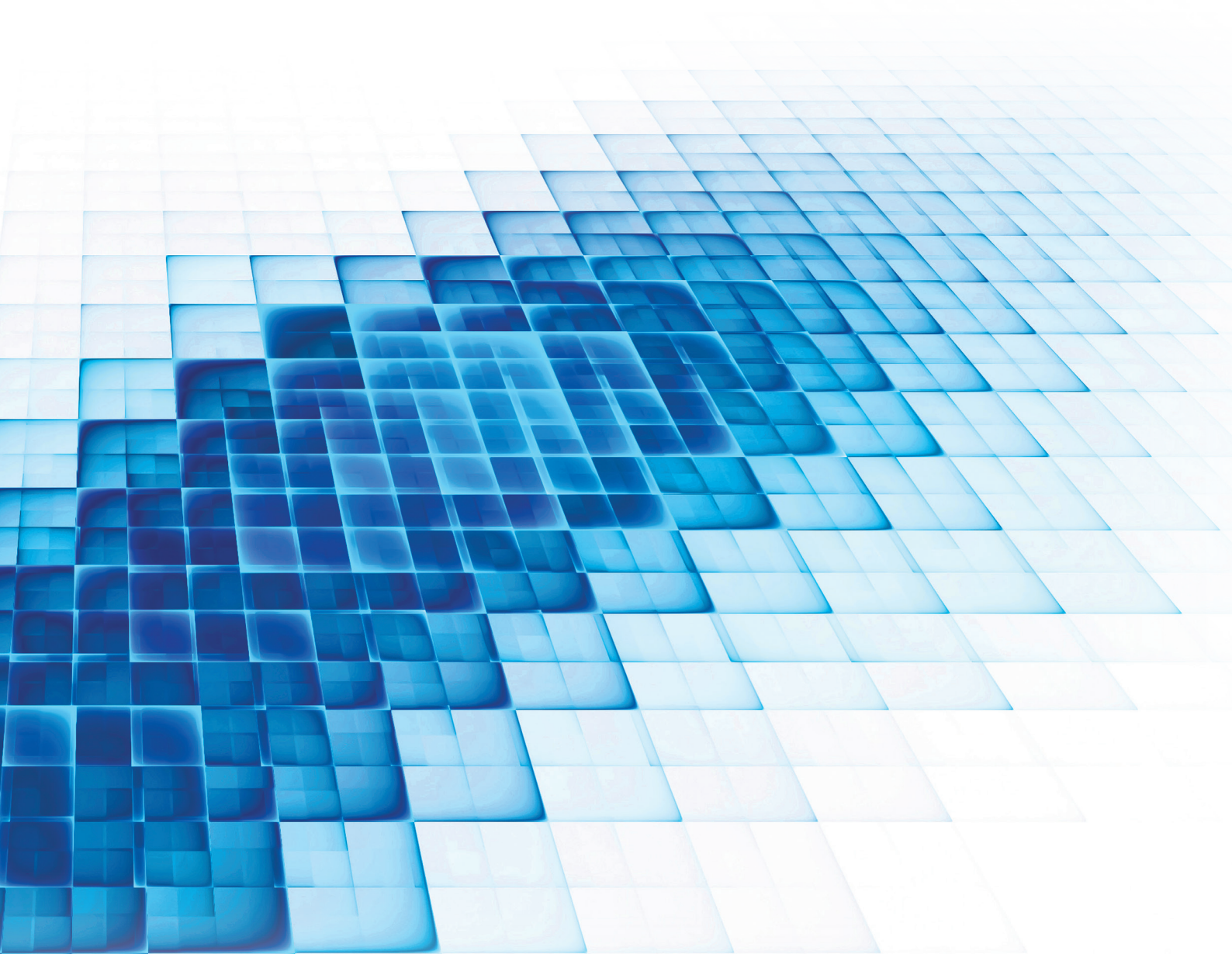


ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487



Annual Report
2019/2020

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS	: Mr. Mong Kean Yeow (Chairman) Ms. Choon Shew Lang Mr. Yuan Jianzhong (appointed on 1 August 2020)
INDEPENDENT NON-EXECUTIVE DIRECTORS	: Mr. Tang Chi Wai Mr. Lim Loo Kit Mr. Lim Meng Yi Mr. Yuan Shuangshun (appointed on 1 August 2020)
AUDIT COMMITTEE	: Mr. Tang Chi Wai (Chairman) Mr. Lim Loo Kit Mr. Lim Meng Yi
REMUNERATION COMMITTEE	: Mr. Lim Meng Yi (Chairman) Mr. Tang Chi Wai Ms. Choon Shew Lang
NOMINATION COMMITTEE	: Mr. Mong Kean Yeow (Chairman) Mr. Lim Loo Kit Mr. Lim Meng Yi
COMPANY SECRETARY	: Ms. Tang Lo Nar
AUTHORISED REPRESENTATIVES	: Ms. Choon Shew Lang Ms. Tang Lo Nar
REGISTERED OFFICE	: Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS	: 3 Ang Mo Kio Street 62 #01-39 LINK@AMK Singapore 569139

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG	: Suites 1801-03, 18/F One Taikoo Place, 979 King's Road Quarry Bay, Hong Kong
COMPLIANCE ADVISER	: Kingsway Capital Limited 7/F, Tower One, Lippo Centre 89 Queensway Hong Kong
HONG KONG LEGAL ADVISER	: Guantao & Chow Solicitors and Notaries Suites 1801-03, 18/F One Taikoo Place, 979 King's Road Quarry Bay, Hong Kong
CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE	: Ocorian Trust (Cayman) Limited Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE	: Boardroom Share Registrars (HK) Limited 2103B, 21/F 148 Electric Road North Point, Hong Kong
AUDITORS	: Deloitte & Touche LLP Public Accountants and Chartered Accountants 6 Shenton Way OUE Downtown 2, #33-00 Singapore 068809
PRINCIPAL BANK	: United Overseas Bank Limited
COMPANY'S WEBSITE	: www.ispg.hk
STOCK CODE	: 8487

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I am pleased to present the annual report of ISP Global Limited for the year ended 30 June 2020 (the "**Year**").

OVERVIEW

During the Year, the Group experienced increased competition in the sound and communication service solutions industry in Singapore. Coupled with the economic disruption and contract delays caused by outbreak of the Novel Coronavirus ("**COVID-19**"), the construction sector in Singapore contracted by 59.3% in the recent quarter when compared to the previous year. This is in line with the decline in Group's revenue by 22.3%. However, through the support of its diversified stakeholder networks and the implementation of cost management practices, the Group has managed to maintain profitable during this challenging period.

PROSPECT

There was a temporary suspension of all non-essential economic activities, including the closure of most construction worksites and education institutes and workplaces in Singapore between 7 April 2020 and 1 June 2020 (the "**Circuit Breaker**"). The cautious restart of the Singapore economy thereafter has led to a prolonged bearish outlook for industries requiring physical contact, such as the construction sector which is set to contract by 10.3% in 2020 and experience slow growth in 2021.

Forecasting a contraction of Singapore's construction sector, the Group has, in recent years, accepted more maintenance and other service contracts for sound and communications system solutions as part of our effort to maintain direct stakeholder relationships with institutions in the healthcare and education sectors. The Board will continue to strive to bring value to our stakeholders. Detailed analysis with respect to the performance of the Group for the Year is covered in the section headed "Management Discussion and Analysis" of this report. The Group intends to strengthen our team by employing technical expertise to remain innovative in our integrated systems solutions.

With over 17 years of professional expertise, the Group is well-placed to provide innovative sound and communications systems solutions in support of the evolving education communication landscape and the projected increased healthcare capacities in Singapore. Looking forward, the Group will remain resilient and is cautiously optimistic of our business and expansion opportunities in Singapore and the Asia Pacific region.



CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, let me take this opportunity to extend our heartfelt gratitude to our shareholders, business partners, customers, and employees for your continuous support and contribution to the Group. We are committed to delivering value to all our stakeholders.

Mong Kean Yeow

Chairman

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Mong Kean Yeow (蒙景耀), aged 52, is the chairman, an executive Director and one of our controlling shareholders of the Company. He was appointed as a Director on 21 July 2017 and was redesignated as an executive Director and appointed as the chairman of the Board (the “**Chairman**”) on 14 December 2017. Mr. Mong is the co-founder of ISPL Pte Ltd (“**ISPL**”) and has been a director of that company since 22 July 2002. He is also the chairman of the Nomination Committee of the Company. Mr. Mong is responsible for the overall strategic planning and the daily operation of our Group including managing key customer relationship. Mr. Mong has approximately 19 years of experience in sound and communication industry. Mr. Mong was responsible for new business development and managed the project planning and implementation process. Mr. Mong obtained a diploma in electronics and communication from Singapore Polytechnic and a management diploma in sales and marketing from Temasek Polytechnic in May 1989 and August 1993 respectively.

Ms. Choon Shew Lang (莊秀蘭), aged 51, is our executive Director, chief executive officer and compliance officer of our Company. Ms. Choon was appointed as a Director on 21 July 2017 and was redesignated as an executive Director on 14 December 2017. Ms. Choon is the co-founder of ISPL and has been a director of that company since 22 July 2002. She is also a member of the Remuneration Committee. Ms. Choon is responsible for overseeing the sales and contract department and administrative and account department of our Group. Ms. Choon obtained a diploma in electronics and communication engineering from Singapore Polytechnic and was awarded the management diploma in sales and marketing from Temasek Polytechnic in May 1989 and August 1993 respectively.

Mr. Yuan Jianzhong (袁建中) (“Mr. JZ Yuan”), aged 66, was appointed as our executive Director on 1 August 2020. He graduated from Henan University of Economics and Law (河南財經政法大學), formerly known as Henan Institute of Finance (河南財經學院), in China with the degree in economic management. Mr. JZ Yuan specialised in agricultural studies since after his graduation and obtained the professional qualification as an agricultural technology promotion research fellow issued by Henan Municipal People’s Government in May 2001. Mr. JZ Yuan has been a director and the chairman of the board of AgGene Bio-Tech Seed Industry Group (中禾生物種業集團) since August 2013. Mr. JZ Yuan has been promoting new varieties of soybean in China for many years with numerous awards honoured by different levels of governmental bodies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Loo Kit (林魯傑), aged 50, was appointed as our independent non-executive Director on 14 December 2017. He is a member of the Audit Committee and the Nomination Committee. He is primarily responsible for supervising and providing independent judgement to our Board.

Mr. Lim has over 21 years of experience in engineering. Mr. Lim has been serving as a senior project manager at China Construction (South Pacific) Development Co. Pte Ltd since July 2012. From November 2009 to July 2012, Mr. Lim served as a project manager at Qingjian Group Co., Pte Ltd Singapore branch. From December 2007 to October 2009, Mr. Lim was a project manager at Lian Beng Construction (1988) Pte Ltd. From June 2007 to December 2007, Mr. Lim was a site project manager at Jansen SC International Pte Ltd. From September 2006 to June 2007, Mr. Lim was an assistant project manager at Wee Hur Construction Pte Ltd. From April 1997 to March 2005, Mr. Lim was a project engineer at Chip Hup Hup Kee Construction Pte Ltd.

Mr. Lim graduated from Nanyang Technological University with a bachelor of engineering (civil) with merit in June 1996. He also has completed and passed the examination for the risk management course accredited by the Singapore Ministry of Manpower which was conducted by the Singaporean Contractors Association Ltd (SCAL) SCAL Academy in March 2012.

Over the years, Mr. Lim has obtained various professional qualifications and memberships including the following:

Professional qualifications	Dates of admission
ISO internal auditor	September 1999
Form work supervisor	October 2001
Construction safety for project manager	April 2007
Certified Construction Quality Assessment System (CONQUAS) Manager	August 2015

Mr. Lim Meng Yi (林明毓), aged 49, was appointed as our independent non-executive Director on 14 December 2017. He is the chairman of the Remuneration Committee, member of the Audit Committee and Nomination Committee. He is primarily responsible for supervising and providing independent judgement to our Board. Mr. Lim has over 18 years of experience in architecture. From February 1999 to April 2005, Mr. Lim worked for Archispace Designs. From May 2005 to October 2006, Mr. Lim worked as a project director in Kyoob Architects Pte Ltd. Mr. Lim then founded MYA Designs, a sole proprietorship established in Singapore in September 2005 and has since been its principal architect. From February 2008 to December 2008, Mr. Lim was a project architect in Kann Finch Group, working on a project in the United Arab Emirates. Since May 2012, Mr. Lim joined Context Architects Pte Ltd as one of the principal architects. During his terms of service in such company, Mr. Lim has established his professional practices through building a strong business network and ensuring dedicated consultancy services with design excellence.

Mr. Lim obtained a bachelor of arts degree in (architectural studies) in July 1995 and a bachelor of architecture degree in July 1998, both from the National University of Singapore. He has been a registered architect of the Singapore Board of Architects since May 2002.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang Chi Wai (鄧智偉), aged 47, was appointed as our independent non-executive Director on 14 December 2017. He is the chairman of the Audit Committee and a member of the Remuneration Committee. He is primarily responsible for supervising and providing independent judgement to our Board.

Mr. Tang has over 20 years of experience in auditing and accounting. Mr. Tang has been serving as a financial controller, company secretary and authorised representative of Universal Technologies Holdings Limited (stock code: 1026, the shares of which is listed on the Main Board of the Stock Exchange) since June 2008. Mr. Tang has been responsible for financial and accounting functions as well as secretarial and compliance related matters of the aforesaid company. Mr. Tang has been an independent non-executive director of (1) Century Group International Holdings Limited (formerly known as CHerish Holdings Limited) (stock code: 2113, the shares of which is listed on the Main Board of the Stock Exchange) since September 2016, (2) Xin Point Holdings Limited (stock code: 1571, the shares of which is listed on the Main Board of the Stock Exchange) since June 2017 and (3) Noble Engineering Group Holdings Limited (stock code: 8445, the shares of which is listed on GEM) since September 2017.

Mr. Tang was appointed as the honorary president of North Kwai Chung District Scout Council of Scout Association of Hong Kong in June 2019.

Mr. Tang graduated from The Hong Kong Polytechnic University with a bachelor of accountancy in November 1996. He has been a practising Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since April 2001 and a Certified Internal Auditor of the Institute of Internal Auditors since November 2015. Mr. Tang has also been a holder of the Practitioner's Endorsement from The Hong Kong Institute of Chartered Secretaries since August 2015.

Professional qualifications	Dates of admission
Member of Chinese Institute of Certified Public Accountants	September 2003
Fellow of The Association of Chartered Certified Accountants	January 2005
Fellow of The Hong Kong Institute of Certified Public Accountants	September 2009
Fellow of The Taxation Institute of Hong Kong	July 2010
Fellow of The Institute of Chartered Secretaries and Administrators	July 2015
Fellow of The Hong Kong Institute of Chartered Secretaries	July 2015
Fellow of The Hong Kong Institute of Directors	April 2015
Fellow of The Hong Kong Investor Relations Association	July 2016

Mr. Yuan Shuangshun (袁双顺) ("Mr. SS Yuan"), aged 49, was appointed as our independent non-executive Director on 1 August 2020. He obtained a master of economics from Guangdong Academy of Social Sciences (廣東省社會科學院研究生院) in 2002. Prior to joining the Company, Mr. SS Yuan has been the executive director of China All Nation International Holdings Group Limited (formerly known as KSL Holdings Limited) (stock code: 8170, the shares of which is listed on GEM) since 1 December 2017 and Mr. SS Yuan has been the vice president at Shenzhen Right & Sun Investment Holding Co. Ltd (深圳瑞華信投資有限責任公司) for more than 20 years. Mr. SS Yuan has extensive experience in investment, private equity, corporate finance and capital markets.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Goh Boon Pan (吳文平), aged 49, is the senior manager of our Company. Mr. Goh joined our group in July 2015 and has been responsible for the management, design and implementation of our projects. Mr. Goh also oversees and manages the engineer and technician team of our Group. Mr. Goh has accumulated approximately 17 years' experience in project management. Prior to joining our Group, he worked in ISPL Service Centre from August 2002 to June 2015 as senior project manager and in Intellink Systems Pte Ltd (now known as Intellilink Systems Pte Ltd) from September 2000 to July 2002 as a project engineer.

Mr. Goh obtained a diploma in electronics, computer and communication engineering from Singapore Polytechnic in May 1997.

Mr. Heng Yew Chong Benedict (王僂仲), aged 29, is the financial controller of our Company. Mr. Heng joined our Group in June 2017 and has been responsible for the accounting and finance matters of our Group. Mr. Heng is experienced in the fields of auditing, accounting and financial management. Prior to joining our Group, Mr. Heng worked for Ernst & Young LLP from August 2014 to June 2017, his last position held was an audit senior.

Mr. Heng obtained his bachelor of accountancy degree with a second specialisation in business law from Nanyang Business School, Nanyang Technological University in June 2014. Mr. Heng has been a member of the Institute of Singapore Chartered Accountants since September 2017. Mr. Heng obtained his Masters in Business Administration from Institut Européen d'Administration des Affaires in July 2020.

COMPANY SECRETARY

Ms. Tang Lo Nar (鄧露娜), aged 47, is the company secretary of our Company. She is also the company secretary of Shuanghua Holdings Limited (stock code: 1241 a Hong Kong Main Board listed company). She is a Fellow of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Tang obtained a master's degree in Applied Finance from University of Western Sydney of Australia in 2004 and a bachelor's degree in Accountancy from The Hong Kong Polytechnic University in 1995. Ms. Tang has over 20 years of experience in accounting, tax, audit, company secretarial and finance. Since 2005, Ms. Tang began her own business by establishing a private company in Hong Kong to provide accounting, management consultancy, tax and company secretarial services.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

During the Year, most industries around the world experienced unprecedented levels of economic slowdowns caused by the reductions in demand. In Singapore, the Circuit Breaker substantially delayed most of our previously forecasted sales delivery which resulted in significant delays in recognition of revenues.

Despite this, we, as part of essential services operations, continued to work tirelessly to deliver top-of-the-class maintenance service and round-the-clock support to our public, private, and non-for-profit customers in the healthcare sector. In the near term, we continue to look forward to the stability of cash flow receipts from our existing and newly clinched maintenance contracts in the healthcare sector.

As governments reduce level of movement controls, the economies we operate in will transit towards a “new normal” after COVID-19. During this economic recovery period, we intend to gradually resume sales and installation delivery to project sites in compliance with all existing social distancing measures and regulations.

In our response to this unprecedented pandemic, we seek to optimise our cost structures taking heightened precautionary measures to safeguard employees’ health and have adopted a series of measures. One of these measures is maximising employee efficiency and engagement through the implementation of cloud-enabled work collaborations and video meeting solutions in order to enable employees to be able to work safely with social distancing.

We believe that with our healthy level of project and maintenance pipeline, we are poised to ride out the pandemic as we continue to build rapport and mutually beneficial relationships with all our stakeholders in order to create and share value amongst our business partners in the industry chain.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a sound and communication services solution provider in Singapore. We have more than 17 years of experience in the provision of sound and communication systems services solution for various building systems in Singapore. We primarily provide (i) sale of sound and communication systems and related services; (ii) integrated services of sound and communication systems, with a focus on customisation and installation of sound and communication systems in buildings; and (iii) Alert Alarm System (“AAS”) services for our customers in Singapore.

For the Year, the Group recorded revenue of approximately S\$6.7 million and profit and other comprehensive income of approximately S\$0.3 million. Comparing with the year ended 30 June 2019, the Group recorded revenue of approximately S\$8.6 million as well as the total comprehensive income of approximately S\$0.1 million. The following table sets forth the breakdown of our revenue by segment for the years indicated:

	For year ended 30 June	
	2020	2019
	S\$	S\$
<i>Revenue from:</i>		
Sale of sound and communication systems and related services	5,105,094	6,425,214
Integrated services of sound and communication systems	714,676	1,316,044
AAS services	875,544	875,544
	6,695,314	8,616,802

Sale of sound and communication systems and related services

Our revenue generated from the sale of sound and communicated systems and related services was approximately S\$6.4 million and S\$5.1 million for the years ended 30 June 2019 and 2020, respectively, which represent approximately 74.6% and 76.2% of our total revenue for the same period. The revenue decrease was in line with a decrease in contracts completed during the Year, from 141 to 92 for the years ended 30 June 2019 and 2020 respectively. The decrease in contracts was mainly due to delays in construction projects caused by Circuit Breaker measures implemented in Singapore. We have been working to develop value-added and long-term relationship with customers in the long run by entering into contracts for the provision of maintenance and related services.

Integrated services of sound and communication systems

Our revenue generated from the provision of integrated services of sound and communications systems was approximately S\$1.3 million and S\$0.7 million for the years ended 30 June 2019 and 2020, respectively, which represent approximately 15.3% and 10.7% of our total revenue for the same period. The revenue decrease was due to the progression of a material contract and its associated variation orders with approximately 26.4% completed during the Year while such contract and its associated variation orders progressed approximately 62.5% for the year ended 30 June 2019.

AAS services

Our revenue generated from the provision of AAS services was approximately S\$0.9 million for both the years ended 30 June 2019 and 2020 respectively, which represent approximately 10.2% and 13.1% of our total revenue for the same period. We expect there will be stable revenue generated from the two long term AAS services contracts with their contract terms of June 2013 to April 2021, and, January 2015 to April 2021, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately S\$1.9 million or 22.2% to approximately S\$6.7 million for the Year, from approximately S\$8.6 million for the year ended 30 June 2019. This was principally due to the decrease in sales of sound and communication systems and related services caused by project delays during the period of Circuit Breaker measures adopted in Singapore.

Costs of sales/services

Our costs of sales/services decreased by approximately S\$1.9 million or 31.4% to approximately S\$4.0 million for the Year from approximately S\$5.9 million for the year ended 30 June 2019. The decrease in costs was due to lower material purchases during the Year as a result of the project delays.

Gross profit

Our gross profit remained stable at approximately S\$2.7 million for the Year and for year ended 30 June 2019. The Group's gross profit margin increased to 39.8% for the Year, from approximately 31.7% for the year ended 30 June 2019. The increase in gross profit margin was due to the Group's substantial decrease in headcount of operational staff and material costs due to project delays in the integrated services for sound and communication systems segment during the Year.

Other income, gains and losses

Our other income, gains and losses remained stable at approximately S\$0.4 million for the Year and for the year ended 30 June 2019. Such stability was mainly attributed to the increased government support grants for employees' salaries during the Circuit Breaker period and increased foreign exchange gains of monetary assets held in other currencies, such as US\$ and HK\$, which had appreciated against the S\$, which was offset by decrease in one-off gain on disposal of subsidiaries occurred in the year ended 30 June 2019.

Administrative expenses

Our administrative expenses decreased to approximately S\$2.5 million for the Year, by approximately S\$0.2 million or 6.3%, from approximately S\$2.7 million for the year ended 30 June 2019. The decrease was mainly due to the fact that there were decreased payroll costs caused by decreased headcounts even though there were annual salary increments.

Finance costs

Our finance costs decreased to approximately S\$35.4 thousand for the Year, by approximately S\$3.4 thousand or 8.6%, from approximately S\$38.8 thousand for the year ended 30 June 2019. The decrease was mainly due to the repayment of bank mortgage loan during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Our income tax expense decreased to approximately S\$170.4 thousand for the Year, by approximately S\$74.1 thousand or 30.3%, from approximately S\$244.5 thousand for the year ended 30 June 2019. The decrease was substantially due to a non-recurrent underprovision of income tax expenses in Singapore subsidiary ISPL for the year ended 30 June 2019.

Profit and other comprehensive income for the year

The Group recorded total comprehensive income for the year of approximately S\$0.3 million for the Year. Compared to the total comprehensive income of approximately S\$0.1 million for the year ended 30 June 2019, the increase was principally caused by cost-saving measures adopted by the Company during the COVID-19 outbreak which had consequently led to the decrease in administrative expenses of approximately S\$0.2 million.

DIVIDEND

The Board does not recommend the payment of final dividend for the Year (2019: nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

Cash and bank balances

As at 30 June 2020, our Group's cash and bank balances are denominated in the following currencies:

	For year ended 30 June	
	2020	2019
	S\$	S\$
<i>Denominated in:</i>		
HKD	1,306,183	3,405,525
SGD	6,467,305	4,343,891
USD	2,394,128	2,060,123
MYR	62,208	72,880
	10,229,824	9,882,419

Net current assets

As at 30 June 2020, the Group had net current assets of approximately S\$11.2 million (2019: S\$10.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Total equity

The equity of the Group mainly comprises share capital, share premium and reserves. The Group's total equity attributable to owners of the Company amounted to S\$14.9 million (2019: S\$14.6 million).

Borrowings

Our borrowings decreased by approximately S\$0.2 million or 10.1% from approximately S\$1.6 million as at 30 June 2019 to approximately S\$1.4 million as at 30 June 2020. The decrease was primarily due to the partial repayment of loan during the Year.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Year and up to the date of this report.

TREASURY POLICY

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL EXPENDITURES AND COMMITMENTS

During the Year, the Group acquired items of property, plant and equipment of approximately S\$27.9 thousand (2019: approximately S\$42.3 thousand).

As at 30 June 2020, the Group did not have any capital commitments (2019: nil).

LEASE COMMITMENTS

Our lease commitments represent the minimum lease payments which would be payable under operating lease in respect of staff dormitories and office equipment, amounting to approximately S\$45.4 thousand (2019: approximately S\$56.7 thousand).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any contingent liabilities (2019: nil).

OFF BALANCE SHEET ARRANGEMENTS

As at 30 June 2020, the Group did not enter into any material off-balance sheet arrangements (2019: nil).



MANAGEMENT DISCUSSION AND ANALYSIS

PLEGGED ASSETS

Our pledged bank deposits represent deposits placed to a bank for corresponding amounts of performance guarantee arranged by our Group in favour of a customer with an original maturity term of 36 months. The balances carry interest of 0.65% per annum as at 30 June 2020 and 2019. We had pledged bank deposits of S\$0.2 million as at 30 June 2020 and 2019.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, including our Directors, the Group had a total of 59 employees (2019: 71).

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 scheme for employees which is outlined in the Central Provident Fund Act (Chapter 36 of Singapore).

In addition, the Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") on 14 December 2017 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 during the Year and did not have any material acquisition and disposal of subsidiary or affiliated company during the Year (2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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. For further details, please refer to Note 32 to the consolidated financial statements included in this annual report.

KEY FINANCIAL RATIOS

	For year ended 30 June	
	2020 Times	2019 Times
<i>Liquidity ratios</i>		
Current ratio	11.6	9.5
Quick ratio	11.1	9.4
	%	%
<i>Capital adequacy ratios</i>		
Gearing ratio	9.4%	10.7%

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%.

MANAGEMENT DISCUSSION AND ANALYSIS

Quick and current ratios

The quick and current ratios increased by 22.1% and 18.1% respectively during the Year. This is primarily due to inventory build-up during the Circuit Breaker period, and quicker days to pay to vendors reducing liabilities balances during the Year.

Gearing ratio

The slight decrease of gearing ratio is due to the partial repayment of mortgage loan during the Year.

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

Up to 30 June 2020, we utilised the net proceeds raised from the Listing in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the “Prospectus”) and the supplemental announcement issued on 31 July 2020 (the “Supplemental Announcement”) as follows:

Description	Amount designated in the Prospectus HK\$M	Actual use of proceeds as at 30/06/20 HK\$M	Unutilised amount as at 30/06/20 HK\$M	% utilised as at 30/06/20 %	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.4	1.0	28.6%	31/12/22
Expand and train our sales and marketing, technical and support workforce	11.6	4.7	6.9	40.5%	30/06/23
Purchase transportation vehicles	3.0	0.5	2.5	16.7%	30/06/23
Setting up of a new sales office in Singapore	10.0	–	10.0	0.0%	30/06/22
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	–	2.0	0.0%	30/06/21
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	–	2.5	0.0%	30/06/23
General working capital and general corporate purposes	3.5	3.5	Nil	100.0%	N/A
Grand total	44.0	19.1	24.9	43.4%	

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 30 June 2020:

Purpose	Implementation Plan	Actual implementation activities
Strengthen our marketing efforts in the sound and communication industry in Singapore	<ul style="list-style-type: none"> Implement corporate branding and identity for our sound and communication services solution operations in Singapore which includes printing of marketing materials and advertisement Maintain and update our corporate websites by the external consultant for customised website development Participate in trade show(s) 	<ul style="list-style-type: none"> Maintained and improved our corporate websites, by using in-house resources to develop and maintain the Group's website instead of engaging external website designers
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> Staff cost for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs Staff cost for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and taking into account potential increase in wage level, and the associated staff accommodation costs To provide internal and external trainings and workshops to our sales and technical staff 	<ul style="list-style-type: none"> New headcount of approximately 8 technicians were recruited by June 2018 New headcount of approximately two engineers and 9 technicians were recruited by June 2019 New headcount of approximately 2 sales and marketing executives were recruited by June 2019 Provided internal and external trainings and workshops to our technical staff In the process to seek suitable candidates to the remaining positions
Purchase transportation vehicles	<ul style="list-style-type: none"> Purchase of one van for maintenance operations and, transportation of relevant equipment and/or labour Purchase of one lorry for delivery and transportation of larger equipment and/or labour 	<ul style="list-style-type: none"> Purchased of one van for maintenance operations and, transportation of relevant equipment and/or labour Considered and monitored Group's current project portfolio but postponed the purchase of lorry due to current different project requirements

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Setting up a new sales office in Singapore	<ul style="list-style-type: none"> Purchase of one new property to be used by our sales and contract department and act as a demonstration facility for our sound and communication systems 	<ul style="list-style-type: none"> Considered and monitored the Group's project tenders and plan was postponed due to the latest observation of industry customers' requirements and the property prices in Singapore were surged up higher than expected which the Group requires additional time to identify the suitable premises in order to meet the Group's financial budget
Partial repayment of bank loan	<ul style="list-style-type: none"> Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore. 	<ul style="list-style-type: none"> The mortgage loan was partially repaid on 11 July 2018.
Expansion of our sound and communication services solution business	<ul style="list-style-type: none"> To explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore, particularly larger scale projects which may be required for the provision of performance bonds. 	<ul style="list-style-type: none"> Postponed due to performance bond not required in recent awarded tenders to the Group. In the process of exploring large scale potential projects which requires the provision of performance bonds
Take steps to obtain higher grade level under our current mechanical and electrical workhead	<ul style="list-style-type: none"> Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workhead. 	<ul style="list-style-type: none"> Considered and monitored the Group's project portfolio and postponed to April 2020 The Group is currently accumulating the necessary track record requirement

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

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Group recognises the importance of its role in corporate social responsibility (“**CSR**”), and is committed to integrating ESG aspects into its risk management system and takes practicable and possible measures in its daily operations to comply with the relevant national laws and regulations.

REPORTING SCOPE AND STANDARDS

This report is prepared in accordance with the “Environmental, Social and Governance (ESG) Reporting Guide” contained in Appendix 20 of the GEM Listing Rules.

Unless otherwise stated, the Environmental, Social and Governance report (“**ESG report**”) mainly covers the core business activities of the Group including sales and integrated services of sound and communication systems and alert alarm systems services in Singapore for the financial year ended 30 June 2020 (the “**Year**”). The ESG report represents the Group’s sustainability approach and performance in the environmental aspects based on its Singapore office during the Year.

ENGAGEMENT WITH STAKEHOLDERS

Stakeholders’ participation is critical in the sustainable development and value creation for the Group. As always, the Group welcomes stakeholders’ feedback on its ESG approach and performance which will help the Group continuously improve its sustainability performance. The table below lists the Group’s stakeholders and illustrates our communication and response measures which had been well maintained throughout the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	<ul style="list-style-type: none"> Shareholders Potential investors 	<ul style="list-style-type: none"> > Corporate website > Annual and Interim financial report > Annual general meeting > Announcements and disclosure of stock listing information
Employees	<ul style="list-style-type: none"> Senior Management Staff Direct workers Potential recruits 	<ul style="list-style-type: none"> > Training and seminars > Direct communication > Independent focus groups and interviews > Regular performance assessment
Customers	<ul style="list-style-type: none"> Singapore Government agencies Private organisations Ultimate users 	<ul style="list-style-type: none"> > Periodical meetings with contractors and customers > Customer assessment > Designated customer hotline
Suppliers/Contractors	<ul style="list-style-type: none"> Suppliers Sub-contractors Service providers 	<ul style="list-style-type: none"> > Supplier assessment > Daily work review > Site inspection and meeting with sub-contractors
Government	<ul style="list-style-type: none"> National and local governments Regulators 	<ul style="list-style-type: none"> > Written correspondence > Statutory reports and general disclosures
Community	<ul style="list-style-type: none"> National and local community organisations 	<ul style="list-style-type: none"> > Internship programme

MATERIALITY ASSESSMENT

To ensure that this report addresses the issues that are critical to the Group and significant to our stakeholders, we conducted a materiality assessment of the Group's CSR agenda. By doing so, we can identify the areas for improvement in our work, and devise more comprehensive, transparent, and specific responses to enhance the quality of the annual report. The assessment process involved the directors, management and staff of the Group's respective major functions. In this ESG report, we adopted the reporting principles proposed in the guide for materiality, quantification, balance and consistency. We made improvements to content and information presentation to better meet the stakeholders' expectations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PROTECTING THE ENVIRONMENT

We are dedicated to sustainable development and protection of the environment. Therefore, even though our operations emit insignificant amounts of greenhouse gas emissions (“GHG”), the Group continues to devote operating and financial resources to the compliance of applicable environmental laws and regulations. Appropriate policies and procedures were maintained during the Year to reduce emissions and to use natural resources effectively and efficiently.

Emissions

Global warming is one of the major effects of climate change and the Group envisions to reduce the imminent risk of continuing contribution to global warming, through recognising the impact of air emissions and GHG emissions on the climate and the environment. In line with our aim to reduce the use of natural resources and to protect the environment, the Group strives to use energy, water and materials efficiently, and to comply with relevant local environment regulations.

Due to the Group’s business nature – the provision of sound and communication systems and related services, production of GHG emissions and non-hazardous waste is insignificant and discharge into water and land is minimal. The Group’s operation does not create any hazardous waste. Major sources of air emissions and GHG emissions for our business operations had been the following:

- fuel used by motor vehicles;
- electricity consumption of the head office of the Group;
- business air travel by our employees; and
- disposal of paper at landfills.

When purchasing vehicles, the Group considers the tonnage of the vehicle and prioritises the purchase of environmentally friendly models. The Group maximises fuel efficiency of vehicles through efficient fuel choices and regular servicing to ensure engines are high performing and run more smoothly. We closely monitor the travel logs and fuel consumption of our motor vehicles to avoid unnecessary usage of fuel.

During the Year, 2 light goods vehicles were used by the Group for its operations. Comparing with the financial year ended 30 June 2019, lower emissions were recorded. This is due to the Group’s continuing efforts in reducing GHG emissions and a reduction in use of motor vehicles due to COVID-19 movement restrictions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the Group encourages employees to utilise instant messaging tools, video calls, or teleconferences where feasible to avoid excessive air travel. As a result, and also due to the effect of the COVID-19 epidemic, the relevant amount of carbon dioxide emissions significantly decreased. In light of the COVID-19 epidemic and to protect the health of our employees, the Group strongly advised employees to reduce business air travel over the Asia-Pacific regions.

Air emissions during the Year:

	Unit	2019/20	2018/19
Emissions data from Gaseous Fuel Consumption			
Nitrogen Oxide (NO _x)	kg	34.95	66.01
Sulphur Oxide (SO _x)	g	42.38	58.84
Particulate Matter (PM)	kg	3.35	6.33

GHG emissions during the Year:

		Unit	2019/20	2018/19
Direct emission or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon Dioxide (CO ₂)	tonne	7.54	9.55
	Methane (CH ₄)	kg	4.36	5.53
	Nitrous Oxide (N ₂ O)	tonne	0.45	0.57
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	Carbon Dioxide (CO ₂)	tonne	16.07	12.34
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	Carbon Dioxide (CO ₂)	tonne	3.14	3.91
Electricity used for fresh water and sewage processing	Carbon Dioxide (CO ₂)	tonne	0.27	0.15
Business air travel by employees	Carbon Dioxide (CO ₂)	tonne	2.16	12.96

Waste Management

Non-hazardous waste produced from our operations includes paper, packaging materials and general wastes. General wastes are collected and processed by government-linked general waste service providers, and billed monthly at a flat rate.

During the Year, the Group encourages and ensures that our employees adhere to the principles of “Reduce”, “Re-use”, and “Recycle” when consuming resources. Responsible personnel had been assigned to conduct waste separation at source to facilitate efficient collection and recycling of wastes.

Our operations do not generate hazardous wastes and the amount of non-hazardous wastes, consisting of packaging materials and general wastes, is insignificant. Therefore, the relevant key performance indicators were not presented.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Use of Resources

The Group aims to minimise environmental impacts in our operations by identifying and adopting appropriate measures in our operations. To improve energy efficiency over electricity consumption, the following measures have been taken during the Year:

- Computers, printers and monitors are set to be automatically turned off if they are idled for a certain period;
- Air conditioners are set at an environmentally friendly temperature;
- Motion-sensor lighting is in place for energy saving;
- The Group's head office was designed to maximise the admission of natural daylight in order to reduce energy usage; and
- All electrical appliances are required to be turned off after the last person left office.

The Group does not produce, nor primarily engage in business which produces, a significant amount of industrial wastewater. Our water consumption mainly comes from office water consumption and domestic sewage in our office premise during daily operations. To ensure our workers are committed to reduce water usage, we have placed reminders near our water taps to remind them to turn the faucet to the off position while not in use. The water is sourced and discharged without any problems through the urban water supply and discharge network.

Resources consumption during the Year:

	Unit	2019/20	2018/19
Electricity Consumption	kWh	38,360	29,448
	kWh/employee	650.17	414.76
Water Consumption	m ³	268.7	249.80
	m ³ /employee	4.55	3.52

There were no significant packaging materials being used in our daily operations during the Year and hence no relevant KPI to report.

ENVIRONMENT AND NATURAL RESOURCES

Given the nature of the Group's operations, no significant impact to the environment or natural resources is expected to be caused. Nevertheless, our employees always act responsibly to mitigate any potential environmental threats that may be caused by our business operations. During the Year, our employees achieved energy conservation and waste reduction through the promotion of green practices in the office and with the encouragement and oversight of the Group's management.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group ensures that all our ESG policies and procedures comply with applicable laws and regulations regarding environmental protection. During the Year, the Group has complied with all relevant environmental laws and regulations in Singapore such as the Environmental Protection and Management Act (Cap. 94A of Statutes of Singapore) and other regulations promulgated by governments and currently applicable to the Group, as well as environmental requirements of customers.

For the Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, noise control, discharges into water and land, and generation of hazardous and non-hazardous waste.

Employment and Labour Practices

The Group is an equal opportunities employer and ensures that there is no workplace discrimination on the basis of ethnicity, nationality, age, gender religion, disability, marital status, or social orientation. During the hiring process, candidates will be evaluated in a fair and just manner, based on their suitability for the position and potential to fulfil the Group's current and future needs.

The same equity principle applies to performance appraisals of employees and such is conducted on an annual basis and when management determines as necessary. The appraisal process facilitates communications between management and employees and employees with outstanding performance will be rewarded accordingly. If any employee submits a resignation, to retain our human resources assets and avoid interruption to operations, exit interview may be conducted by the immediate supervisors with the employee. If an employee was dismissed, compensation in lieu of notice will be paid in accordance with the local employment law.

Remuneration policy is regularly reviewed to ensure competitive remuneration packages, including basic salary, commission, bonus and other welfares and allowances, are offered to our employees. Reference is made to the prevailing market level in line with their competency, qualifications and experience.

Work hours and rest period of employees are determined with reference to applicable local employment laws. On top of mandatory annual leaves, additional leaves such as maternity leave, paternity leave or compassionate leave maybe granted to employees. To support and maintain the culture of work-life balance, there is an employee wellness program in place to encourage employees' social, recreational and health conscious awareness.

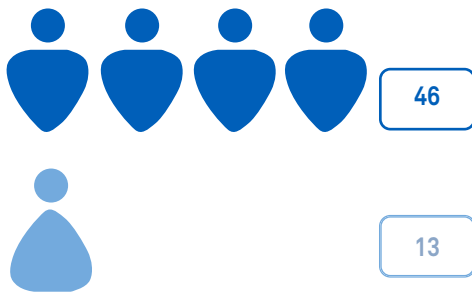
On the whole, the Group complies strictly with local laws and regulations in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods, benefits, and training and development. During the Year, there is no non-compliance regarding Employment Ordinance (Cap. 57), the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and the Minimum Wage Ordinance (Cap. 608), Laws of Hong Kong; the Employment Act (Cap. 91), the Central Provident Fund Act (Cap. 36), Statutes of Singapore; and the Employment Act 1955, Employee's Provident Fund Act 1991 and Employment Insurance System Act 2018, Laws of Malaysia, as well as industry features and practices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

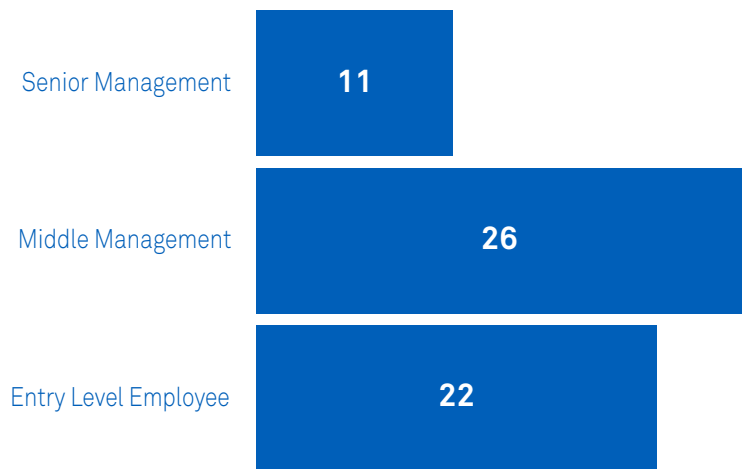
Staff Composition

As at 30 June 2020, we employed a total of 59 staff members, which includes members working at our head office and construction sites. Among our staff members, 58 work within Singapore while 1 works in Hong Kong.

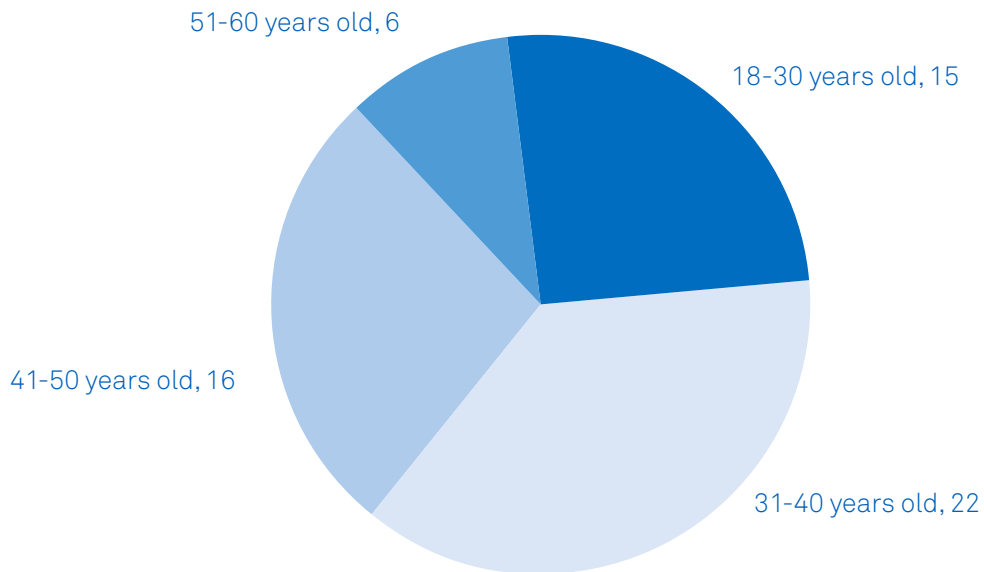
Employees by Gender



Employees by Employment Category



Employees by Age Group





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Turnover

During the Year, the Group has an annual turnover rate of approximately 19%, with 22% our male staff and 8% of our female staff leaving the Group. Employee turnover categorised by age was as follows: 8% of the “18 to 30 years old” bracket, 7% of the “31 to 40 years old” bracket, and 3% of the “41 to 50 years old” bracket, had left the Group during the Year.

Health and Safety

Due to the nature of the Group’s business, there is no significant risk in occupational health and safety (“OHS”) in the course of its operations. The Group strives to provide a high OHS standard, a safe and comfortable working environment to prevent employees from injuries and accidents, as well as to minimise the risk of any occupational hazards at all times.

In accordance with the statutory requirements of Singapore, the Group has maintained group hospitalisation and surgical insurance for all confirmed office employees as stipulated by the Ministry of Manpower of Singapore. The Group maintains employee compensation insurance that includes work injury for our employees in Hong Kong and Malaysia and complies to the relevant local regulatory requirements. These insurance policies and insured sums provide cover to all qualified employees against occupational hazards, accidents and sickness. The Group equipped the office and project sites with all the required safety equipment and facilities and passed all the governmental safety inspections.

Our implemented work safety rules and policies are monitored closely and are, in all material aspects, compliant with all the relevant laws, rules and regulations relating to health and safety requirements, including but not limited to Work Injury Compensation Act (Cap. 354) and the Workplace Safety and Health Act (Cap. 354A), Statutes of Singapore; the Employees’ Compensation Ordinance (Cap. 282) and the Occupational Safety and Health Ordinance (Cap. 509), Laws of Hong Kong; and the Occupational Safety and Health Act 1994 and Workmen’s Compensation Act 1952, Laws of Malaysia.

Under the Workplace Safety and Health (Construction) Regulations 2007, no employees without adequate health and safety training is allowed to supervise or oversee any process, or work carried out in a worksite. In order to enhance the capabilities in addressing workplace health, safety and security, the Group has attained BizSafe Level 3 certification. Project implementation team and safety team regularly inspect and alert workers to take precautionary measures to ensure that the workplace is safe. To comply with the BizSafe requirements, we provide adequate safety training courses to our employees, conduct risk assessments to identify potential OHS hazards and periodical internal audits to ensure compliance with our systems manuals and procedures, followed with the development of an action plan, implementation of corrective and prevention measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regular communications are maintained between project implementation team and safety team together with the participation of sub-contractor's and worker's representatives to share the latest information and best practices regarding occupational health and safety. Project managers are responsible for conducting site inspections to ensure that the Group's existing business operations and working procedures are in compliant with health and safety standards. Review and checking for updates of relevant laws and regulations are also performed on a regular basis.

For the Year, the work injury statistics for the Group were as follows:

Work Injury Statistics	Unit	2019/20	2018/19
Number of work-related fatalities	Case	0	0
Rate of work-related fatalities	Percentage	0%	0%
Number of reported accidents (sick leave > 3 days)	Case	1	1
Lost days due to work injury	Day	137	199

As at 30 June 2020, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.

Development and Training

Encouraging employees to take part in professional development and training not only can assist employees to excel at their career but can benefit the Group at the same time. Through undertaking various training programme, employees can enhance their personal qualities, strengthen their working skills and reinforce the team performance. All of our employees are subject to regular performance and career development appraisal during which management will review the adequacy of qualifications and skills the appraisee has, which should incentivize employees in taking up training and developing themselves.

The Group also supports self-improvement and continuous learning and encourages its employees to fully utilise their expertise at work to enhance quality. An education sponsorship programme is set to encourage our employees to take part in external training courses that could directly and effectively expand their skill sets related to their current job requirements. For any courses that is not job-related, employees could also voice their interest to the Administration Department subject to the approval of their department heads. Such arrangements can enhance the communication and team spirit while also improving their technical skills and managerial capability and encourage employees at all levels.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group aims to foster a learning culture that could strengthen employees' professional knowledge, which in turn benefits the Group as employees are more likely to be able to achieve desired results after receiving appropriate training. For new employees, job induction and on-the-job training will be provided to help them to better understand the Group's corporate history and culture, the Group's internal policies and its business development. For experienced staff, the Group provides relevant training according to their roles and positions. Our senior management will from time to time discuss and share new developments and trend of the industry

During the Year, Training courses undertaken by employees include but are not limited to electrical works training organised by the Building and Construction Authority and supervise construction work for workplace safety and health training accredited in accordance with the Singapore Workforce Skills Qualifications System.

37% of our male employees and 10% of female employees participated in training, with the average training duration of each male employee at approximately 6.73 hours and female employees at 14.00 hours. The percentage of employees participated in training for senior management, middle management, and entry level employees were approximately 9%, 46% and 59% respectively. The average training duration in each of these categories were approximately 8.00 hours, 11.70 hours and 6.46 hours respectively. We continuously refine our training plan and ensure employees from each level can receive adequate training.

Labour Standards

The Group recognises that child labour and forced labour violate fundamental human rights and the protocol of international labour conventions, and we agree they pose a threat to sustainable social and economic development. Thus, we strictly abide by the Employment of Children and Young Persons Regulations, the Employment Act and the Prevention of Human Trafficking Act, Statutes of Singapore; Employment of Children Regulations and Employment of Young Persons (Industry) Regulations and the Employment Ordinance (Cap. 57), Laws of Hong Kong; and the Children and Young Persons (Employment) Act 1966 and the Employment Act 1955, Laws of Malaysia.

The Group prohibits employment of child labour. We check and verify identity cards or other identification documents of the candidates to ensure that job applicants are lawfully employable. We would strictly follow the terms and conditions of the employment contract as agreed between the Group and the employee and would not prejudice the employment relationship between both parties, such as detaining a deposit or forcing to work against their will under any kind of threat.

For the Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to preventing child and forced labour.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATION MANAGEMENT

Supply Chain Management

The Group highly values its relationships with its vendors, including suppliers and subcontractors, and understands that establishing quality relationships with its vendors can greatly enhance its operation effectiveness in terms of, for example, logistics and costs, which in turn can improve service quality to customers of the Group. The Group engages vendors which engage in responsible sourcing and other environmental conservation practices, and ensures that these practices are in line with our policy of green supply chain management to reduce any negative effects of business operations on the environment.

In order to ensure that our suppliers have met clients' and our requirements regarding quality, environmental and safety standards, we have laid down procedures and guidelines for procuring materials and for the selection of suppliers in a fair and equitable manner. We evaluate and monitor our suppliers' performance based on factors such as the quality of service, the timeliness in completing the required service or delivery of goods, responsiveness and compliance with relevant rules and regulations. In this regard, a list of approved suppliers is maintained and updated timely whereby those suppliers with unsatisfactory performance will be removed from the list.

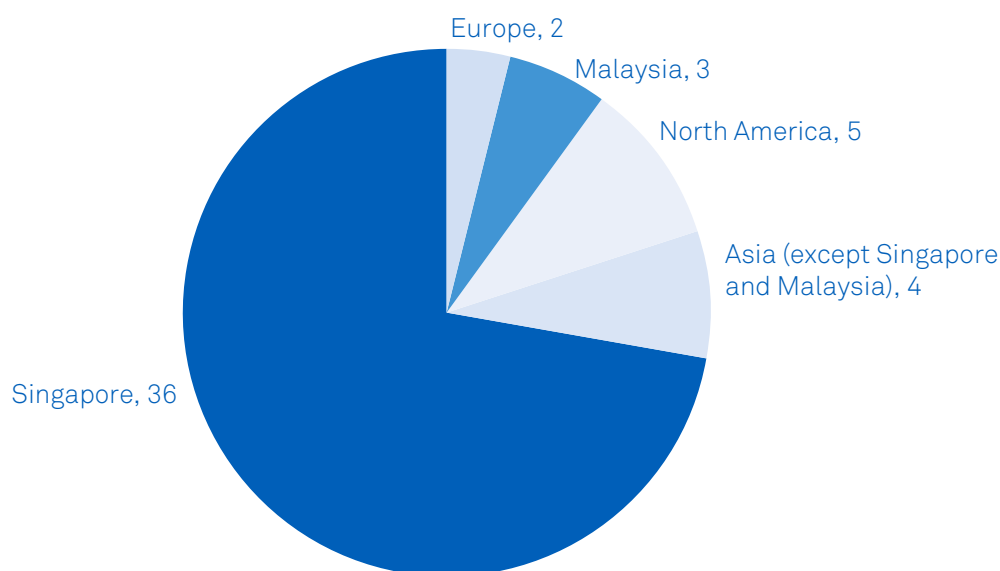
Additionally, all materials delivered are examined by designated site staff before we accept them. Materials which are found to be defective or of low qualities will be returned and replaced. We also maintain close liaison with our suppliers to monitor their performance to ensure the quality is consistent with their service commitment.

We expect our suppliers to maintain the highest quality with regards to social responsibility systems on managing environmental and social aspects, the scopes of which mainly include operational compliance, employee's security and health, commercial ethics, and environmental protection.

During the Year, most of our suppliers are based in Singapore. As a result, our operations did not produce significant carbon emissions from haulage and transportation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Suppliers by Geographical Region



Product Responsibility

We value our customers and are committed to reinforcing our relationships by continuously improving the quality of our products and customers experience. Our project team conducts routine inspection at the relevant project sites to ascertain our clients' satisfaction with the service quality of our workers. To ensure the quality of our services, the Group has also developed its internal management system and closely monitored its project execution process, with the aim of rendering premium and reliable services to our clients. We have established and implemented a quality management system ("QMS") in our operations, which are in conformity with the internationally recognised ISO 9001:2015 standard. With the implementation of our QMS, we demonstrate our ability to consistently provide products and services that meet clients' and all applicable statutory and regulatory requirements.

We prioritise our clients and endeavour to offer the most customer-friendly and responsive experience for both recurring and new clients. Not only do we prioritise the health and safety of our employees, an unwavering determination to keep efficient, reliable, and enhancing its services is believed by the Group to ensure the resilience and stability of business development as well. The Group also maintains on-going communication with its clients to ensure understanding and satisfaction of their demand and expectations, as well as constantly improving its services.

During the Year, we received no complaints or claims from our customers arising from the quality issues of the works performed either by us or our sub-contractors, which in the view of directors was the result of the effective quality control measures.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In compliance with the Personal Data Protection Act, Statutes of Singapore and the Personal Data (Privacy) Ordinance (Cap. 486), Laws of Hong Kong, and the Personal Data Protection Act 2010, Laws of Malaysia, we ensure that all the business data collected from our clients is treated as strictly confidential. Our clients' data can only be accessed by authorised personnel and data processing are guided by different departments to protect their information against improper disclosure, misuse or unauthorised use, loss, damage, or corruption. All employees have to comply with the internal guidelines and employment contracts containing relevant clauses to ensure customer information confidentiality. Through internal trainings and confidentiality agreements, the Group has enforced proper measures to safeguard data integrity by avoiding and restricting any unauthorised access and data leakage.

With regards to the protection of intellectual property rights, the Group ensure compliance relevant regulations and insists to purchase and use proper licensed software and information in its business operations. Employees are also required to avoid having unlicensed computer software on their computers at the workplace. Our employees are required to enter into employment contracts, under which they are required to keep all information relating to the intellectual property of the Group confidential. In addition, the Group has taken steps to protect our copyrights and other intellectual property rights by timely registering to the local government bureau which is in charge of protecting intellectual property rights of residents.

For the Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

ANTI-CORRUPTION

With integrity forming a core part of the Group's business ethics, we ensure compliance with relevant regulations and laws, such as the Prevention of Corruption (Cap. 241) and Competition (Cap. 50B) Act, Statutes of Singapore; Prevention of Bribery Ordinance (Cap. 201), and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), Laws of Hong Kong; and the Anti-Corruption Commission Act 2009, Laws of Malaysia.

To maintain high standards of corporate governance, we fulfil our commitment through establishing anti-corruption policies and guidelines such as acceptance of gifts and conflicts of interest and set out in the Staff Handbook that prohibits all forms of fraud and corruption, such as bribery, extortion, illegal inducement, offering or accepting disallowed gifts, kickbacks or other disallowed advantages. Such policies are effectively conveyed to our employees during their induction training to ensure their understanding of and compliance with all the applicable anti-corruption laws and regulations. Related information on anti-money laundering is also provided to employees to raise their awareness in this regard.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group has formulated a Whistle-Blowing Policy to facilitate disclosure of relevant information via a confidential reporting channel available to all employees. Employees are encouraged to report verbally or in writing to the senior management for any suspected misconduct and violation of rules with full details and supporting evidence. Investigation work for whistleblowing reports is handled with strict confidentiality under circumstances to preserve anonymity. Additionally, the Group is fully aware that it is obligated to refer the matter to the legal enforcement parties or regulators and shall be subject to disciplinary action where appropriate.

During the Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud and money laundering.

GIVING BACK TO THE COMMUNITY

Committed to the long-term sustainability of its business, the Group strives to adopt appropriate approaches to broaden the communities we serve and support the employment of people from different backgrounds. During the Year, the Group has offered multiple short-term internship opportunities to students from the Institute of Technology Education, fostering career interest and mentoring technical aspirants in the field of sound and communication systems and related services in Singapore.

We continue to seek opportunities to take part in community development, using our expertise and resources to support and contribute to the local community and related parties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PERFORMANCE SUMMARY

Environmental Performance

Air Emissions	Unit	2019/20	2018/19
Nitrogen Oxide (NO _x)	kg	34.95	66.01
Sulphur Oxide (SO _x)	g	42.38	58.84
Particulate Matter (PM)	kg	3.35	6.33

GHG Emissions	Unit	2019/20	2018/19	
Direct emission or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon Dioxide (CO ₂)	tonne	7.54	9.55
	Methane (CH ₄)	kg	4.36	5.53
	Nitrous Oxide (N ₂ O)	tonne	0.45	0.57
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	Carbon Dioxide (CO ₂)	tonne	16.07	12.34
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	Carbon Dioxide (CO ₂)	tonne	3.14	3.91
Electricity used for fresh water and sewage processing	Carbon Dioxide (CO ₂)	tonne	0.27	0.15
Business air travel by employees	Carbon Dioxide (CO ₂)	tonne	2.16	12.96

Resources Consumption	Unit	2019/20	2018/19
Electricity Consumption	kWh	38,360	29,448
	kWh/employee	650.17	414.76
	m ³	268.7	249.80
Water Consumption	m ³ /employee	4.55	3.52

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Performance – Employment and Labour

	Total Workforce No. of People 2019/20	Total Workforce No. of People 2018/19
By Gender		
Male	46	58
Female	13	13
By Age Group		
18 – 30 years old	15	24
31 – 40 years old	22	24
41 – 50 years old	16	18
51 – 60 years old	6	5
Over 60 years old	0	0
By Geographical Region		
Singapore	58	70
Hong Kong	1	1
By Employment Category		
Senior Management	11	13
Middle Management	26	29
Entry Level Employees	22	29

	Employee Turnover 2019/20		Employee Turnover 2018/19	
	No. of People	Turnover Rate	No. of People	Turnover Rate
By Gender				
Male	10	22%	10	17%
Female	1	8%	1	8%
By Age Group				
18 – 30 years old	5	8%	5	21%
31 – 40 years old	4	7%	2	8%
41 – 50 years old	2	3%	4	22%
51 – 60 years old	0	0%	0	0%
Over 60 years old	0	0%	0	0%
By Geographical Region				
Singapore	11	19%	11	16%
Hong Kong	0	0%	0	0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Work Injury Statistics	Unit	2019/20	2018/19
Number of work-related fatalities	Case	0	0
Rate of work-related fatalities	Percentage	0%	0%
Number of reported accidents (sick leave > 3 days)	Case	1	1
Lost days due to work injury	Day	137	199

	Percentage of employees being trained 2019/20 Rate	Percentage of employees being trained 2018/19 Rate
By Gender		
Male	37%	59%
Female	10%	38%
By Category		
Senior Management	9%	15%
Middle Management	46%	55%
Entry Level Employees	59%	72%

	Average training hours completed 2019/20 No. of Hours	Average training hours completed 2018/19 No. of Hours
By Gender		
Male	6.73	9.17
Female	14.00	1.92
By Category		
Senior Management	8.00	5.31
Middle Management	11.70	8.00
Entry Level Employees	6.46	8.83

Number of Suppliers by Geographical Region	2019/20	2018/19
Asia (except Singapore and Malaysia)	4	6
Europe	2	3
Malaysia	3	7
North America	5	6
Singapore	36	70

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTENT INDEX

This report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 20 of the GEM Listing Rules. The following table provides an overview of the general disclosures and KPIs of various aspects under each subject area, which are either cross-referenced to the relevant chapters of the Report or supplementing the Report with additional information.

Description	Reference	Remark	
ENVIRONMENTAL			
Aspect A1: EMISSIONS			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Protecting the Environment – emission control; waste management; green office measures;	
KPI A1.1	The types of emissions and respective emissions data	Performance Summary	
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emission Control	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	N/A	We do not generate hazardous waste in our operations
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	N/A	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Emission Control	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description	Reference	Remark	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste Management	
Aspect A2: USE OF RESOURCES			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Use of Resources	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	N/A	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Use of Resources	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	N/A	We encounter no issue in sourcing water that is fit for our purpose
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	We do not generate significant packaging material waste in our operations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description	Reference	Remark
Aspect A3: THE ENVIRONMENT AND NATURAL RESOURCES		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environment and Natural Resources
EMPLOYMENT AND LABOUR PRACTICES		
Aspect B1: EMPLOYMENT		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment and Labour Practices
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and Labour Practices – Staff Composition
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Labour Practices – Employee Turnover

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description	Reference	Remark
Aspect B2: HEALTH AND SAFETY		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
KPI B2.1	Number and rate of work-related fatalities	Health and Safety
KPI B2.2	Lost days due to work Injury	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety
Aspect B3: DEVELOPMENT AND TRAINING		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category	Development and Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description	Reference	Remark
Aspect B4: LABOUR STANDARDS		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour Standards
KPI B4.2	Description of step taken to eliminate such practices when discovered	Labour Standards
Aspect B5: SUPPLY CHAIN MANAGEMENT		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description	Reference	Remark
Aspect B6: PRODUCT RESPONSIBILITY		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A There were no recalls concerning the provision.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	N/A There were no validated complaints received during the Year.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures	N/A Recall procedures are not relevant to our operations.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description	Reference	Remark
Aspect B7: ANTI-CORRUPTION		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-Corruption
Aspect B8: COMMUNITY INVESTMENT		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Giving Back to the Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Giving Back to the Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	N/A

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good corporate governance to improve accountability and transparency, and to safeguard the interest of shareholders.

The Company has adopted the Code on Corporate Governance Practices (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules during the Year and up to the date of this report (the “**Relevant Period**”). Having made specific enquires of the Directors, all the Directors have confirmed that they have complied with the required CG Code’s standard for the Relevant Period.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors’ securities transactions by Directors in respect of the shares of the Company (the “**Code of Conduct**”). After specific enquires by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Relevant Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company’s success by directing and supervising its affairs. Directors take decisions objectively in the best interests of the Company. The Board meets regularly and regular board meetings are held four times a year at quarterly intervals.

BOARD COMPOSITION

The Company is committed to the view that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is an independent element on the Board, which can effectively exercise independent judgement, and that non-executive Directors should be of sufficient calibre and number for their views to carry weight.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Board comprises the following seven Directors:

Executive Directors

Mr. Mong Kean Yeow (Chairman)
 Ms. Choon Shew Lang (Chief Executive Officer)
 Mr. Yuan Jianzhong (appointed on 1 August 2020)

Independent Non-executive Directors (“INED”)

Mr. Lim Loo Kit
 Mr. Lim Meng Yi
 Mr. Tang Chi Wai
 Mr. Yuan Shuangshun (appointed on 1 August 2020)

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the regular Board meetings, Board committee meetings and the general meeting of the Company held during the Year is set out in the table below:

	Number of meetings held during the Year					Annual General Meeting of the Company (“AGM”) held on 20 December 2019
	Attended/number of meetings held during the respective Director's tenure					
	Regular Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee		
Number of meetings held	4	5	1	2		1
<i>Executive Directors</i>						
Mr. Mong Kean Yeow (Chairman)	4/4	N/A	1/1	N/A		1/1
Ms. Choon Shew Lang (Chief Executive Officer)	4/4	N/A	N/A	2/2		1/1
Mr. Yuan Jianzhong (appointed on 1 August 2020)	N/A	N/A	N/A	N/A		N/A
<i>Independent non-executive Directors</i>						
Mr. Lim Loo Kit	4/4	5/5	1/1	N/A		1/1
Mr. Lim Meng Yi	4/4	5/5	1/1	2/2		0/1
Mr. Tang Chi Wai	4/4	5/5	N/A	2/2		1/1
Mr. Yuan Shuangshun (appointed on 1 August 2020)	N/A	N/A	N/A	N/A		N/A

The biographical details of each of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this report.

CORPORATE GOVERNANCE REPORT

In compliance with Rule 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed four INEDs representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The INEDs have brought in a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs have made various contributions to the Company.

The Company has received from each INED an annual confirmation of his independence, and the Company considers such INED to be independent in accordance with the guidelines set out in Rule 5.09 of the GEM Listing Rules.

Appropriate insurance coverage in respect of legal action against the Directors has also been arranged by the Company.

APPOINTMENTS, RE-ELECTION AND REMOVAL

In accordance with the amended and restated articles of association ("**Articles of Association**"), all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company following his/her appointment and shall be subject to re-election at such meeting; and (ii) as an addition to the Board shall hold office until the next following AGM and shall then be eligible for re-election.

ROLE AND RESPONSIBILITIES

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Group's business has been delegated to management under the leadership of the chief executive officer of the Group.

The principal roles of the Board are:

- Set long term objectives and strategies;
- Approve major policies and guidelines;
- Prepare and approve financial statements, annual report, interim report, and quarterly report;
- Approve major capital expenditures, acquisition and disposals;
- Approve connected transactions;
- Approve material borrowings and expenditures;
- Review and monitor internal control and risk management; and
- Declare and recommend the payment of dividends

CORPORATE GOVERNANCE REPORT

The Board is also responsible for the corporate governance functions of the Group, which includes:

- Develop and review of the Group’s policies and practices on corporate governance;
- Review and monitor the training and continuous professional development of directors and senior management;
- Review and monitor the Group’s policies and practices on compliance with legal and regulatory requirements;
- Develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- Review the Group’s compliance with the CG Code and disclosure in the corporate governance report.

During the Relevant Period, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three board committees to oversee specific aspects of the Group’s affairs, namely audit committee (the “**Audit Committee**”), remuneration committee (the “**Remuneration Committee**”) and nomination committee (the “**Nomination Committee**”). Each board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each board committee has also been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent profession advice in appropriate circumstances at the Group’s expense.

Audit Committee

The Group established the Audit Committee on 14 December 2017 with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C.3.3 of the CG Code. The primary duties of our 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 our financial statements, our annual report and accounts, our half-year report, and quarterly report and significant financial reporting judgements contained therein; and (c) reviewing our financial controls, internal control and risk management systems. Our Audit Committee comprises three INEDs, namely Mr. Lim Loo Kit, Mr. Lim Meng Yi and Mr. Tang Chi Wai. Mr. Tang Chi Wai is the chairman of our Audit Committee.

During the Year, the Audit Committee held four meetings, at which it has reviewed and discussed (i) the Group’s consolidated financial results for the Year, including the accounting principles and practice adopted by the Group, (ii) the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report, (iii) the effectiveness of the Group’s risk management and internal control systems as well as the Group’s internal audit function, (iv) considered, adopted and/or recommended to the Board the amendments to the terms of reference of the Audit Committee. The Audit Committee has also recommended to the Board to consider the re-appointment of Deloitte & Touche LLP (“**Deloitte**”) as the Company’s external independent auditors at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Group established the Nomination Committee on 14 December 2017 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of our Nomination Committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become members of our Board and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (c) assessing the independence of our INEDs; and (d) making recommendations to our Board on the appointment and succession planning for our Directors. Our Nomination Committee comprises two INEDs, namely Mr. Lim Loo Kit and Mr. Lim Meng Yi, and one executive Director, namely Mr. Mong Kean Yeow. Mr. Mong is the chairman of our Nomination Committee.

During the Year, the Nomination Committee held three meetings, at which it (i) assessed the independence of the INEDs, (ii) recommended to the Board for consideration the re-appointment of all the retiring Directors at the forthcoming AGM, (iii) considered and approved of the appointment of Directors, and (iv) considered, adopted and/or recommended to the Board the amendments to the policy of Board diversity, nomination policy and terms of reference of the Nomination Committee.

Remuneration Committee

The Group established the Remuneration Committee on 14 December 2017 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The primary duties of our Remuneration Committee, under the principle that no Director or any of his associates should be involved in deciding his own remuneration include, among others, making recommendations to our Board on (a) our remuneration policy and structure for all of our Directors and senior management; (b) the establishment of a formal and transparent procedure for developing remuneration policies; (c) the remuneration packages of our executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments; and (d) the remuneration of our non-executive Directors. Our Remuneration Committee comprises two INEDs, namely Mr. Lim Meng Yi and Mr. Tang Chi Wai and one executive Director namely Ms. Choon Shew Lang. Mr. Lim Meng Yi is the chairman of our Remuneration Committee.

During the Year, the Remuneration Committee held four meetings, at which it (i) reviewed the remuneration policy and structure for as well as the remuneration packages of all Directors and the senior management, (ii) considered and approved of remuneration package of executive Directors. No Director was involved in deciding his/her own remuneration.



CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

During the Relevant Period, the Board has adopted a policy of the Board diversity (the “**Board Diversity Policy**”) which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

In designing the Board’s composition, the Company considers diversity of board members through a number of aspects, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional experience, skills and/or qualifications, knowledge, length of service and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the objectives of its Board Diversity Policy for the Relevant Period.

NOMINATION POLICY

The Company has adopted nomination policy (the “**Nomination Policy**”) for the purpose to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders for election as a Director. The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

- Reputation for integrity;
- Accomplishment, experience and reputation in the relevant industry and other relevant sectors;
- Commitment in respect of sufficient time, interest and attention to the Company’s business;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;
- The ability to assist and support management and make significant contributions to the Company’s success;
- Compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive Director; and
- Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Each proposed new appointment, election or re-election of a director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the shareholders for consideration and determination.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company has adopted dividend policy (the “**Dividend Policy**”) in compliance with code provision E.1.5 of the CG Code. It is the policy of the Company, in considering the payments of dividends and to allow shareholders of the Company to participate in the Company’s profits whilst retaining adequate reserves for future growth of the Group.

Under the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:

- the general financial condition of the Group;
- capital and debt level of the Group;
- future cash requirements and availability for business operations, business strategies and future development needs;
- any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- the general market conditions; and
- any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and the Articles of Association. The Policy will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the INEDs has entered into a letter of appointment with the Company for an initial term of one year and such letter of appointment may be terminated by either party giving at least one month’s notice in writing. Also, the INEDs are subject to re-election on retirement by rotation at the AGM in accordance with the Articles of Association.

The Company has received written annual confirmation from each INEDs of their independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all INEDs namely Mr. Lim Loo Kit, Mr. Lim Meng Yi, Mr. Tang Chi Wai and Mr. SS Yuan to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the Year.

CORPORATE GOVERNANCE REPORT

DIRECTORS' TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under the statutes and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. The Company will from time to time provide briefings to all Directors to develop and refresh their knowledge and skills relating to their duties and responsibilities.

Pursuant to the Code Provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. According to the training records maintained by the Company, all Directors have participated in continuous professional development relevant to his or her professional duties as Director during the Year.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained the procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited unauthorised use of confidential or insider information or any use of such information for the advantage of any individuals. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and the Board will decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of Stock Exchange and the Company in due course.

REMUNERATION OF SENIOR MANAGEMENT

During the Year, the remuneration bands of senior management is listed as follows:

Band of remuneration (HK\$)	No. of person(s)
HK\$0 to HK\$1,000,000	2

Further details of the remuneration of the Directors and the 5 highest paid employees are set out in note 11 to the consolidation financial statements.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external independent auditor of the Company, Deloitte & Touche LLP, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report as annexed to this report.

INDEPENDENT AUDITOR'S REMUNERATION

During the Year, the fee paid/payable to Deloitte and its affiliates is as follows:

Description	S\$
Audit services – Annual audit	115,000
Non-audit services – Tax services fee	6,000
Grand total	121,000

COMPANY SECRETARY

Ms. Tang Lo Nar is appointed as the company secretary of the Company with effect from 7 September 2018. During the Year, Ms. Tang has undertaken not less than 15 hours of relevant professional training in compliance with Rule 5.15 of GEM Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment, maintenance and review of the Group's risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the shareholders and the assets of the Company.

The Board oversees the Group's overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavours to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.



CORPORATE GOVERNANCE REPORT

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified.
2. The management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented.
3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal control systems.

The risk management framework, coupled with our internal controls, ensures the risk associated with our different business units are effectively controlled in line with the Group's risk appetite.

The Group does not have an internal audit department. But the Group has conducted an annual review on whether there is a need for such an internal audit department. Given the Group's relatively simple corporate and operation structure, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group including financial, operational and compliance controls and risk management functions and for reviewing its effectiveness.

The Group engaged an external consultant, CT Partners Consultants Limited, to conduct review on the internal control system of the Group during the Year. The review covers certain procedures on the provision and maintenance of sound and communications systems and related services undertaken by the Group, and make recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified.

The Group's risk management and internal control systems are aimed to manage, rather than eliminating, the risk of failure to achieve business objectives and thus can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has the overall responsibility to maintain the adequate resources, staff qualifications and experience, training programs and the budget accounting and financial reporting. The Board concluded that the Group's risk management and internal control systems were in place and effective.

With respect to the monitoring and disclosure of insider information, the Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for Convening General Meetings by Shareholders

Pursuant to the Articles of Association, and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time), the Board may, whenever it thinks fit, convene an extraordinary general meeting (“EGM”). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company by mail at Suites 1801-03, 18/F, One Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong to require an EGM to be called by the Board for the transaction of any business specified in such requisition. Such requisition should specify clearly the name of the eligible shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the eligible shareholder(s) concerned together with a sum of money reasonably sufficient to meet the Company’s expenses in serving the notice of the resolution and circulating the statement by submitted by shareholders concerned in accordance with the statutory requirements to all the registered shareholders.

The requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles of Association to all the registered shareholders. On the contrary, if the requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company’s expenses for the said purposes, the eligible shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM.

If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at Shareholders’ Meeting

Shareholders are requested to follow Article 64 of the Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above in the paragraph headed “Procedures for Convening General Meetings by Shareholders”.

Procedures by which Enquiries may be put to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are encouraged to send their enquiries to the Board by post to the principal place of business set out in the section headed “Corporate Information” in this report. Shareholders may also make enquires with the Board at the general meetings of the Company.



CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community. The Company has established a shareholders communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to, annual, interim and quarterly reports, circulars, announcements, and notices of AGMs are available on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ispg.hk).

In addition, the Company regards the AGM as an important event as it provides an opportunity for direct communication between the Board and its shareholders. Shareholders are encouraged to attend the AGM, where all Board members and external auditors are available to answer questions on the Group's business.

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the Relevant Period. The Articles of Association is available on the respective websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Board is pleased to submit this annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal business activity of the Company is that of investment holding. The principal activities and other particulars of the Company's principal subsidiaries are set out in note 27 to the consolidated financial statements.

REORGANISATION AND SHARE OFFER

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 21 July 2017. Its shares were listed on GEM of the Stock Exchange on 16 January 2018. Pursuant to the reorganisation of the Group in connection with the listing of the Shares on GEM of the Stock Exchange, the Company underwent a corporate reorganisation (the “**Reorganisation**”) and the Company became the holding company of the Group on 8 December 2017. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure – Reorganisation” to the Prospectus.

DIRECTORS

During the Year and up to the date of this report, the Board comprises the following Directors:

Executive Directors

Mr. Mong Kean Yeow (Chairman)
Ms. Choon Shew Lang (Chief Executive Officer)
Mr. Yuan Jianzhong (appointed on 1 August 2020)

Independent Non-executive Directors (“INED”)

Mr. Lim Loo Kit
Mr. Lim Meng Yi
Mr. Tang Chi Wai
Mr. Yuan Shuangshun (appointed on 1 August 2020)

In accordance with Article 108(a) of the Articles of Association, Mr. Mong Kean Yeow and Mr. Tang Chi Wai will retire from the Board by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

The biographical details of the Directors and the senior management of the Company are set out on pages 7 to 10 of this report.

RESULTS/BUSINESS REVIEW

The results of the Group for the Year are set out in the section headed “Consolidated Statements of Profit or Loss and Other Comprehensive Income” on page 73 of this report. The business review of the Group for the Year and the outlook are set out in the section headed “Management Discussion and Analysis” on pages 11 to 12 in this report.



REPORT OF THE DIRECTORS

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the past four financial years, as extracted from the audited consolidated financial statements, is set out on page 131 to 132 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 23 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the “Consolidated Statement of Changes in Equity” on page 76 and note 30 to the consolidated financial statements.

The Company did not have distributable reserve as at 30 June 2020, calculated under the Companies Law of Cayman Islands, as it has accumulated losses.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S SECURITIES

The Board confirms that during the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 14 December 2017 (the “**Adoption Date**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose of Share Option Scheme

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

(B) Participants of the Share Option Scheme

- (1) Any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;
- (2) Any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (3) Any supplier of goods or services to any member of the Group or any Invested Entity;
- (4) Any customer of the Group or any Invested Entity;
- (5) Any consultant adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (6) Or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

(C) Total number of Shares available for Issue under the Share Option Scheme

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

REPORT OF THE DIRECTORS

(D) Maximum Entitlement of Each Participant under the Share Option Scheme

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

(E) Period within which the Shares must be taken up under an Option

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

(F) Minimum period for which an Option must be held before it can be exercised

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

(G) Amount payable on acceptance of an option and the Period within which payments shall be made

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

(H) Basis of determining the Exercise Price

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

(I) Remaining life of the Share Option Scheme

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

As of the report date, no share option has been granted, exercised, cancelled, or lapsed under the Share Option Scheme since its adoption on 14 December 2017.

REPORT OF THE DIRECTORS

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the shareholders by reason of their holding of the Company's securities.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the Year attributable to the Group's major customers and suppliers are as follows:

	%
SALES	
– The largest customer	13.1
– Five largest customers	41.8
PURCHASES	
– The largest supplier	24.3
– Five largest suppliers	48.6

None of the Directors, their associates or any shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Year, details of significant transactions with its related parties or transactions undertaken in the normal course of business are set out in the note 26 to the consolidated financial statements. None of those transactions constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

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 2020, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

I. Long position in the ordinary shares of the Company

Name of Directors	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding in our Company
Mr. Mong Kean Yeow (“ Mr. Mong ”)	Interest in a controlled corporation	404,000,000 <i>(Note 1)</i>	50.50%
Ms. Choon Shew Lang (“ Ms. Choon ”)	Interest in a controlled corporation	404,000,000 <i>(Note 1)</i>	50.50%

Note:

- (1) These shares are held by Express Ventures Global Limited (“**Express Ventures**”). The issued share capital of Express Ventures is legally and beneficially owned as to 97.14% by Mr. Mong, and as to 2.86% by Ms. Choon. On 22 August 2017, Mr. Mong and Ms. Choon entered into the acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert. Mr. Mong and Ms. Choon are deemed to be interested in the Shares in which Express Ventures is interested in under Part XV of the SFO.

REPORT OF THE DIRECTORS

II. Long position in the ordinary shares of associated corporation, Express Ventures

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held in Express Ventures	Percentage of interest in Express Ventures	Number of ordinary shares held by Express Ventures	Approximate percentage of shareholding in our Company
Mr. Mong Kean Yeow	Beneficial owner	510	97.14%	404,000,000 <i>(Note 1)</i>	50.50%
Ms. Choon Shew Lang	Beneficial owner	15	2.86%	404,000,000 <i>(Note 1)</i>	50.50%

Note:

- (1) The issued share capital of Express Ventures is legally and beneficially owned as to 97.14% by Mr. Mong Kean Yeow, and as to 2.86% by Ms. Choon Shew Lang. On 22 August 2017, Mr. Mong and Ms. Choon entered into the acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert. Mr. Mong and Ms. Choon are deemed to be interested in the Shares in which Express Ventures is interested in under Part XV of the SFO.

Save as disclosed above, as at 30 June 2020, 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 2020, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have interests and short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

Name	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Express Ventures Global Limited	Beneficial owner	404,000,000 <i>(Note 1)</i>	50.50%
Peng Xiaomin	Beneficial owner	41,650,000	5.21%
Cai Linzhou	Beneficial owner	41,400,000	5.18%

Note:

- (1) The issued share capital of Express Ventures is legally and beneficially owned as to 97.14% by Mr. Mong and as to 2.86% by Ms. Choon. On 22 August 2017, Mr. Mong and Ms. Choon entered into the acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert. Mr. Mong and Ms. Choon are deemed to be interested in the Shares in which Express Ventures is interested in under Part XV of the SFO.



REPORT OF THE DIRECTORS

Save as disclosed above, as at 30 June 2020, 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.

DIRECTORS' SERVICE CONTRACTS

Mr. Mong Kean Yeow and Ms. Choon Shew Lang are executive Directors currently in office and they have entered into service agreements with the Company for a term of three years commencing from 16 January 2018, or in the case of Mr. JZ Yuan, 1 August 2020, and shall continue unless terminated by either party giving no less than one month's written notice or, in the case of Mr. JZ Yuan, one month's written notice served by either party on the other. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles of Association.

Mr. Lim Loo Kit, Mr. Lim Meng Yi and Mr. Tang Chi Wai are INEDs who have entered into a letter of appointment with the Company for an initial term of one year commencing from 16 January 2018. Mr. SS Yuan entered into a letter of appointment with the Company for an initial term of one year commencing from 1 August 2020. The letters of appointment may be terminated by either party giving no less than one month's written notice served by either party on the other.

Save as disclosed above, none of the Directors who proposed to be re-elected at the forthcoming AGM has entered into a service contract that are not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The Directors' emoluments are subject to the Company's shareholders' approval at general meetings and such emoluments shall be determined by the Board and the Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of remuneration of the Directors are set out in note 11 to the consolidated financial statements.

EMOLUMENT POLICY

The Company has established the Remuneration Committee in compliance with the GEM Listing Rules. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the remuneration policy and other remuneration related matters, including benefits in kind and other compensation payable to the Directors and senior management, after consultation with the chairman and the chief executive officer of the Company.

REPORT OF THE DIRECTORS

Under the remuneration policy of the Company, the Remuneration Committee will consider factors such as corporate and individual performance, salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

Details of the Directors' remuneration and the five highest paid individuals are set out in note 11 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

A directors' liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any significant transactions, arrangements and contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party for the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No Director has entered in any arrangement to enable himself/herself to acquire benefits by means of acquisition of shares in or debentures of the Company or any Invested Entity during the Year and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

INTEREST IN COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Year, and is required to be disclosed pursuant to GEM Listing Rules.

REPORT OF THE DIRECTORS

DEED OF NON-COMPETITION

Mr. Mong, Ms. Choon and Express Ventures, the controlling shareholders of the Company within the meaning of the GEM Listing Rules (collectively the “**Controlling Shareholders**”) entered into a deed of non-competition dated 14 December 2017 in favour of the Company and the subsidiaries (the “**Deed of Non-Competition**”). Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of its subsidiaries), among others, that, during the period in which (i) the Shares remain listed in the Stock Exchange and (ii) the Controlling Shareholders, individually or collectively with their close associates, are, directly or indirectly, interested in not less than 30% of our Shares in issue, or are otherwise regarded as Controlling Shareholders, each of them shall not, and shall procure that his/her/its close associates (other than any member of the Group) not carry on or be engaged, concerned or interested, or otherwise be involved directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group or any business activity to be conducted by any member of the Group from time to time. For further details of the Deed of Non-Competition, please refer to the section headed “Relationship with Controlling Shareholders – Non-Competition Undertakings” in the Prospectus.

The Company has received a written confirmation from the Controlling Shareholders that they have complied with the terms of the Deed of Non-Competition during the Year. The INEDs have reviewed the status of compliance and enforcement of the non-compete undertaking and confirmed that all the undertakings thereunder have been complied for the Year.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Kingsway Capital Limited (“**Kingsway**”) as the compliance adviser. Kingsway, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 21 August 2017, neither Kingsway nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this report.

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.

REPORT OF THE DIRECTORS

RETIREMENT SCHEME

During the Year, the Group participates in the Central Provident Fund in Singapore which is a defined contribution retirement plan, when employees have rendered service entitling them to the contributions. Save for the aforementioned, the Group did not participate in any other pension schemes.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The environmental policies and performance of the Group are provided in the section headed “Environmental, Social and Governance Report” in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group fully complies with all laws and regulations and regularly monitors and gathers information about changes in laws, rules and regulations relevant to the Group’s businesses to ensure the Group’s observance of those applicable laws, rules and regulations, especially those which may have material impact on the Group.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 45 to 56 of the annual report.

EVENTS AFTER THE REPORTING PERIOD

On 1 August 2020, the Company appointed a new executive Director, Mr. JZ Yuan, and a new independent non-executive Director, Mr. SS Yuan. Detailed biographies of Messrs. Yuan are covered in the section “Biographical Details of Directors and Senior Management” of this report. Save as disclosed above, Mr. JZ Yuan and Mr. SS Yuan have not held any positions within the members of the Group as at the date of this report. The Group had no other significant events from the end of the reporting period to the date of this report.

INDEPENDENT AUDITOR

The consolidated financial statements for the Year were audited by Deloitte & Touche LLP, who will retire in the AGM, and being eligible, offer itself for re-appointment. A resolution for the re-appointment of Deloitte & Touche LLP as auditor of the Company will be submitted at the forthcoming AGM.

By Order of the Board

ISP Global Limited

Mong Kean Yeow

Chairman and executive Director

Singapore, 14 September 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of ISP GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ISP Global Limited (the “**Company**”) and its subsidiaries (herein referred to as the “**Group**”) set out on pages 73 to 130, which comprise the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”) issued by International Auditing and Assurance Standards Board (the “**IAASB**”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (“**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

How our audit addressed the key audit matters

Revenue recognition for sale of goods and construction contracts (Note 5)

- (a) Revenue from Sale of Sound and Communication Systems and Related Services

The Group recognised revenue from Sale of Sound and Communication Systems and Related Services of S\$5,105,094 for the year ended 30 June 2020, where the period in which such revenue is recorded is an inherent risk due to the ad hoc nature and large volumes of customer work orders. There is also the risk of overstatement of revenue in which revenue is recognised when the supply, installation and related services installation has yet to be completed.

- (b) Revenue from provision of Integrated Services of Sound and Communication Systems

Revenue from provision of Integrated Services of Sound and Communication Systems by the Group for the year ended 30 June 2020 amounted to S\$714,676. Such revenue recognition is based on the percentage of completion ("POC") method to measure the Group's progress towards complete satisfaction of a performance obligation satisfied over time. The output method recognises revenue on the basis of direct measurements of the value to the customer of the services transferred to date (i.e. surveys of work performed to date with reference to customer certificate) relative to the estimated total contract revenue.

Significant judgements are required to estimate the total budgeted cost for each construction contract and onerous contracts whenever there is an indication that the estimated contract revenue is lower than the estimated total contract cost.

The Group's revenue recognition policy and key source of estimation uncertainty are set out in Notes 3 and 4 to the consolidated financial statements.

We evaluated the design and implementation of relevant key controls put in place by the Group in respect of revenue recognition, and assessed the Group's revenue recognition practices to determine whether they are in compliance with IFRS 15 *Revenue from Contracts with Customers* including stages of completion.

In relation to management's recognition of revenue from Sale of Sound and Communication Systems and Related Services, we selected, on a sample basis, invoices and credit notes issued prior to and subsequent to the year-end and tested the appropriateness of timing of recorded transactions, which is measured by the acknowledgement and acceptance by the customers. In addition, we selected on a sample basis, invoices issued throughout the year and tested the validity of the recorded transactions, which is also measured by the acknowledgement and acceptance by the customers.

In relation to management's recognition of revenue from provision of Integrated Services of Sound and Communication Systems, we focused our audit on the following procedures, which was performed on a sampling basis of selected projects:

- (a) Obtained from management a complete list of customer contracts during the financial year;
- (b) Agreed the total contracted sum to contracts entered by the Group;
- (c) Obtained the latest certification by surveyor, assess the competency of surveyor and recompute to check the accuracy of POC;
- (d) Obtained management's budgeted costs and assessed the reasonableness of the assumptions and estimates applied by management including key elements such as materials, subcontractor and labour costs;
- (e) Discussed with management on the latest project activity and inquired if there are any potential disputes, variation order claims, or significant events that impacts the estimated costs; and
- (f) Compared total contract revenue to actual cost incurred plus estimated cost to complete and assessed for foreseeable losses.



INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible to oversee the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Adrian Chia Jet Wui.

Public Accountants and Chartered Accountants
Singapore

14 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2020

	Note	2020 S\$	2019 S\$
Revenue	5	6,695,314	8,616,802
Costs of sales/services		(4,037,116)	(5,881,472)
Gross profit		2,658,198	2,735,330
Other income	6	261,782	120,391
Administrative expenses		(2,536,242)	(2,705,452)
Other gains and losses	7	106,276	234,532
Finance costs	8	(35,427)	(38,771)
Profit before taxation		454,587	346,030
Income tax expense	9	(170,365)	(244,478)
Profit for the year	10	284,222	101,552
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		419	97
Other comprehensive income for the year, net of income tax		419	97
Total comprehensive income for the year		284,641	101,649
Basic and diluted earnings per share (S\$ cents)	12	0.04	0.01

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 S\$	2019 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	4,817,053	5,316,804
Pledged bank deposits	19	206,947	206,947
		5,024,000	5,523,751
Current assets			
Inventories	14	547,592	174,294
Trade receivables	15	1,434,658	1,744,662
Other receivables, deposits and prepayments	16	181,631	122,513
Contract assets	17	40,415	126,040
Contract costs	18	–	36,000
Bank balances and cash	19	10,022,877	9,675,472
		12,227,173	11,878,981
Current liabilities			
Trade and other payables	20	548,673	794,028
Contract liabilities	17	55,012	57,723
Borrowings	21	169,453	156,999
Income tax payable		277,919	237,905
		1,051,057	1,246,655
Net current assets		11,176,116	10,632,326
Total assets less current liabilities		16,200,116	16,156,077
Non-current liabilities			
Borrowings	21	1,231,318	1,400,812
Deferred tax liabilities	22	62,327	133,435
		1,293,645	1,534,247
Net assets		14,906,471	14,621,830

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 S\$	2019 S\$
EQUITY			
Capital and reserves			
Share capital	23	1,372,630	1,372,630
Reserves		13,533,841	13,249,200
		14,906,471	14,621,830
Equity attributable to owners of the Company		14,906,471	14,621,830

The consolidated financial statements on pages 73 to 130 were approved and authorised for issue by the Board of Directors on 14 September 2020 and are signed on its behalf by:

Mr. Mong Kean Yeow
Chairman and Executive Director

Ms. Choon Shew Lang
Executive Director

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

	Share capital S\$	Share premium (Note a) S\$	Merger reserve (Note b) S\$	Translation reserves S\$	Accumulated profits S\$	Total S\$
Balance at 1 July 2018	1,372,630	8,593,078	524,983	–	4,029,490	14,520,181
<i>Total comprehensive income for the year:</i>						
Profit for the year	–	–	–	–	101,552	101,552
Other comprehensive income for the year	–	–	–	97	–	97
Total	–	–	–	97	101,552	101,649
Balance at 30 June 2019	1,372,630	8,593,078	524,983	97	4,131,042	14,621,830
<i>Total comprehensive income for the year:</i>						
Profit for the year	–	–	–	–	284,222	284,222
Other comprehensive income for the year	–	–	–	419	–	419
Total	–	–	–	419	284,222	284,641
Balance at 30 June 2020	1,372,630	8,593,078	524,983	516	4,415,264	14,906,471

Notes:

- Share premium represents the excess of share issue over the par value.
- Merger reserve represents the difference between the cost of acquisition pursuant to the reorganisation in 2017 and the total value of share capital of the entities acquired.

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

	2020 S\$	2019 S\$
Operating activities		
Profit before taxation	454,587	346,030
Adjustments for:		
Depreciation of property, plant and equipment	528,230	524,228
Gain on disposal of subsidiaries	–	(316,639)
Interest income	(97,836)	(106,089)
Foreign exchange (gain) loss, net	(167,296)	19,999
Impairment loss recognised on trade receivables	31,670	6,632
Finance costs	35,427	38,771
Operating cash flows before movements in working capital	784,782	512,932
Movements in working capital:		
Decrease in trade receivables	278,334	3,699
Increase in other receivables, deposits and prepayments	(59,118)	(181,423)
Increase in inventories	(373,298)	(169,164)
(Decrease) Increase in trade and other payables	(245,355)	386,034
Decrease in contract assets	85,625	153,455
Decrease (Increase) in contract costs	36,000	(36,000)
(Decrease) Increase in contract liabilities	(2,711)	9,567
Cash generated from operations	504,259	679,100
Interest received	97,836	115,722
Income tax paid	(201,459)	(395,816)
Net cash from operating activities	400,636	399,006
Investing activities		
Acquisition of property, plant and equipment	(27,852)	(42,259)
Net cash outflow arising from disposal of subsidiaries (Note 28)	–	(18,257)
Net cash used in investing activities	(27,852)	(60,516)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

	2020	2019
	S\$	S\$
Financing activities		
Repayment of borrowings	(157,040)	(1,781,368)
Interest paid	(35,427)	(48,864)
Net cash used in financing activities	(192,467)	(1,830,232)
Net increase (decrease) in cash and cash equivalents	180,317	(1,491,742)
Cash and cash equivalents at beginning of the year	9,675,472	11,187,116
Effect of foreign exchange rate changes on the balance of cash held in foreign currency	167,088	(19,902)
Cash and cash equivalents at end of the year represented by bank balances and cash	10,022,877	9,675,472

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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 and the principal place of business in Hong Kong is Suites 1801-3, 18/F, One Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong. The head office and principal place of business of the Group 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 a subsidiary of Express Ventures Global Limited (“**Express Ventures**”), incorporated in the British Virgin Islands (“**BVI**”), which is also the Company’s ultimate holding company. Mr. Mong Kean Yeow and his spouse Ms. Choon Shew Lang jointly controls the ultimate holding company and are the controlling shareholders of ISP Global Limited and its subsidiaries (the “**Group**”) (together referred to as the “**Controlling Shareholders**”).

The Company is an investment holding company and the principal activities of its operating subsidiaries are sale of sound and communication systems and related services, provision of integrated services of sound and communication systems, and provision of alert alarm system services in Singapore. The details of the subsidiaries are set out in Note 27.

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

The consolidated financial statements are approved by the Board of Directors of the Company on 14 September 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

On 1 July 2019, the Group has adopted all the new and revised IFRSs and Interpretations of IFRS (“**IFRIC**”) that are effective and relevant to its operations. The adoption of these new/revised IFRSs and IFRIC does not result in significant changes to the Group’s accounting policies and the effects on the amounts reported for the current or prior periods are disclosed below.

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group’s financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 July 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 July 2019.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within ‘Administrative expenses’ in the statement of profit or loss.

The Group did not recognise any lease liability as at 1 July 2019 because its operating lease commitments as at 30 June 2019 were relating to short-term leases.

Management has considered and is of the view that the adoption of the new/revised IFRSs, IFRIC and amendments to IFRS that are issued as at the date of authorisation of these financial statements but effective only in future periods will have no material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the applicable disclosures required by the Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

The Group recognises revenue from the following revenue streams:

(i) **Revenue from contract works, being provision of Integrated Services of Sound and Communication Systems**

Revenue from contract works is recognised over time during the course of construction by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period. Progress towards complete satisfaction is measured based on output method, which recognises revenue on the basis of direct measurements of the value to the customer of the services transferred to date (i.e. surveys of work performed to date with reference to customer certificate) relative to the estimated total contract revenue.

The stage of completion is measured by the proportion of surveys of work performed to date with reference to customer certificate relative to the estimated total contract revenue.

Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(i) Revenue from contract works, being provision of Integrated Services of Sound and Communication Systems (continued)

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

There is no significant financing component as the Group expects that the period between the recognition of revenue under the output method and the payment will be one year or less.

(ii) Revenue from sale of goods, being sale of sound and communication systems

Revenue from sale of goods is recognised at a point in time when the customer obtains control of the good, being when the goods have been delivered to the customer's premises.

(iii) Revenue from provision of services, including Alert Alarm System Services

Revenue from provision of services is recognised over time when the services are provided.

(iv) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund (“CPF”) are recognised as expense when employees have rendered service entitling them to the contributions.

Short-term and long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, including leasehold properties, held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of property which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” (upon application of IFRS 16) or “leasehold land and property” (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire property is classified as property, plant and equipment.

At the end of the reporting period, the Group’s leasehold land and property remains as property, plant and equipment.

Impairment of tangible and intangible assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating-units, or otherwise they are allocated to the smallest group of cash-generating-units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets (continued)

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or a cash-generating unit). The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit (or a cash-generating unit). An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Financial instruments

Financial assets and liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (“ECL”), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Amortised cost and effective interest method (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost and measured at FVTPL, that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other gains and losses” line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“**ECL**”) on financial assets which are subject to impairment under IFRS 9 (including trade receivables, other receivables, bank balances and deposits). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as forecast of future conditions.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade and other payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the consolidated financial statements when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

The Group as lessee (Before the application of IFRS 16 on 1 July 2019)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as obligation under finance lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

The Group as lessee (Upon application of IFRS 16 on 1 July 2019)

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group as lessee (Upon application of IFRS 16 on 1 July 2019) (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

At the end of the reporting period, as the Group's leases are short-term, no right-of-use asset or lease liability has been recognised in the statement of financial position.

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the consolidated statement of financial position of the Group are presented in Singapore Dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Contracts for provision of Integrated Services of Sound and Communication Systems

Such contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. Where the outcome of a contract work can be estimated reliably, revenue and costs are recognised by reference to the progress towards complete satisfaction of performance obligation at the end of the reporting period.

Progress towards complete satisfaction is measured based on the output method which recognises revenue on the basis of direct measurements of the value to the customer of the services transferred to date (i.e. surveys of work performed to date with reference to customer certificate) relative to the estimated total contract revenue.

Management reviews these onerous contracts whenever there is an indication that the estimated contract revenue is lower than the estimated total contract cost. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date and the adjustment would be recognised in the period of changes in estimates.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 17 to the financial statements.

Estimated impairment of trade receivables and contract assets

The Group recognises lifetime ECL for trade receivables and contract assets. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collaterals.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of trade receivables and contract assets (continued)

The Group uses a provision matrix to calculate ECL for the trade receivables and contract assets. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets which are credit impaired are assessed for ECL individually.

The information about the ECL and the Group's trade receivables and contract assets are disclosed in Notes 15 and 17 respectively.

5 REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration to which the Group expects to be entitled to from (1) sale of sound and communication systems and related services ("**Sale of Sound and Communication Systems and Related Services**"), (2) provision of integrated services of sound and communication systems, includes installation and customisation of sound and communication systems in buildings in Singapore ("**Integrated Services of Sound and Communication Systems**"), and (3) provision of alert alarm system services ("**Alert Alarm System Services**") to external customers. The Group's operations are mainly derived from Singapore during the financial year.

Information is reported to the Executive Directors, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as Group's accounting policies described in Note 3. The CODM reviews revenue by nature of revenue, i.e. Sale of Sound and Communication Systems and Related Services, Integrated Services of Sound and Communication Systems and Alert Alarm System Services. No analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

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

	2020	2019
	S\$	S\$
<i>Revenue from:</i>		
At a point in time:		
Sale of Sound and Communication Systems and Related Services	5,105,094	6,425,214
Over time:		
Integrated Services of Sound and Communication Systems	714,676	1,316,044
Alert Alarm System Services	875,544	875,544
	6,695,314	8,616,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

5 REVENUE AND SEGMENT INFORMATION (continued)

Information about the major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the year are as follows:

	2020 S\$	2019 S\$
Customer I	876,944	880,844
Customer II	729,489	1,284,923

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for integrated services of sound and communication systems as at the end of the reporting period is S\$269,610 (2019: S\$860,883). Management expects that the full amount will be recognised as revenue during the next reporting period.

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. All revenue are derived from Singapore based on the location where products and services are delivered and the Group's property, plant and equipment are all located in Singapore.

6 OTHER INCOME

	2020 S\$	2019 S\$
Government grants (Note)	153,385	3,074
Interest income	97,836	106,089
Others	10,561	11,228
	261,782	120,391

Note:

Included in the amounts are S\$83,498 (2019: S\$Nil), representing grants under the Jobs Support Scheme ("JSS") for the year ended 30 June 2020. Under the JSS, the Government co-funds between 25% to 75% of the first S\$4,600 of gross monthly wages paid to each local employee in a 10-month period (up to Aug 2020) and 10% to 50% of the same in the subsequent 7-month period (Sep 2020 to Mar 2021). There is also an amount of S\$59,250 (2019: S\$Nil), representing the foreign worker levy rebate, for which the Government has granted a flat rate of S\$750 for each S Pass or Work permit holder in employment as at 1 May 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

7 OTHER GAINS AND LOSSES

	2020	2019
	S\$	S\$
Net foreign exchange gain (loss)	137,946	(20,483)
Impairment loss recognised on trade receivables	(31,670)	(6,632)
Provision for litigation claims and legal fees (Note a)	–	(54,992)
Gain on disposal of subsidiaries (Note 28)	–	316,639
	106,276	234,532

Note:

- a. In 2019, the provision for litigation claims and legal fees pertains to expenses incurred from ongoing litigation commenced by a former contractor of ISPL Pte. Ltd. In the current year, there were no further expenses incurred as the litigation was settled out of court.

8 FINANCE COSTS

	2020	2019
	S\$	S\$
Interest on bank borrowings	35,427	38,771

9 INCOME TAX EXPENSE

	2020	2019
	S\$	S\$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax (“CIT”)	251,209	237,905
– (Over) Under provision of prior years tax	(9,736)	64,609
Deferred tax (Note 22)	(71,108)	(58,036)
	170,365	244,478

Singapore CIT is calculated at 17% of the estimated assessable profit. There are no rebates available for the Years of Assessment 2020 and 2021. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income for the Years of Assessment 2020 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

9 INCOME TAX EXPENSE (continued)

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

	2020 S\$	2019 S\$
Profit before taxation	454,587	346,030
Tax at applicable tax rate of 17%	77,280	58,825
Effect of different tax rate of the Company operating in other jurisdiction	97,906	110,587
Tax effect of expenses not deductible for tax purpose	36,694	40,276
Effect of tax concessions and partial tax exemptions	(31,779)	(29,819)
(Over) Under provision of prior years tax	(9,736)	64,609
Taxation for the year	170,365	244,478

10 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2020 S\$	2019 S\$
Expense relating to short-term leases	45,420	-
Payment recognised as an expense during the year:		
– minimum lease payments under operating leases	-	56,692
Depreciation of property, plant and equipment (Note a)	528,230	524,228
Annual audit fees paid to auditors of the Company	115,000	123,000
Directors' remuneration (Note 11)	955,132	710,900
Other staff costs:		
– Salaries, wages and other benefit	1,914,234	2,039,179
– Defined contribution plans, including retirement benefits	75,491	95,729
– Foreign worker levy and skill development levy	200,810	300,158
Total staff costs (inclusive of directors' remuneration) (Note b)	3,145,667	3,145,966
Cost of materials recognised as costs of sales/services	1,819,261	3,685,042
Subcontractor costs recognised as costs of sales/services	246,713	56,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

10 PROFIT FOR THE YEAR (continued)

Notes:

- a. Depreciation of S\$396,297 (2019: S\$396,297) are included in costs of sales/services.
- b. Staff costs of S\$1,575,385 (2019: S\$1,743,772) are included in costs of sales/services.

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Mr. Yuan Jianzhong was appointed as an executive director of the Company on 1 August 2020. Mr. Yuan Shuangshun was appointed as an independent non-executive director of the Company on 1 August 2020.

The emoluments paid or payable to the directors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group are as follows:

	Fees S\$	Discretionary bonus (Note iii) S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme (Note iv) S\$	Total S\$
Year ended 30 June 2020					
Executive Directors					
Mr. Mong Kean Yeow (i)	120,000	71,000	266,799	19,686	477,485
Ms. Choon Shew Lang (ii)	120,000	71,000	204,399	19,248	414,647
Mr. Yuan Jianzhong (v)	–	–	–	–	–
Independent Non-Executive Directors					
Mr. Lim Loo Kit	21,000	–	–	–	21,000
Mr. Lim Meng Yi	21,000	–	–	–	21,000
Mr. Tang Chi Wai	21,000	–	–	–	21,000
Mr. Yuan Shuangshun (v)	–	–	–	–	–
	303,000	142,000	471,198	38,934	955,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (continued)

Directors' and chief executive's emoluments (continued)

	Fees	Discretionary bonus (Note iii)	Salaries and allowances	Contributions to retirement benefit scheme (Note iv)	Total
	S\$	S\$	S\$	S\$	S\$
Year ended 30 June 2019					
Executive Directors					
Mr. Mong Kean Yeow (i)	120,000	23,000	174,400	16,150	333,550
Ms. Choon Shew Lang (ii)	120,000	19,000	123,200	15,470	277,670
Mr. He Pengfei	36,680	–	–	–	36,680
Independent Non-Executive Directors					
Mr. Lim Loo Kit	21,000	–	–	–	21,000
Mr. Lim Meng Yi	21,000	–	–	–	21,000
Mr. Tang Chi Wai	21,000	–	–	–	21,000
	339,680	42,000	297,600	31,620	710,900

Notes:

- (i) Mr. Mong acts as chairman of the Company.
- (ii) Ms. Choon acts as chief executive of the Company.
- (iii) The discretionary bonus is determined by reference to the duties and responsibilities of the individual within the Group and the Group's performance.
- (iv) No other retirement benefits were paid to Mr. Mong and Ms. Choon in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.
- (v) Mr. Yuan Jianzhong and Mr. Yuan Shuangshun are appointed on 1 August 2020.

The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group.

The independent non-executive directors' emoluments shown above were for their service as directors of the Group.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2019: two) were directors of the Company during the year ended 30 June 2020 whose emoluments are included in the disclosures above. The emoluments of the remaining three (2019: three) individuals were as follows:

	2020	2019
	S\$	S\$
Salaries and allowances	254,766	229,199
Discretionary bonus	10,975	18,100
Contributions to retirement benefit plan	26,281	38,189
	292,022	285,488

The number of the highest paid individuals, including the directors of the Company, whose emoluments were within the following bands presented in Hong Kong Dollars ("HK\$"):

	Number of Employee	
	2020	2019
Emolument bands		
Nil to HK\$1,000,000	3	3
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	–
	5	5

During both reporting periods, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

12 EARNINGS PER SHARE

	2020 S\$	2019 S\$
Profit attributable to the owners of the Company (S\$)	284,222	101,552
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic and diluted earnings per share (S\$ cents)	0.04	0.01

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2020 and 2019.

13 PROPERTY, PLANT AND EQUIPMENT

	Computers S\$	Office equipment S\$	Furniture, fixtures and fittings S\$	Motor vehicles S\$	Leasehold land and property S\$	Alert alarm systems S\$	Total S\$
Cost:							
At 1 July 2018	18,528	56,481	160,964	134,962	4,938,600	2,752,307	8,061,842
Additions	19,703	15,256	7,300	–	–	–	42,259
Disposal of subsidiaries (Note 28)	(5,355)	(15,256)	–	–	–	–	(20,611)
At 30 June 2019	32,876	56,481	168,264	134,962	4,938,600	2,752,307	8,083,490
Additions	20,420	7,432	–	–	–	–	27,852
At 30 June 2020	53,296	63,913	168,264	134,962	4,938,600	2,752,307	8,111,342
Accumulated depreciation:							
At 1 July 2018	15,346	53,268	160,126	32,243	319,556	1,662,492	2,243,031
Depreciation for the year	12,814	3,213	2,258	22,493	87,152	396,298	524,228
Disposal of subsidiaries (Note 28)	(573)	–	–	–	–	–	(573)
At 30 June 2019	27,587	56,481	162,384	54,736	406,708	2,058,790	2,766,686
Depreciation for the year	17,820	2,033	2,433	22,494	87,152	396,298	528,230
Exchange differences	(633)	6	–	–	–	–	(627)
At 30 June 2020	44,774	58,520	164,817	77,230	493,860	2,455,088	3,294,289
Carrying amount:							
At 30 June 2019	5,289	–	5,880	80,226	4,531,892	693,517	5,316,804
At 30 June 2020	8,522	5,393	3,447	57,732	4,444,740	297,219	4,817,053

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

13 PROPERTY, PLANT AND EQUIPMENT (continued)

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 remaining lease term, which is 680 months
Alert alarm systems	-	Over the remaining service contract term, which ranges from 72 to 94 months

At 30 June 2020, the leasehold land and property was pledged to a bank for a mortgage loan raised by the Group (Note 21).

14 INVENTORIES

	2020	2019
	S\$	S\$
Finished goods	547,592	174,294

15 TRADE RECEIVABLES

	2020	2019
	S\$	S\$
Trade receivables	1,464,362	1,700,924
Unbilled revenue (Note a)	38,060	79,832
Less: Allowance for credit losses	(67,764)	(36,094)
	1,434,658	1,744,662

Notes :

- Unbilled revenue relates to accrued revenue for which the contract works has been performed before year end but no billing has been raised to customers. The Group's rights of the unbilled revenue are unconditional.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

15 TRADE RECEIVABLES (continued)

The Group grants credit terms to customers typically between 30 to 60 days (2019: 30 to 90 days) from the invoice date for trade receivables. The Group does not charge interest nor hold any collateral over these balances.

The loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's 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.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix which is derived from the aging of the invoice dates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

June 30, 2020	Group Trade receivables					Total
	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
Expected credit loss rate	–	–	–	45%	82%	–
Estimated total gross carrying amount at default	641,975	514,488	207,259	124,243	14,457	1,502,422
Lifetime ECL	–	–	–	(55,909)	(11,855)	(67,764)
						<u>1,434,658</u>

June 30, 2019	Group Trade receivables					Total
	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
Expected credit loss rate	–	–	–	19%	84%	–
Estimated total gross carrying amount at default	754,853	548,929	334,350	128,785	13,839	1,780,756
Lifetime ECL	–	–	–	(24,469)	(11,625)	(36,094)
						<u>1,744,662</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

15 TRADE RECEIVABLES (continued)

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.

Group	2020 S\$	2019 S\$
Balance as at 1 July 2019 and at 1 July 2018	36,094	81,157
Amount written off	–	(51,695)
Net re-measurement of loss allowance	–	14,209
Change in loss allowance	31,670	(7,577)
Balance as at 30 June 2020 and at 30 June 2019	67,764	36,094

16 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 S\$	2019 S\$
Deposits	43,131	40,035
Prepayments	122,486	63,091
Advances to staff	16,014	19,387
	181,631	122,513

17 CONTRACT ASSET AND CONTRACT LIABILITIES

	2020 S\$	2019 S\$
Contract assets		
Retention receivables	40,415	126,040
Contract liabilities		
Advance billing to customer	55,012	57,723

Contract assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

17 CONTRACT ASSET AND CONTRACT LIABILITIES (continued)

Contract liabilities

The contract liabilities represent the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers and remains as contract liabilities until the Group has transferred the control of the services to the customers.

The Group recognised revenue of S\$57,723 (2019: S\$Nil) which was included in the contract liability balance at the beginning of the period. There was no revenue recognised in the current reporting period relating to performance obligations which were satisfied in a prior year.

18 CONTRACT COST

	2020	2019
	S\$	S\$
Contract cost	–	36,000

The contract cost represent the costs that relate directly to a contract that will be used in satisfying performance obligation in the future.

In 2020, amortisation amounting to S\$36,000 (2019: S\$Nil) was recognised in profit or loss. There was no impairment loss in relation to the costs capitalised.

19 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2020	2019
	S\$	S\$
Pledged bank deposits (Note a)	206,947	206,947
Bank balances and cash (Note b)	10,022,877	9,675,472

Notes:

- The balances represent deposits placed to a bank for corresponding amounts of performance guarantee granted to the Group in favour of a customer with a maturity term of 36 months ending in April 2022. The balances carry interest rate of 0.65% (2019: 0.65%) per annum at 30 June 2020.
- Approximately S\$5,813,000 (2019: S\$5,071,000) included in bank balances carry interest rate ranging from 0.05% to 2.75% (2019: 0.05% to 2.47%) per annum at 30 June 2020. The remaining bank balances and cash are interest free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

20 TRADE AND OTHER PAYABLES

	2020 S\$	2019 S\$
Trade payables	91,311	338,755
Retention payables	26,500	26,500
	117,811	365,255
Other payables		
Goods and Services Tax ("GST") payable	60,449	64,568
Accrued operating expenses	324,142	301,138
Accrued payroll costs	42,056	61,325
Others	4,215	1,742
	548,673	794,028

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2020 S\$	2019 S\$
Within 30 days	26,012	133,472
31 days to 90 days	27,666	199,665
91 days to 180 days	33,851	1,776
Over 180 days	3,782	3,842
	91,311	338,755

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (2019: 30 to 60 days) or payable upon delivery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

21 BORROWINGS

	2020 S\$	2019 S\$
Bank loans – Secured	1,400,771	1,557,811
<i>Analysed as:</i>		
Carrying amount repayable within 1 year	169,453	156,999
Carrying amount repayable more than 1 year, but not exceeding 2 years	173,108	139,891
Carrying amount repayable more than 2 years, but not exceeding 5 years	479,113	471,332
Carrying amount repayable more than 5 years	579,097	789,589
	1,400,771	1,557,811
Less: Amount due within 1 year (shown under current liabilities)	(169,453)	(156,999)
Amount shown under non-current liabilities	1,231,318	1,400,812

The loans were secured by the legal mortgage over the Group's leasehold land and property (Note 13) with corporate guarantee provided by the Company. The loans bear floating interest rates with weighted average effective interest rate at 2.38% (2019: 2.47%) per annum as at 30 June 2020. The final maturity date of the loan is 15 years from the date of first disbursement, which is on 11 June 2028.

22 DEFERRED TAX LIABILITIES

	2020 S\$	2019 S\$
As at 1 July	133,435	191,471
Credited to profit or loss for the year:		
– Accelerated tax depreciation (Note 9)	(71,108)	(58,036)
As at 30 June	62,327	133,435

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

23 SHARE CAPITAL

	Company					
	2020	2019	2020	2019	2020	2019
	Number of shares		Par Value		Share Capital	
	'000,000	'000,000	HK\$	HK\$	HK\$'000	HK\$'000
Authorised share capital of the Company:						
At the beginning of the year and as at end of the year	1,500	1,500	0.01	0.01	15,000	15,000

	Company			
	2020	2019	2020	2019
	Number of shares		Share capital	
			S\$	S\$
Issued and paid up:				
At the beginning of the year and as at end of the year	800,000,000	800,000,000	1,372,630	1,372,630

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

24 LEASE COMMITMENTS

Disclosure required by IFRS 16

At 30 June 2020, the Group is committed to S\$11,940 of short-term leases. These leases have tenures of 3 months and no contingent rent provision included in the contracts.

Disclosure required by IAS 17

The Group as lessee

	2019
	S\$
Minimum lease payments paid during the year	
under operating lease in respect of office premises,	
staff dormitories and office equipment	56,692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

24 OPERATING LEASE COMMITMENTS (continued)

Disclosure required by IAS 17 (continued)

The Group as lessee (continued)

As at 30 June 2019, future minimum rental payable under non-cancellable leases are as follows:

	2020	2019
	S\$	S\$
Within 1 year	11,940	15,150

In 2019, the leases have tenures of 1 to 4 months and no contingent rent provision included in the contracts. There is no restriction placed upon the Group by entering into these leases.

25 RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund (“CPF”) Board of Singapore, the Group’s employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For the years ended 30 June 2019 and 2020, the Group contributes up to 17% of the eligible employees’ salaries to the CPF scheme, with each employee’s qualifying salary capped at S\$6,000 per month.

The total costs charged to profit or loss amounting to S\$75,491 for the year ended 30 June 2020 (2019: S\$95,729) represent contributions paid to the retirement benefits scheme by the Group.

As at 30 June 2020, contributions of S\$17,517 (2019: S\$20,363) were due respectively but had not been paid to the CPF. The amounts were paid subsequent to the end of the financial year.

26 RELATED PARTY TRANSACTIONS

Related parties refer to entities in which directors of the Group and his/her spouse have beneficial interest in. The Group has the following transactions and balances with related parties.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2020	2019
	S\$	S\$
Short term benefits	916,168	679,280
Post-employment benefits	38,964	31,620
Total compensation	955,132	710,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2020 are set out below.

Name of subsidiary	Place of incorporation/ operation	Paid up issued capital	Group's effective interest and voting rights	Held by the Company	Principal activities
<i>Directly held:</i>					
Holy Ark Limited	BVI	N/A	100%	100%	Investment holding
<i>Indirectly held:</i>					
ISPL Pte. Ltd.	Singapore	S\$525,000	100%	–	Sale of Sound and Communication Systems and Related Services, provision of Integrated Services of Sound and Communication Systems, and provision of Alert Alarm System Services.
Crosswins Group Holding Limited ^(a)	BVI	US\$1	–	–	Investment holding
CrissCross International Holdings (HK) Limited ^(a)	Hong Kong	HK\$1	–	–	Investment holding
Hyperlearn Technology (Shenzhen) Co., Ltd ^(a)	People's Republic of China	–	–	–	Information and technology enterprise management, consulting and training business. Research and development of information and technology software.
ISPL Sdn. Bhd.	Malaysia	MYR50,000	100%	–	Sale of Sound and Communication Systems and Related Services, provision of Integrated Services of Sound and Communication Systems.
ISPL Limited ^(b)	Hong Kong	HK\$1	100%	–	Investment holding
上海蒙庄信息技術有限公司 ^(b)	People's Republic of China	–	100%	–	Sale of Sound and Communication Systems and Related Services, provision of Integrated Services of Sound and Communication Systems.

None of the subsidiaries had issued any debt securities at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27 PARTICULARS OF SUBSIDIARIES (continued)

Notes:

- (a) These subsidiaries have been disposed off during the year ended 30 June 2019 (Note 28).
- (b) These subsidiaries were incorporated during the year ended 30 June 2020.

28 DISPOSAL OF SUBSIDIARIES

During the year ended 30 June 2019, the Group disposed off its subsidiaries, Crosswins Group Holdings Limited, CrissCross International Holdings (HK) Limited and Hyperlearn Technology (Shenzhen) Co., Ltd. The disposal was completed on 28 March 2019.

Details of the disposal are as follows:

	2019 S\$
ASSETS AND LIABILITIES	
Non-current asset	
Property, plant and equipment	20,038
Current assets	
Other receivables	212,981
Bank balances and cash	18,258
Total current assets	231,239
Current liabilities	
Other payables	(567,915)
Net liabilities derecognised	(316,638)
Included in the statement of profit or loss and other comprehensive income:	
Consideration received	1
Net liabilities derecognised	316,638
Gain on disposal	316,639
Net cash outflow arising on disposal	
Cash consideration received	1
Cash and cash equivalents disposed of	(18,258)
	(18,257)

The gain on disposal of the subsidiary is recorded as part of other gains and losses in the statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

29 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings (Note 21) S\$	Accrued interest payable S\$	Total S\$
1 July 2018	3,339,179	10,093	3,349,272
Financing cash flows	(1,781,368)	(48,864)	(1,830,232)
<i>Non-cash changes</i>			
Interest on bank borrowings (Note 8)	–	38,771	38,771
30 June 2019	1,557,811	–	1,557,811
Financing cash flows	(157,040)	(35,427)	(192,467)
<i>Non-cash changes</i>			
Interest on bank borrowings (Note 8)	–	35,427	35,427
30 June 2020	1,400,771	–	1,400,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

30 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 S\$	2019 S\$
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary	6,352,500	6,352,500
Current assets		
Amount due from subsidiaries	4,566,241	3,016,854
Other receivables	21,578	19,187
Bank balances and cash	1,295,387	3,395,127
Total current assets	5,883,206	6,431,168
Current liabilities		
Other payables	144,635	176,664
Net current assets	5,738,571	6,254,504
Total assets less current liabilities, representing net assets	12,091,071	12,607,004
EQUITY		
Capital and reserves		
Share capital	1,372,630	1,372,630
Reserves	10,718,441	11,234,374
Equity attributable to owners of the Company	12,091,071	12,607,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

30 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Share premium S\$	Accumulated losses S\$	Total S\$
At 1 July 2018	14,945,578	(3,081,337)	11,864,241
<i>Total comprehensive loss for the year:</i>			
Loss for the year	–	(629,867)	(629,867)
At 30 June 2019	14,945,578	(3,711,204)	11,234,374
<i>Total comprehensive loss for the year:</i>			
Loss for the year	–	(515,933)	(515,933)
At 30 June 2020	14,945,578	(4,227,137)	10,718,441

31 CAPITAL MANAGEMENT

The 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 Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in Note 21, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure from time to time. As 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

The Group

	2020 S\$	2019 S\$
Financial assets		
– <i>Amortised cost</i>		
Trade receivables	1,434,658	1,744,662
Other receivables and deposits	59,145	59,422
Pledged bank deposits	206,947	206,947
Bank balances and cash	10,022,877	9,675,472
Total	11,723,627	11,686,503

	2020 S\$	2019 S\$
Financial liabilities		
– <i>Amortised cost</i>		
Trade and other payables (Note)	488,224	729,460
Borrowings	1,400,771	1,557,811
Total	1,888,995	2,287,271

Note: The amount excludes GST payable.

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(continued)

Financial risk management objectives and policies (continued)

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interests earned on bank balances and incurred on borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate deposits.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowings

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2020 would decrease/increase by approximately S\$5,800 (2019: the Group's profit for the year would decrease/increase by approximately S\$6,500).

Variable-rate bank balances

If interest rates of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2020 would increase/decrease by approximately S\$8,500 (2019: the Group's profit for the year would increase/decrease by approximately S\$8,200).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(continued)

Financial risk management objectives and policies (continued)

(b) Currency risk

Certain bank balances (Note 19) and trade payables (Note 20) are denominated in US\$, HK\$ or MYR other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

At the end of the reporting period, the carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies are as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
United States Dollars ("US\$")	2,394,128	2,060,123	9,190	178,585
Hong Kong Dollars ("HK\$")	1,306,183	3,405,525	10,094	26,510
Malaysian Ringgit ("MYR")	62,208	72,880	441	1,109

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S\$ against US\$ would result in an increase/decrease in the Group's profit for the year by approximately S\$238,000 for the year ended 30 June 2020 (2019: the Group's profit for the year would increase/decrease by S\$156,000).

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S\$ against HK\$ would result in an increase/decrease in the Group's profit for the year by approximately S\$130,000 for the year ended 30 June 2020 (2019: S\$280,000).

No sensitivity analyses on the change of S\$ against the MYR are prepared as the impact to the financial statements is insignificant.

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(continued)

Financial risk management objectives and policies (continued)

(c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from such defaults.

Included in financial assets as at 30 June 2020 as a component of bank balances is S\$1,295,387 (2019: S\$3,395,127), placed in a bank in Hong Kong and S\$62,208 (2019: S\$72,880), placed in a bank in Malaysia. The remaining bank deposits and balances of S\$8,665,282 (2019: S\$6,225,723) are placed in four (2019: six) reputable banks. All these counterparties have been assessed by management to be financially sound.

Other than the concentration of credit risk of bank balances in Hong Kong, the Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 98% of the total financial assets as at 30 June 2020 (2019: 99%).

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and sufficient allowance on doubtful debts are provide for on timely manner. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Approximately 44% of total trade receivables outstanding at 30 June 2020 (2019: 49%) were due from top 5 debtors which exposed the Group to concentration of credit risk.

Those five largest customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

Other than concentration of credit risk on bank deposits and balances and on trade receivables from top 5 customers as disclosed above, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

In order to minimise credit risk, the Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

The table below details the credit quality of the Group's financial assets and contract assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2020						
Trade receivables	15	(i)	Lifetime ECL (Simplified approach)	1,502,422	(67,764)	1,434,658
Other receivables	16	Performing	12-month ECL	59,145	–	59,145
Contract assets	17	(i)	Lifetime ECL (Simplified approach)	40,415	–	40,415
Pledged bank deposits	19	Performing	12-month ECL	206,947	–	206,947
Bank balances and cash	19	Performing	12-month ECL	10,022,877	–	10,022,877
					(67,764)	
				\$	\$	\$
2019						
Trade receivables	15	(i)	Lifetime ECL (Simplified approach)	1,780,756	(36,094)	1,744,662
Other receivables	16	Performing	12-month ECL	59,422	–	59,422
Contract assets	17	(i)	Lifetime ECL (Simplified approach)	126,040	–	126,040
Pledged bank deposits	19	Performing	12-month ECL	206,947	–	206,947
Bank balances and cash	19	Performing	12-month ECL	9,675,472	–	9,675,472
					(36,094)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

- (i) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Note 15 includes further details on the loss allowance for the trade receivables. For contract assets, management believes that there is no loss allowance required as at 30 June 2020.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Non-derivative financial assets

All financial assets of the Group as at 30 June 2020 and 2019 are non-interest bearing and repayable on demand or due within one year, except for bank deposits as disclosed in Note 19.

Non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(continued)

Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

The Group

	Weighted average effective interest %	On demand or within 3 months S\$	3 to 6 months S\$	6 to 12 months S\$	1 to 5 years S\$	Over 5 years S\$	Total undiscounted cash flow S\$	Carrying amount S\$
As at 30 June 2020								
<i>Non-interest bearing</i>								
Trade and other payables	-	488,224	-	-	-	-	488,224	488,224
<i>Interest bearing</i>								
Borrowings	2.38	48,117	48,117	96,234	829,757	639,000	1,661,225	1,400,771
Total		536,341	48,117	96,234	829,757	639,000	2,149,449	1,888,995
As at 30 June 2019								
<i>Non-interest bearing</i>								
Trade and other payables	-	729,460	-	-	-	-	729,460	729,460
<i>Interest bearing</i>								
Borrowings	2.47	48,117	48,117	96,234	880,243	882,592	1,955,303	1,557,811
Total		777,577	48,117	96,234	880,243	882,592	2,684,763	2,287,271

(e) Fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

33 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following IFRSs and IFRS pronouncements relevant to the Group were issued but not effective:

Effective for annual periods beginning on or after 1 January 2020

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to IFRS 3 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures: Interest Rate Benchmark Reform*

Effective for annual periods beginning on or after 1 June 2020

- Amendment to IFRS 16 *Leases: Covid-19-Related Rent Concessions*

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

34 EVENTS AFTER THE REPORTING PERIOD

As a result of the spread of the Coronavirus Disease (COVID-19) and the measures taken to contain the spread of the pandemic, economic uncertainties have arisen. During the months of April, May and June 2020, with the circuit breaker measures which the Singapore Government implemented, most of the Group's projects were delayed other than delivering the maintenance services for those in the healthcare sector. Subsequent to the circuit breaker period, the Group was able to gradually resume sales and installation delivery to project sites in compliance with all existing social distancing measures and regulations. The Group seeks to optimise their cost structures and the support measures introduced by the Singapore Government would help to cushion the cash flow impacts of the Group.

Given the dynamic nature of the circumstances and uncertainty around the duration, the related full year impact on the Group's financial statements in the next twelve months from the end of the reporting period could not be reasonably estimated at this stage.

Based on the financial position the Group has as at end of the reporting period and the healthy level of project and maintenance pipeline, management is of the opinion that the Group will be able to maintain sufficient liquidity to enable the Group to continue as a going concern for at least the next twelve months from the end of the reporting period.

SUMMARY FINANCIAL INFORMATION

	2020	2019	2018	2017	2016
	S\$	S\$	S\$	S\$	S\$
Revenue	6,695,314	8,616,802	9,081,860	8,632,027	7,997,834
Costs of sales/services	(4,037,116)	(5,881,472)	(5,843,773)	(5,457,763)	(5,210,411)
Gross profit	2,658,198	2,735,330	3,238,087	3,174,264	2,787,423
Other income	261,782	120,391	48,463	10,248	26,328
Administrative expenses	(2,536,242)	(2,705,452)	(1,894,603)	(1,246,788)	(1,161,762)
Other gains and losses	106,276	234,532	121,907	(33,251)	(58,828)
Listing expenses	–	–	(2,665,816)	(209,598)	–
Finance costs	(35,427)	(38,771)	(77,660)	(60,089)	(97,937)
Profit (Loss) before taxation	454,587	346,030	(1,229,622)	1,634,786	1,495,224
Income tax expense	(170,365)	(244,478)	(411,931)	(284,190)	(202,896)
Profit (Loss) for the year	284,222	101,552	(1,641,553)	1,350,596	1,292,328
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations	419	97	–	–	–
Other comprehensive income for the year, net of tax	419	97	–	–	–
Profit (Loss) and total comprehensive income (loss) for the year	284,641	101,649	(1,641,553)	1,350,596	1,292,328
ASSETS					
Non-current assets					
Property, plant and equipment	4,817,053	5,316,804	5,818,811	6,331,112	6,903,982
Pledged bank deposits	206,947	206,947	206,947	206,947	206,947
Total non-current assets	5,024,000	5,523,751	6,025,758	6,538,059	7,110,929
Current assets					
Inventories	547,592	174,294	5,130	19,735	–
Trade receivables	1,434,658	1,744,662	2,115,645	1,708,213	1,864,851
Other receivables, deposits and prepayments	181,631	122,513	163,704	281,473	129,216
Amounts due from customers for contract works	–	–	72,905	416	55,781
Contract Assets	40,415	126,040	–	–	–
Contract Costs	–	36,000	–	–	–
Bank balances and cash	10,022,877	9,675,472	11,187,116	3,709,286	1,157,585
Total current assets	12,227,173	11,878,981	13,544,500	5,719,123	3,207,433
Total assets	17,251,173	17,402,732	19,570,258	12,257,182	10,318,362

SUMMARY FINANCIAL INFORMATION

	2020 S\$	2019 S\$	2018 S\$	2017 S\$	2016 S\$
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	548,673	794,028	1,034,158	1,736,950	636,682
Amount due to a director	–	–	–	–	4,300
Obligations under finance leases	–	–	–	–	12,432
Borrowings	169,453	156,999	89,137	126,833	138,478
Income tax payable	277,919	237,905	331,207	435,945	168,204
Contract Liabilities	55,012	57,723	–	–	–
Total current liabilities	1,051,057	1,246,655	1,454,502	2,299,728	960,096
Non-current liabilities					
Obligations under finance leases	–	–	–	–	41,024
Borrowings	1,231,318	1,400,812	3,250,042	3,346,444	3,473,277
Deferred tax liabilities	62,327	133,435	191,471	260,905	244,456
Total non-current liabilities	1,293,645	1,534,247	3,441,513	3,607,349	3,758,757
Capital and reserves					
Share capital	1,372,630	1,372,630	1,372,630	525,000	525,000
Accumulated profits	13,533,841	13,249,200	13,301,613	5,825,105	5,074,509
Total equity	14,906,471	14,621,830	14,674,243	6,350,105	5,599,509
Total liabilities and equity	17,251,173	17,402,732	19,570,258	12,257,182	10,318,362