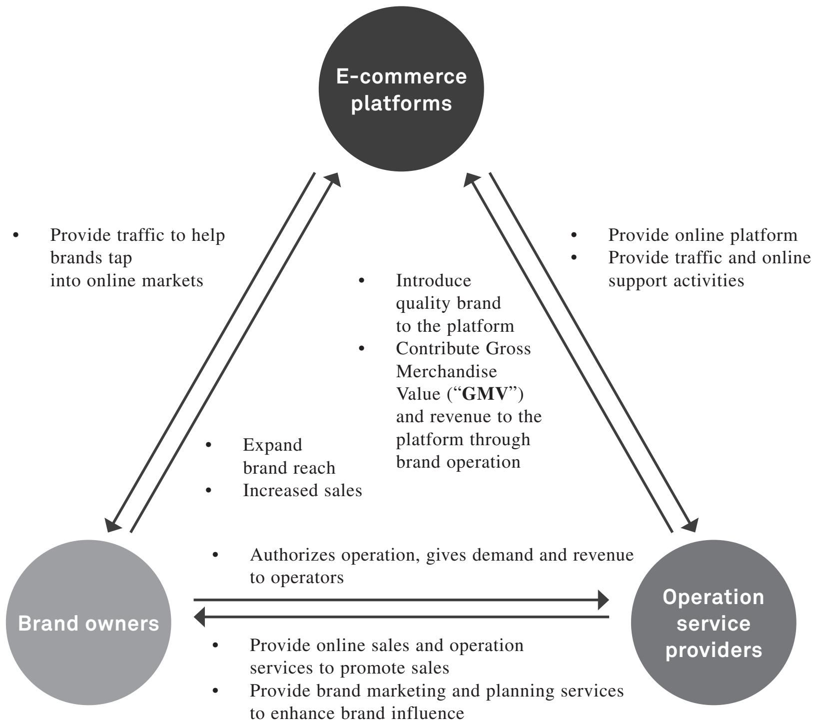
Outlook of E-commerce in the People's Republic of China (the "PRC")

Overview of China's Brand E-commerce Service Market

Brand e-commerce operation refers to third-party services provided to brand owners, mainly including 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.



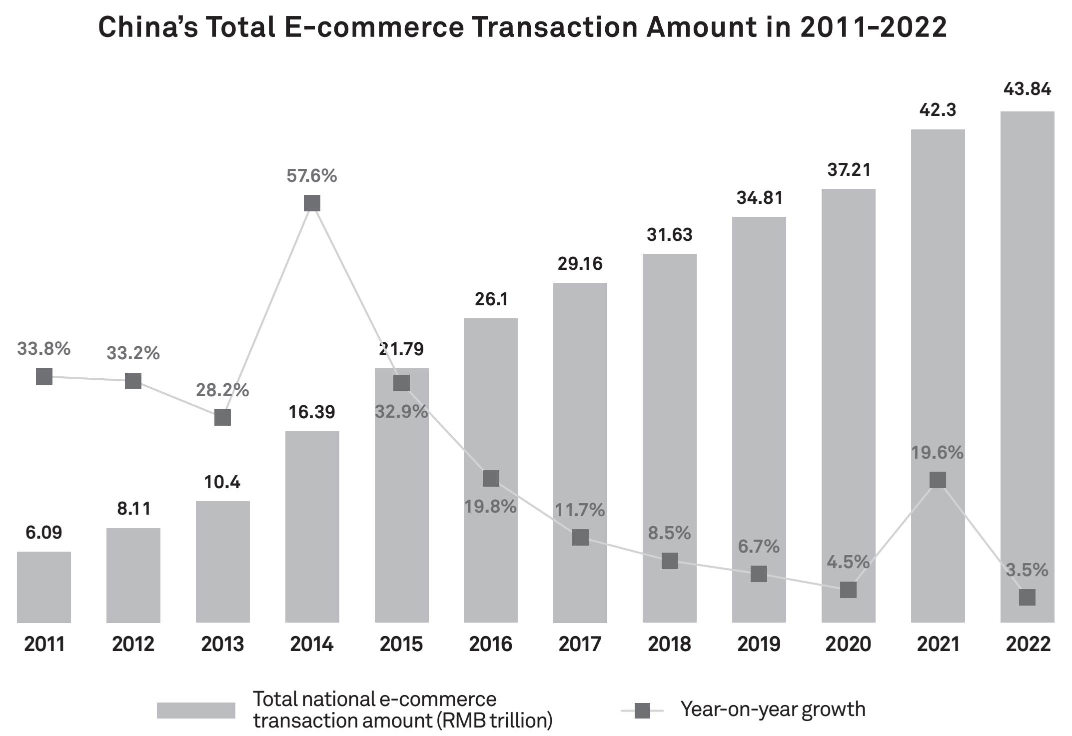
Brand owners enter e-commerce platforms to explore online sales channels and tap into the traffic resources of e-commerce platforms; aided by the professional operation of e-commerce operation service providers, brand owners fully reach target customers and continuously improve the conversion rate which 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

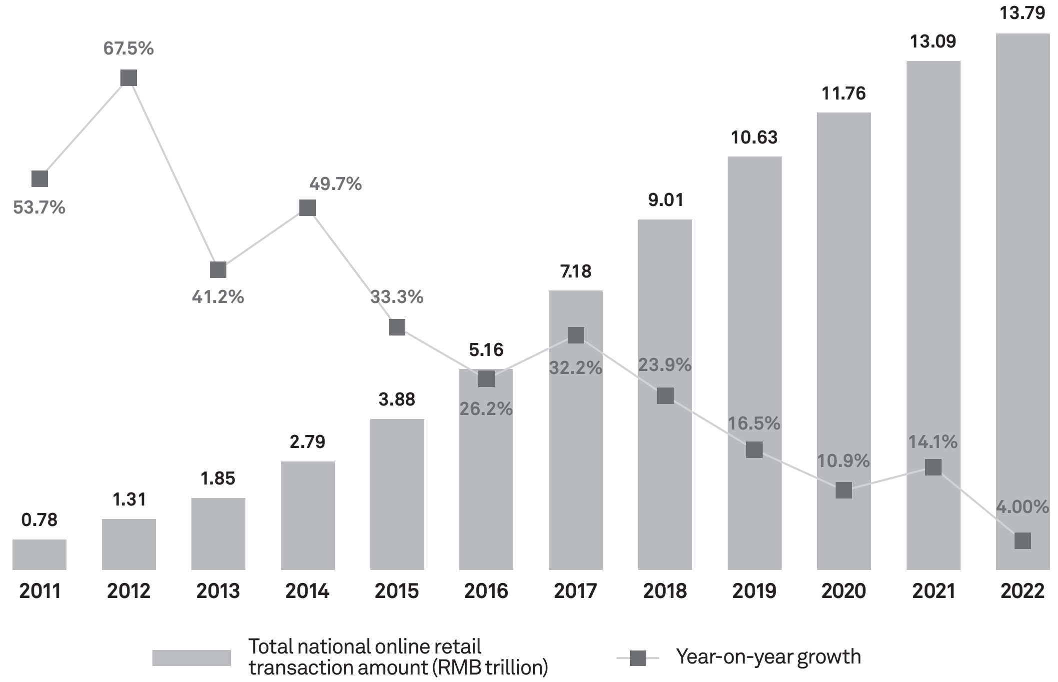
Brand e-commerce operation service is a service industry that grows with the development of e-commerce in the PRC. It proliferates with the rapid growth and deeper penetration of the e-commerce industry in the PRC. According to the 2023 China Branding E-Commerce Service Provider Industry Research Report of iiMedia Research, the size of the brand e-commerce service market in the PRC reached RMB366.32 billion in 2022, representing a year-on-year increase of 24.1%. It is expected to reach RMB482.16 billion in 2025.

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 2022 was RMB43.84 trillion, representing a year– on-year increase of 3.5%.



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 2022, national online retail sales reached RMB13.79 trillion, representing a year-on-year increase of 4%. The contribution of online retail to the consumer market saw a continuous increase, and online retail sales of physical goods in 2022 was RMB11.96 trillion, representing a year-on-year increase of 6.2% and accounting for 27.2% of the total retail sales of consumer goods in society, increasing by 2.7 percentage points compared with the share of 24.5% in 2021. China has been the largest global online retail market for ten consecutive years. With online retail sales of physical goods accounting for over 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 2011-2022



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 2022 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 2022, with further expansion in the scale of the market. The size of the annual revenue of the e-commerce service industry was RMB6.79 trillion, representing a year-on-year increase of 6.1%, of which the business scale of derivative services was RMB2.75 trillion, growing by 5.8%. It can be seen that the rapid growth of the online retail market has 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 and exports exceeded RMB2 trillion for the first time in 2022, reaching RMB2.1 trillion, representing an increase of 7.1% compared with 2021. In 2022, China's cross-border e-commerce imports and exports accounted for 4.9% of the total national goods trade imports and exports, which remained mostly unchanged compared with 2021. Specifically, exports amounted to RMB1.53 trillion, representing an increase of 10.1% and accounting for 6.4% of China's total exports; and imports amounted to RMB528.7 billion, representing a decrease of 0.8% and accounting for 2.9% of China's total imports. Taking into account the impact of the epidemic on imports and exports, it can be seen that the Chinese market remains strongly attractive to international brands. As international brands lack an understanding of the Chinese market, the 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, innovative online consumption models such as social e-commerce and live streaming e-commerce, 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 2022 China E-commerce Market Data Report published by the E-commerce Research Center, the market size of China's live-streaming e-commerce reached RMB3.5 trillion in 2022, representing a year-on-year increase of 48.12%. For social e-commerce, the market size reached RMB2.76 trillion, representing a year-on-year increase of 9.17%.

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 operation 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. Currently, brands that the Company is operating and has newly added include domestically and internationally renowned brands such as Philips, ASUS, BISSELL, THERASCIENCE, Guiwei C (果維康), Choi Heong Yuen (咀香園), Padaria da Guia, TCL, Changhong, Puppy Electronic Appliances, Junlebao, Autohome and ECOVACS.

In terms of brand expansion, we will continue to 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.

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 year ended 30 June 2023 ("**Year**"), the Company has been in the process of cooperating with Philips, ASUS, and Under Armour on live broadcast and live commerce; and (5) enhance store operation capabilities and back-end management capabilities through talent acquisition strategies.

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.

Outlook of sale and provision of integrated services of networking, sound and communications system solutions industry in Singapore and Malaysia

As a developed country with an aging population, Singapore continues to face the challenges of higher impact of chronic disease and of increasing medical infrastructure utility rates. Being one of the countries which spends most annually in healthcare on a per capita basis amongst member countries in the Association of South East Asian Nation ("**ASEAN**"), the Singapore's Ministry of Health expects Singapore's national health expenditure to increase to S$43 billion in 2030. Therefore, we continue to monitor the public and private healthcare infrastructure plans in existing markets and participate in requests for proposal in both private and public tenders.

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 institutions. During the Year, we expanded our product offerings to include medical beds and continue to explore potential integrations within our strong business network in Singapore.

We stand ready and are committed to serving our clients in the education, private healthcare and public 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.

The Malaysian Hospital Market, valued at US$6.8 billion in the year 2021, is anticipated to grow at a compound annual growth rate ("**CAGR**") of 7.0% during the forecast period of 2023 to 2027. In potential growth markets such as Malaysia, we expect the rapid growth to require significant investments from both the public and private sectors, therefore, we continue to work closely with our strategic business partners in both East and West Malaysia to promote our customised solutions to our clients serving the public and private healthcare sector.

Although the global electronics downturn is likely to be protracted and costly to our operations, we continue to optimise utilisation of existing resources to continue capital efficient growth in our existing markets. In line with increased cost competitiveness in the Network, Sound and Communication Systems and Solutions industry in Singapore and Malaysia, the Group will focus our resources on projects which will benefit the most to our stakeholders. We expect to retain our competitive edge in the Singapore market in the public and private healthcare sector and continue to grow our presence in other high growth markets such as Malaysia private healthcare sector.

In the face of general challenges such as looming recession risks and higher interest rates, 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 sale and provision of integrated services of networking, sound and communication systems in the PRC

The Chinese government sets "Accelerating Digitalization and Building Digital China" as a separate chapter in the 14th five-year plan, 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.

It is anticipated that the Chinese government 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 forecasted 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 reporting 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.

BUSINESS REVIEW

Our principal businesses are:

(i) Sale and provision of integrated services of networking, sound and communication systems, which includes (1) the sale of networking, sound and communication systems; and (2) provision of integrated services of networking, sound and communication systems and alert alarm system services, includes installation and customisation of networking, sound and communication systems and technical support services to customers in Singapore, Malaysia and the PRC; and

(ii) provision of e-commerce operation services (including digital marketing services, online agency operation services, online retailing and distribution services) in the PRC.

For the Year, the Group recorded revenue of approximately RMB209.8 million representing an approximately RMB114.3 million increase in revenue from approximately RMB95.5 million for year ended 30 June 2022. 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 RMB20.1 million, representing a decrease of RMB1.9 million compared with total comprehensive loss attributable to owners of the Company of approximately RMB22.0 million for the year ended 30 June 2022. The following table sets forth the breakdown of our revenue by segment for the years indicated:

	For year ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Revenue from:		
Sale and provision of integrated services of networking, sound and communication systems	**80,453**	84,100
E-commerce operation	**129,354**	11,369
	209,807	95,469

Sale and provision of integrated services of networking, sound and communication systems (the "NSC Segment")

Our revenue generated from the NSC segment was approximately RMB80.5 million and RMB84.1 million for the years ended 30 June 2023 and 2022, respectively, which represents approximately 38.3% and 88.1% of our total revenue for the same period, respectively.

Revenue from the NSC segment decreased by approximately 4.3% as certain contracts with large value contract sums were completed in the prior financial year. For the years ended 30 June 2023 and 2022, the number of contracts completed increased from 103 to 186; and we won the bids of 26 projects in railway, financial and other industries in the PRC, serving customers such as Aisino, Beijing Jingwei Information (北京經緯信息), FKY (中郵科通信), China Railway Group, Railway Engineering Research Institute of CARS, in the railway industry, as well as financial institutions such as Hengfeng Bank and Chongqing Rural Commercial Bank in the PRC.

The Group endeavours 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 (the "EC Segment")

For the years ended 30 June 2023 and 2022, our revenue from the EC Segment was RMB129.4 million and RMB11.4 million respectively, representing 61.7% and 11.9% of our total revenue for the same period, respectively.

The main reasons for the increase in revenues from the EC Segment by approximately 10.4 times are as follows:

(1) We continuously expanded and enhanced our service brands and introduced multiple well-known domestic brands with market influence, thereby significantly increasing the sales scale of our e-commerce operation business.

(2) The COVID-19 restrictions in the PRC were gradually lifted in December 2022, and the customers' willingness to spend in the PRC were recovering.

(3) The continuous enhancement and expansion of our brand operation team and the accumulation of operation experience also bolstered an upsurge in online sales of our service brands.

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

Online agency operation services include 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 include 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.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately RMB114.3 million or 1.2 times to approximately RMB209.8 million for the Year, from approximately RMB95.5 million for the year ended 30 June 2022. This was principally due to the increased revenue contribution during the Year from increased provision of e-commerce operation in the PRC. The revenue increase was slightly offset by a slowdown in revenues from the NSC Segment during the Year, attributed to completion of certain high value contracts for the year ended 30 June 2022.

Costs of sales/services

Our costs of sales/services increased by approximately RMB80.6 million or 1.1 times to approximately RMB155.7 million for the Year from approximately RMB75.1 million for the year ended 30 June 2022. 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 RMB33.7 million or 1.7 times to approximately RMB54.1 million for the Year from approximately RMB20.4 million for the year ended 30 June 2022 due to gross profit contributions from our new geographical expansion into the PRC within the NSC Segment. The Group's gross profit margin increased to 25.8% for the Year, from approximately 21.4% for the year ended 30 June 2022. The increase in gross profit margin was due to the achieving lower material prices with vendors in our EC Segment during the Year.

Other income

Our other income increased by approximately RMB0.6 million or 82.7% to approximately RMB1.4 million for the Year from approximately RMB0.8 million for the year ended 30 June 2022. The increase was attributed to the gains on early termination and modification of leases and interest income for the year ended 30 June 2023 by approximately RMB 1.1 million and was slightly offset by the approximately RMB 0.5 million reduction in the non-recurring government grant and rent concession income in relation to COVID-19.

Other losses

Other losses increased by approximately RMB2.1 million or 3.0 times from other losses of approximately RMB0.7 million for the year ended 31 March 2022 to other losses of approximately RMB2.8 million for the Year. The increase was mainly attributable to the write-off of receivables due from a customer of the Group which was under creditor's voluntary liquidation as at 28 February 2023.

Selling and administrative expenses

The selling and administrative expenses increased by approximately RMB27.9 million or 1.8 times from approximately RMB15.6 million for the year ended 30 June 2022 to approximately RMB43.5 million for the Year. The significant increase was mainly due to (i) the increase of approximately RMB 25.9 million administrative costs related to the expansion and growth of the operations of the Group's EC segment in the PRC; and (ii) an increase of approximately RMB 2.0 million in NSC Segment's general sales and marketing expenses.

Administrative staff costs

Payroll expenses increased by approximately RMB9.7 million or 46.9%, from approximately RMB20.7 million for the year ended 30 June 2022, to approximately RMB30.4 million for the Year. The increase was mainly attributed to administrative expenses incurred to expand our EC Segment in the PRC, including but not limited to: (i) increased of payroll headcount related to operation expansion and growth in the Group's EC segment in the PRC; contributing an increase of approximately RMB 7.0 million; and (ii) increased in payroll costs of approximately RMB 2.7 milion related to Group's NSC segment due to the hiring of sales personnel.

Finance costs

Our finance costs increased to approximately RMB3.0 million for the Year, by approximately RMB1.9 million or 1.8 times, from approximately RMB1.1 million for the year ended 30 June 2022. This was mainly due to an increase in the interest accrued from interest-bearing loans from bank and other institutions in the Group's EC Segment during the Year.

Income tax expense

Our income tax expense decreased to approximately RMB0.9 million for the Year, by approximately RMB0.9 million or 50.8% from approximately RMB1.8 million for the year ended 30 June 2022. The decrease was primarily due to a decrease in taxable profits in the Group's NSC Segment in Singapore for the Year.

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

The Group recorded total comprehensive loss for the Year attributable to the owners of the Company of approximately RMB20.1 million for the Year. Compared to the total comprehensive loss of approximately RMB22.0 million for the year ended 30 June 2022, the decrease was principally caused by continuing operational costs to break into the new markets and expand the EC Segment operations into the PRC during the Year.

DIVIDEND

The Board does not recommend the payment of final dividend for the Year (2022: nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

Pledged bank deposits, bank balances and cash

As at 30 June 2023 and 2022, our Group's pledged bank deposits, bank balances and cash are denominated in the following currencies:

	For year ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Denominated in:		
CNY	**4,615**	3,156
HKD	**1,408**	1,328
MYR	**83**	268
SGD	**35,838**	36,286
USD	**4,153**	669
	46,097	41,707

Net current assets

As at 30 June 2023, the Group had net current assets of approximately RMB71.7 million (2022: approximately RMB74.0 million).

Total equity

The equity of the Group mainly comprises share capital, share premium and reserves. The Group's total equity attributable to the owners of the Company amounted to approximately RMB77.5 million (2022: approximately RMB95.1 million).

Borrowings

Our borrowings increased by approximately 52.0 million or 1.8 times to approximately RMB80.7 million as at 30 June 2023 from approximately RMB28.7 million as at 30 June 2022. The significant 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. More information about the loan repayment and nature of the loans are set out in the note 20 to the consolidated financial statements.

CAPITAL STRUCTURE

On 18 April 2023, the Company has allotted and issued of 24,000,000 shares (the "**Awarded Shares**") to a trustee as fully paid at nominal value under the general mandate pursuant to the share award scheme (the "**Share Award Scheme**"). The Awarded Shares represented approximately 2.65% of the enlarged issued share capital of the Company as at the date of this announcement. On the issuance date, the Trustee held such Shares on trust for the 16 selected participants and will transfer the respective proportions to each of them at Nil consideration upon vesting and settlement of their respective Awarded Shares. Accordingly, no fund was raised from the allotment and issue of the Awarded Shares.

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.

As at the date of this announcement, the Company's issued capital was 904,000,000 Shares of HK$0.01 each.

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 RMB0.7 million (2022: approximately RMB0.1 million).

As at 30 June 2023, the Group did not have any capital commitments (30 June 2022: 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 RMB0.2 million (2022: approximately RMB0.6 million).

CONTINGENT LIABILITIES

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

OFF BALANCE SHEET ARRANGEMENTS

As at 30 June 2023, the Group did not enter into any material off-balance sheet arrangements (30 June 2022: nil).

PLEDGED 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 as at 30 June 2022. The balances carry interest of 0.65% per annum as at 30 June 2022. We had pledged bank deposits of approximately RMB0.9 million as at 30 June 2022. The pledged bank deposits were uplifted on 1 July 2022.

As at 30 June 2023, the leasehold land and property with carrying amount of approximately RMB22.4 million (2022: approximately RMB20.6 million) was pledged to a bank for a bank borrowing.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, including our Directors, the Group had a total of 161 employees (30 June 2022: 151).

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 (30 June 2022: nil).

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	
	2023	2022
	Times	*Times*
Liquidity ratios		
Current ratio	**1.7**	2.2
Quick ratio	**0.8**	1.5
	%	*%*
Capital adequacy ratios		
Gearing ratio	**116.4%**	40.3%

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 46.0% and current ratio decreased by 21.9% 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. The current ratio decreased due to build-up of high level inventory in our EC Segment in the PRC to match with our selling strategies 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 2023, 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**"), the supplemental announcement issued on 31 July 2020 (the "**Supplemental Announcement**") and announcement in relation to further change in use of net proceeds issued on 6 September 2023 (the "**Further change in use of net proceeds**") as follows:

Description	Amount designated in the Prospectus	Actual use of proceeds as at 30 June 2023	Unutilised amount as at 30 June 2023	% utilised as at 30 June 2023	Revised use of remaining balance of the unutilized Net Proceeds	Expected date to fully utilise the unutilised amount
	HK$ million	*HK$ million*	*HK$ million*	*%*	*HK$ million*	*(Note)*
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	1.1	0.3	78.6%	1.8	30 June 2026
Expand and train our sales and marketing, technical and support workforce	11.6	11.6	Nil	100.0%	9.0	30 June 2026
Purchase transportation vehicles	3.0	1.0	2.0	33.3%	2.0	30 June 2026
Setting up of a new sales office in Singapore	10.0	Nil	10.0	0.0%	2.0	30 June 2026
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	Nil	N/A
Resources for the provision of performance bonds	2.0	1.8	0.2	90.0%	0.2	30 June 2024
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	Nil	2.5	0.0%	Nil	N/A
General working capital and general corporate purposes	3.5	3.5	Nil	100.0%	Nil	N/A
Grand total	44.0	29.0	15.0	65.9%	15.0	

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 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.

The unutilised balance of net proceeds of each designated uses set out above is expected to be fully utilised by 30 June 2024 and 30 June 2026. Please refer to the announcements of the Company dated 31 July 2020 and 6 September 2023 for the details of the delay in the use of the net proceeds and change in the use of proceeds, respectively.

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.

The following table sets forth the designated and actual implementation plan up to 30 June 2023:

Purpose	**Implementation Plan**	**Actual implementation activities**
Strengthen our marketing efforts in the sound and communication industry in Singapore	• 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)	• 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 • Considered the current project tender • Seeked more opportunities to conduct new trade shows to further reach out to potential customers in healthcare industry in Singapore
Expand and train our sales and marketing, technical and support workforce	• 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	• New headcount of 8 engineers and 25 technicians were recruited as at 30 June 2023 • New headcount of 2 sales and marketing executives, 1 marketing manager and 1 sales manager were recruited as at 30 June 2023 • Provided internal and external trainings and workshops to our technical staff • In the process to seek suitable candidates to the remaining positions

Purpose	Implementation Plan	Actual implementation activities
Purchase transportation vehicles	• Purchase of three vans for maintenance operations and, transportation of relevant equipment and/or labour	• Purchased of two 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	• Considered and monitored Group's current project portfolio but postponed the purchase of two vans due to current different project requirements
Setting up a new sales office in Singapore	• 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	• 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 • The Group revised the use of net proceeds for renovation of new sales office space
Partial repayment of bank loan	• Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore	• The mortgage loan was partially repaid on 11 July 2018
Expansion of our sound and communication services solution business	• 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	• 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	• Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workhead	• Considered and monitored the Group's project portfolio and considered adverse impacts on Singapore economy, the unutilized amount were reallocated to other categories

EVENTS AFTER THE REPORTING PERIOD

Singapore dollars ("**S$**") used to be regarded as the presentation currencies of the Group. Having considered that most of the Group's business and assets/(liabilities) are located in the PRC and its transactions are mainly denominated and settled in Renminbi ("**RMB**"), the Directors announced that the presentation currency used in the consolidated financial statements of the Group will be changed to RMB from S$ (the "**Change of Presentation Currency**") with effective from the annual results for the Year as at the announcement of the Company dated 17 August 2023. The Change of Presentation Currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance and thus the Directors consider that it is more appropriate to use RMB as the presentation currency for the Group's consolidated financial statements.

Having duly considered the latest circumstances of the net proceeds raised from the listing of the shares of the Company on GEM after deducting related expenses ("**Net Proceeds**"), the Board resolved to further reallocate and/or extend the timeline for fully utilising the unutilised Net Proceeds. For the details of the reallocations, the latest timeline and the reasons for and benefits of the further change in use of Net Proceeds, please refer to the announcement of the Company dated 6 September 2023.

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

DISCLOSURE OF INTERESTS

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 2023, 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 the Company
Mr. Cao Chunmeng ("**Mr. Cao**")	Beneficial owner	105,970,000	11.72%
Mr. Yuan Shuangshun *(Note)*	Beneficial owner/Interest of spouse	4,356,000	0.48%
Mr. Han Bing	Beneficial owner	1,000,000	0.11%

Note: Ms. Zeng Xiu Hua, the spouse of Mr. Yuan Shuangshun, holds 844,000 ordinary shares of the Company. By virtue of the SFO, Mr. Yuan Shuangshun is deemed to be interested in the 844,000 ordinary shares.

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

Name	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 Share Option Scheme were exercised
Mr. Yuan Shuangshun	Beneficial owner	8,000,000	0.88%	0.83%
Mr. Han Bing	Beneficial owner	8,000,000	0.88%	0.83%
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 *(Note)*	Beneficial owner	800,000	0.09%	0.08%

Note: 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.

Save as disclosed above, as at 30 June 2023, 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 2023, 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 of interest	Number of Shares held/ interested in	Percentage of shareholding
Lux Aeterna Global Fund SPC	Beneficial owner	65,300,000	7.22%

Save as disclosed above, as at 30 June 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 **"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

During the Year, 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 or the controlling 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:

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 year	Lapsed/ forfeited during the year	At 30 June 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						8,000,000	–	–	8,000,000
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						8,000,000	–	–	8,000,000

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 year	Lapsed/ forfeited during the year	At 30 June 2023
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						800,000	–	–	800,000
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						800,000	–	–	800,000
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						800,000	–	(800,000)	–
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						44,700,000	–	3,600,000	41,100,000
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						1,000,000	–	–	1,000,000
Total						64,100,000	–	4,400,000	57,500,000

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, external consultant of the Company, please refer to the Company's announcement dated 14 December 2022.

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

Save as disclosed above, no other share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme during the Year.

Share options were lapsed due to termination of employment during the year ended 30 June 2023. 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. Up to the date of this announcement, 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 2023.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2023 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore CPA Limited (Formerly, 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 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 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$5.85 and S$ is translated into RMB at the rate of S$1 = RMB5.36. No representation is made that any amounts in S$ or RMB 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, 27 September 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. Tang Chi Wai, and Mr. Yan Xiaotian.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at 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.