ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487

Annual Report

2020/21

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.*

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Mong Kean Yeow (Chairman)
Ms. Choon Shew Lang (Chief Executive Officer)
Mr. Yuan Shuangshun (appointed as an independent non-executive director on 1 August 2020, redesignated to Executive Director on 22 March 2021)
Mr. Yuan Jianzhong (appointed on 1 August 2020, resigned on 22 March 2021)
Mr. Han Bing (appointed on 1 September 2021)

NON-EXECUTIVE DIRECTOR

Mr. Cao Chunmeng (appointed on 22 January 2021)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Chi Wai
Dr. Cai Rongxin (appointed on 27 November 2020)
Mr. Yan Xiaotian (appointed on 27 November 2020)
Mr. Lim Loo Kit (resigned on 27 November 2020)
Mr. Lim Meng Yi (resigned on 27 November 2020)

AUDIT COMMITTEE

Mr. Tang Chi Wai (Chairman)
Dr. Cai Rongxin
Mr. Yan Xiaotian

REMUNERATION COMMITTEE

Mr. Yan Xiaotian (Chairman)
Mr. Tang Chi Wai
Ms. Choon Shew Lang

NOMINATION COMMITTEE

Mr. Mong Kean Yeow (Chairman)
Dr. Cai Rongxin
Mr. Yan Xiaotian

COMPANY SECRETARY

Ms. Tang Lo Nar (resigned on 5 March 2021)
Mr. Chung Man Wai, Stephen (appointed on 5 March 2021)

AUTHORISED REPRESENTATIVES

Ms. Choon Shew Lang
Ms. Tang Lo Nar (resigned on 5 March 2021)
Mr. Chung Man Wai, Stephen (appointed on 5 March 2021)

REGISTERED OFFICE

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Room 2607, 26th Floor, The Center,
99 Queen's Road Central, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

3 Ang Mo Kio Street 62
#01-39 LINK@AMK
Singapore 569139

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

CORPORATE INFORMATION

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
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
(resigned on 30 April 2021)

Moore Stephens CPA Limited
Certified Public Accountants and Registered
Public Interest Entity Auditor
801-806, Silvercord, Tower 1
30 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong
(appointed on 30 April 2021)

PRINCIPAL BANK

Industrial and Commercial Bank of China (Asia) 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 2021 (the "**Year**").

OVERVIEW

During the Year, the economic disruption and contract delays caused by outbreak of the Novel Coronavirus ("**COVID-19**"), the construction sector in Singapore contracted a further 17.6% in the recent quarter when compared to the corresponding period of previous year, and remained 31.6% below pre-pandemic (i.e. second quarter of 2019) level. This is in line with the decline in Group's revenue in Singapore by 1.0%. Amidst the increased competition in the sound and communication service solutions industry in Singapore, the Group invested in sector and geographic diversification of revenue streams into e-commerce service operations ("**E-commerce**") in the People's Republic of China ("**PRC**") through organic expansion, achieving an increase of 81.3% in revenues during this challenging period.

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.

PROSPECT

As COVID-19 evolves into an endemic in Singapore, the Group continues to enter into 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 Group also seeks to capitalise on the projected rebound of construction demand in Singapore led by public sector projects, by tapping on our expertise in the tender for public sector projects in the coming years. With over 19 years of professional expertise, the Group is well-placed to provide innovative sound and communications systems solutions in support of the evolving education communication landscape and the projected increased healthcare capacities in Singapore.

During the Year, the Group formed business partnerships and acquired E-commerce operation teams in the PRC. The Group will continue building resources and stakeholders relationships to develop our market potential and boost our revenue stream and profits.

The Board will continue to strive to bring value to our stakeholders. The Group intends to strengthen our team by employing technical expertise to remain innovative in our integrated systems and E-commerce solutions. 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 53, 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 52, 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 Shuangshun (袁雙順) ("Mr. SS Yuan"), aged 50, was appointed as our independent non-executive Director on 1 August 2020 and was subsequently redesignated to an executive Director on 22 March 2021. 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 12 years. Mr. SS Yuan has extensive experience in investment, private equity, corporate finance and capital markets.

Mr. Han Bing (韓冰) ("Mr. Han"), aged 49, was appointed as our executive Director on 1 September 2021. He graduated from Southeast University in China with bachelor degree in communication engineering and industrial foreign trade in 1994. Mr. Han has over 20 years of extensive experience in retails and supply chain management through his working experiences in worldwide well known conglomerates such as B&Q and IKEA. Mr. Han currently serves as a director of Global Sourcing Supply Chain Management (Shanghai) Co., Ltd. and Outing Technology (Shanghai) Co., Ltd, which are indirectly owned subsidiaries of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Cao Chunmeng (曹春萌) ("Mr. Cao"), aged 49, was appointed as our non-executive Director on 22 January 2021. He graduated from Shandong University in China with his bachelor's degree in computer science in 1994 and he obtained the master degree in business administration from Peking University in 2006. Mr. Cao had worked for Shandong Branch of Industrial and Commercial Bank of China Limited, Jinan Xiande Technology Limited* (濟南先得科技有限公司), Fengyuanxin (China) Technology Limited* (豐元信(中國)科技有限公司), Zongheng Tiandi (Beijing) Information Technology Limited* (縱橫天地(北京)信息技術有限公司), Beikong Easycode (Beijing) Technology Limited* (北控易碼通(北京)科技有限公司) and Commercial Bank Rongtong (Beijing) Investment Consulting Limited* (商銀融通(北京)投資諮詢有限公司). Mr. Cao joined China Youzan Limited (formerly known as China Innovationpay Group Limited, a company which is listed on GEM of the Stock Exchange (stock code: 8083)) in March 2011. Mr. Cao has been appointed as an executive director and chief executive officer of China Youzan Limited in July 2012 and he has been redesignated to become executive director and president of China Youzan Limited in May 2018. Mr. Cao has also been appointed as a director of Haier Consumer Finance Co., Ltd.* (海爾消費金融有限公司), one of the subsidiaries of Haier Group, since December 2014. Mr. Cao has more than 20 years extensive management experiences in the financial information technology industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Cai Rongxin (蔡榮鑫), aged 46, was appointed as our independent non-executive Director on 27 November 2020. He has obtained all his bachelor, master and doctor of philosophy degrees in economics from Sun Yat-sen University, Guangzhou of PRC (中山大學) and he has become the associate professor of finance in Lingnan (University) College Sun Yat-sen University, PRC (中山大學嶺南學院金融系) since after he acquired his doctorate in economics in 2008. Dr. Cai has been specialised in mergers and acquisitions, private equity and venture capital, as well as the economic growth and poverty. Dr. Cai has been invited to provide consulting services or seminars toward conglomerates or governmental bodies from time to time. Dr. Cai has also had 2 main publications of his own, namely: Cases of Market Economy in China * (併購與重組一中國案例), and, Research on the Patterns of Pro-Poor Growth* ("益貧式增長"模式研究). Dr. Cai was an independent director of Weifang Yaxing Chemical Co., Ltd.* (濰坊亞星化學股份有限公司) (600319.SS), a company listed in Shanghai Stock Exchange of PRC, from 25 October 2016 to 27 December 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yan Xiaotian (閆曉田), aged 61, was appointed as our independent non-executive Director on 27 November 2020. He has obtained his master degree in economics from Graduate School of the Financial Research Institute of the People's Bank of China in 1986 (which was then merged with Tsinghua University and known as PBC School of Finance, Tsinghua University since 2012) and is a senior economist. Mr. Yan has over 30 years of extensive experience in economic, financing and management. Mr. Yan served as the president of the head office of Bank of China Limited, the vice president of the Guangzhou branch of CITIC Bank Corporation Limited (formerly known as CITIC Industrial Bank Limited), the general manager of CITIC Securities Co., Ltd. (Guangzhou), and a director and an executive president of South China International Leasing Co., Ltd. Mr. Yan is currently an executive director of China Youzan Limited (formerly known as China Innovationpay Group Limited, a company which is listed on GEM of the Stock Exchange (stock code: 8083)), and, an independent non-executive director of China Billion Resources Limited (stock code: 274) which is listed on the Main Board of the Stock Exchange.

Mr. Tang Chi Wai (鄧智偉), aged 48, 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 Chartered Governance Institute (formerly known as: The Hong Kong Institute of Chartered Secretaries) since August 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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 Chartered Governance Institute	July 2015
(formerly known as: The Institute of Chartered Secretaries and Administrators)	
Fellow of The Hong Kong Chartered Governance Institute	July 2015
(formerly known as: The Hong Kong Institute of Chartered Secretaries)	
Fellow of The Hong Kong Institute of Directors	April 2015
Fellow of The Hong Kong Investor Relations Association	July 2016

SENIOR MANAGEMENT

Mr. Goh Boon Pan (吳文平), aged 50, 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 (王優仲), aged 30, 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

Mr. Chung Man Wai, Stephen (鍾文偉), aged 43, holds a bachelor's degree of science in applied accountancy from Oxford Brookes University in United Kingdom. Mr. Chung is a member of Hong Kong Institute of Certified Public Accountants and has extensive experiences in the professional field of accounting, audit and corporate governance. Mr. Chung had previously served as the company secretary for various Hong Kong listed companies and Mr. Chung is currently one of the joint company secretaries of Shenyang Public Utility Holdings Company Limited, a Hong Kong main board listed company (stock code: 747, the shares of which is listed on the Main Board of the Stock Exchange).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK

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

Reeling from COVID-19 induced movement controls, industries around the world continued to experience reductions in overall demand which led to economic slowdowns and is one of the main factors contributing to a 1.7% contraction in the overall Singaporean economy in 2020, measured using Gross Domestic Product ("**GDP**"). However, the impact of COVID-19 induced movement controls on the construction sub-sector is accentuated as worksites tend to be effort and labour-intensive in closed-quartered areas which may promote the spread of infection.

The Singapore's construction industry contracted by 13.3% during the preceding 12 months ended 30 June 2020, and a further 17.7% during the Year. The contractions in the construction industry and the Group can be attributed to 1) strict site manpower controls slowing down completion of contract obligations and 2) the delayed restarting of worksites which hampered recognition of revenues in our project pipeline. As part of essential services operations, we continued to work tirelessly to deliver top-of-the-class preventive and reactive maintenance service and round-the-clock support to our public, private, and non-for-profit customers in the healthcare and education sectors. 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.

Furthermore, Singapore's construction sub-sector faced an unprecedented profit squeeze, not only recording consecutive annual contractions for two years, but also incurring increased compliance operating costs as a prerequisite to curb the spread of COVID-19 at worksites. Some of the measures include hiring more employees to ensure workforce are following social distancing guidelines, and getting tested for infection every two weeks. Some of these costs were subsidised with government grants received during the Year as part of the S$1.36 billion Construction Support Package announced in Singapore's Fortitude Budget in 2020.

We continue 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Sound and communications system solutions industry outlook in Singapore

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

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

Outlook of E-commerce in the PRC

Overview of China's Brand E-commerce Service Market

China's online retail market has experienced a rapid growth over the past few years. According to the Ministry of Commerce, the gross merchandise volume ("**GMV**") of China's online retail market increased from RMB2,821.1 billion in 2014 to RMB10,632.4 billion in 2019 at a compound annual growth rate ("**CAGR**") of 30.4%, and is expected to reach RMB16,069.3 billion in 2024, representing a CAGR of 8.6% from 2019.

Brand e-commerce services refers to third-party services provided by brand e-commerce service providers to brand owners, mainly including brand market analysis, online store operations, content e-commerce (including live broadcast/short video e-commerce), digital branding, logistics management and customer service.

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

According to iResearch, Business to Customer ("**B2C**") accounted for 78% of e-commerce GMV in 2019, up 15.2 percentage points from 2018. This percentage has been rising in recent years. Based on B2C e-commerce business, the brand e-commerce service market has been growing rapidly. In 2019, the transaction volume of the market reached RMB563.5 billion, representing a CAGR of 39.19% from 2016 to 2019 and a penetration rate of 10.50%. According to iResearch, the brand e-commerce service market is expected to reach RMB2.04 trillion in 2025 with an increased penetration rate of 13.7%. In 2020, the global spread of COVID-19 intensified the replacement of offline channels by online channels and prompted brands to accelerate digital transformation and improve online channels, laying a foundation for the expansion of the brand e-commerce service market.

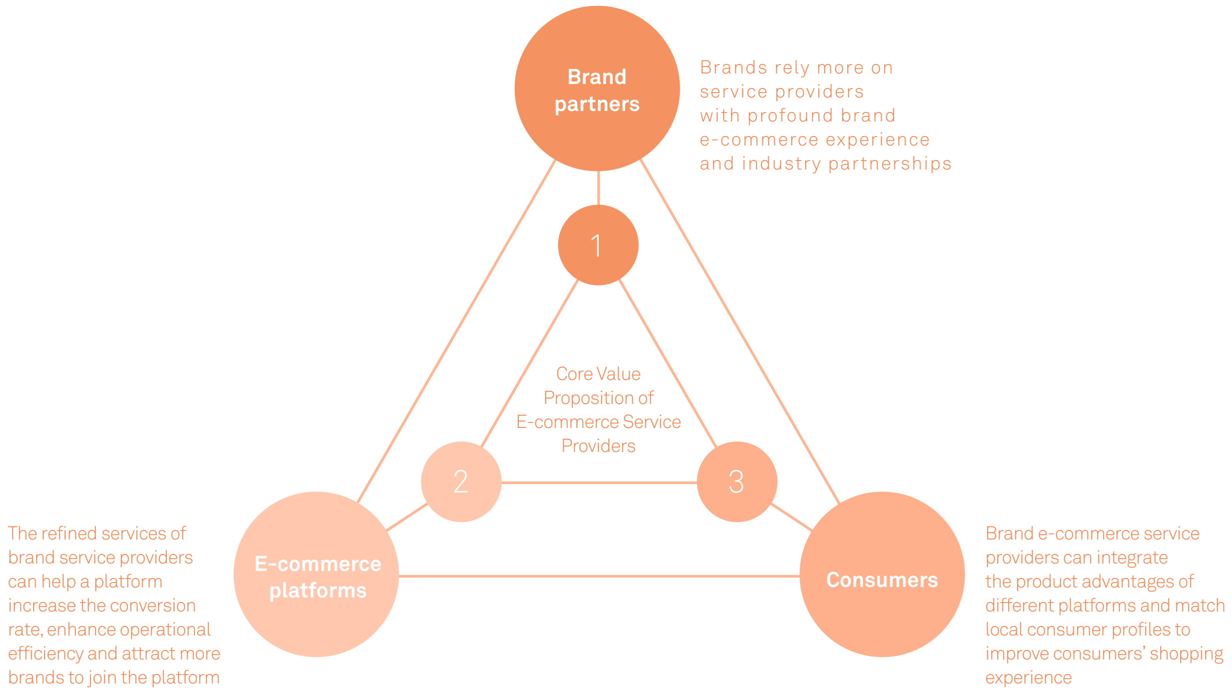
The core value proposition of e-commerce service providers is to connect e-commerce platforms, brands and consumers to create value for all stakeholders.

Brand partners: Given the rapid development of China's e-commerce market, brands rely more on service providers with profound brand e-commerce experience and industry partnerships to avoid the investment risks related to an in-house e-commerce team. The service providers can help brand partners quickly establish online retail channels, strengthen brand positioning, improve marketing efficiency, and expand customer base in the process of product sales.

E-commerce platforms: For an e-commerce platform, introducing more brands will attract more user traffic, which will eventually improve the sales conversion rate and increase the number of e-commerce consumers in order to help increasing the GMV of the platform. In addition, the refined services of brand service providers can also help the platform increasing the conversion rate, enhancing operational efficiency and attracting more brands to join the platform.

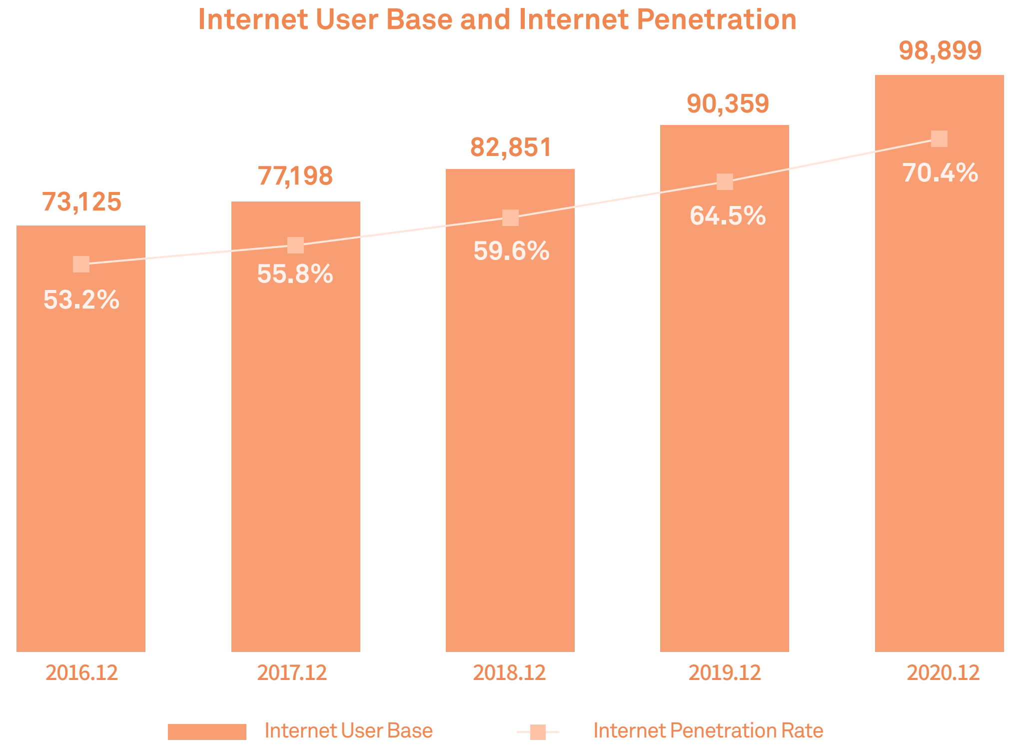
Consumers: Brand e-commerce service providers can integrate the product advantages of different platforms and match local consumer profiles to improve consumers' shopping experience. In addition, they can enable consumers to understand and access more emerging brands, thus enriching their purchasing choices, reducing shopping decision-making difficulty, and fostering new consumer needs.

There are two e-commerce service models: operation agency and distribution. Under the operation agency model, an operation service provider only provides services for brands, which means that it is engaged in "service" business; under the distribution model, an operation service provider need to buy products and sell them directly, which means that it is engaged in "trade" business. The distribution model is divided into Business to Business ("**B2B**") distribution and B2C distribution.



MANAGEMENT DISCUSSION AND ANALYSIS

Outlook of China's Brand E-commerce Service Market

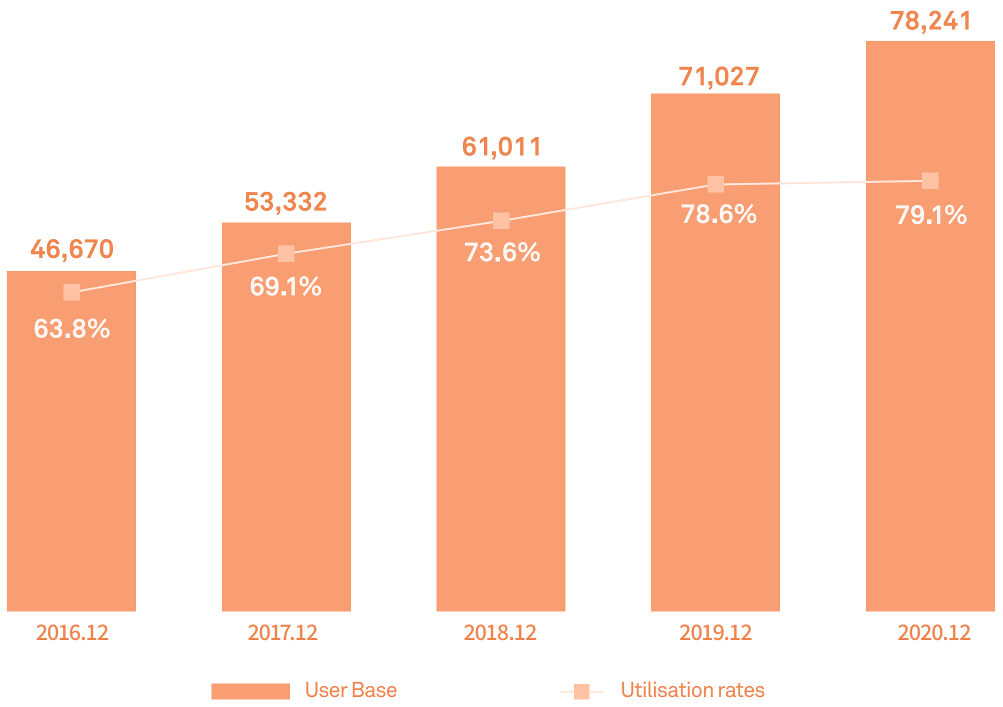


Unit: 0'000 persons

Source: CNNIC Statistical Survey on the Internet Development in China (December 2020)

China's online shopping user base is expanding in tandem with the continuous growth of online retail sales and the popularisation of online shopping habits, which will promote the rapid development of China's e-commerce market and e-commerce service industry. According to the 47th Statistical Report on China's Internet Development released by China Internet Network Information Center (CNNIC), as of December 2020, the number of internet users in China had reached 990 million with an internet penetration rate of 70.40%, and the number of online shoppers in China had reached 780 million. Chinese consumers' demand for online shopping continues to grow, and the differences of online and offline shopping operations would drive online brands to continuously improve their operational capabilities.

Online Shopping User Base and Utilization Rate from December 2016 to December 2020



Unit: 0'000 persons

Source: CNNIC Statistical Survey on the Internet Development in China (December 2020)

MANAGEMENT DISCUSSION AND ANALYSIS

The report also shows that from January to December 2020, China's online retail sales of physical goods amounted to RMB9.8 trillion, an increase of more than 15% from RMB8.5 trillion in 2019.

According to the statistics of the National Bureau of Statistics, under the impact of COVID-19, China's total retail sales in 2020 decreased by 3.9% compared with 2019, while online sales of physical goods increased by 14.8%. As such, online shopping has become the main driving force for consumption growth.

The boom of cross-border e-commerce has prompted more international brands to renew e-commerce services. In addition, factors such as complicated operation rules, large differences between online and offline markets, limited operational capacity, and low cost efficiency of self-operation increase the willingness of brands to purchase e-commerce services.

According to the statistics of China Customs, China's cross-border e-commerce imports totaled RMB570 billion in 2020, a year-on-year increase of 16.5%. The Chinese market is increasingly attractive to international brands of which lack a thorough understanding of the Chinese market. So, their demand for e-commerce services is more urgent. There is no doubt that the development of cross-border e-commerce will drive the growth of the e-commerce service market.

Complicated online rules, large differences between online and offline markets, limited operational capacity and low cost efficiency of self-operation are the four challenges of which any brands wishing to enter the e-commerce market on their own are facing. E-commerce has disrupted the traditional operating model of numerous companies. Nevertheless, the rapid growth of online retail market is prompting companies to accelerate e-commerce business development. With limited e-commerce capabilities and capacity, businesses are generally willing to purchase e-commerce services which can help them quickly get access to the online market. This is an important factor driving the growth of China's e-commerce service industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Under the growing influence of emerging channels such as mobile video and social media platforms, brands have a strong demand for entry into diverse channels, which drives e-commerce service providers to enhance capabilities in the operation of diverse channels. According to WJS (www100EC.cn), the live streaming e-commerce GMV targets of Douyin and Kuaishou for 2020 are RMB200 billion and RMB250 billion, respectively.

The penetration of brands into diverse channels brings new opportunities for brand service providers to develop business on multiple platforms. In addition, new e-commerce retail models such as "Internet celebrities promoting sales", "live streaming e-commerce" and "private domain traffic operation" have increased the complexity of e-commerce operations. For example, brand owners need to engage with a number of content platforms, key opinion leaders, multi channel networks and any other organisations with the use of subscribed tools of platforms in order to accurately reach target customers, capture consumers' demand preferences and changes, and conduct rapid identification and profiling of consumers, which poses great challenges to brand owners. In this context, e-commerce service providers are increasingly important.

Under the new traffic pattern and new e-commerce retail models, the demand for brand operation services is expected to grow further, thus bringing growth opportunities to the e-commerce service industry.

Review of Progress in E-commerce Operations

In response to the impact of COVID-19 on the Company's business, the Company commenced to develop e-commerce services in mainland China in November 2020, and in about half year period an operation team there has been established there that its e-commerce business has reached a certain scale.

Operation team building: From October 2020 to June 2021, the Company established an operation team covering supply chain services, digital marketing, e-commerce operations and live broadcast operations through mergers and acquisitions and self-building. It has formed an ecosystem of omni-channel brand management services covering brand building, digital marketing, live streaming & short video marketing, content management, e-commerce operations, warehousing & logistics, customer relationship management, etc.

Partner development: As of this Year, the Company had cooperated with many domestic and foreign brands on their products, including Maotai Group's Moutai Chun Maotai-flavor liquor series, Changyu's Cabernet domestic wine series, Swiss-based Chantegrive's wine series, Sweden-based LightAir's purifier series, Sweden-based Ren Logik's household cleaning product series, Australia-based Treasury Wine Estates' Rawson's Retreat wine series, Miiow's underwear series, FILA's watch series, UNIFON's skin care product series, and Xinhua Winshare's book products. Specifically, the Company serves as the online general agent for Changyu's domestic wine series, an agent in mainland China for Sweden-based LightAir's purifier series, and the exclusive general agent for both Swiss-based Chantegrive's wine series and Sweden-based Ren Logik's household cleaning product series.

MANAGEMENT DISCUSSION AND ANALYSIS

E-commerce channel operation: The Company's online distribution business consists of B2B and B2C operations. As to B2B operations, we mainly cooperate with companies with online distribution channels to achieve online distribution; as to B2C operations, we mainly open stores on mainstream e-commerce platforms and public/private domain traffic platforms, and directly sell to and serve end consumers through our in-house team.

As of now, the Company has opened various types of stores on JD.com, Tmall, Pinduoduo, Douyin and Kuaishou, including brand flagship stores, specialty stores, single-category stores, live streaming direct-sales stores and direct-sales stores with private domain traffic established through SaaS tools for e-commerce, etc.

User operations: After nearly half a year's efforts, the Company has initially established its own private domain traffic by gradually acquiring and retaining users through WeChat operations, SaaS tools for e-commerce, content marketing on public/private domain platforms, etc.

Outlook of E-commerce Operations

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

OUTLOOK OF NETWORK SYSTEM INTEGRATION SERVICES

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

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

We will take the following business measures to develop the network system integration services business:

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

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

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

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

Expand our regional sales teams: We plan to set up offices at selected locations in East, South and Southwest China, to better serve customers in the new regions.

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

BUSINESS REVIEW

We have more than 19 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; (iii) Alert Alarm System ("**AAS**") services for our customers in Singapore; and (iv) sale of consumer products, including E-commerce services, to external customers in the PRC ("**E-commerce operation services**").

For the Year, the Group recorded revenue of approximately S$10.1 million representing a 51.3% increase in revenue from approximately S$6.7 million earned in the year ended 30 June 2020, driven by pursuing a sector and geographically diversified E-commerce revenue source. The Group recorded a total comprehensive loss attributable to the owners of the company of approximately S$0.3 million, representing a S$0.6 million decrease from earning a total comprehensive income attributable to the owners of the company of approximately S$0.3 million in the year ended 30 June 2020. The following table sets forth the breakdown of our revenue by segment for the years indicated:

	For year ended 30 June	
	2021	2020
	S$	S$
Revenue from:		
Sale of sound and communication systems and related services	**5,735,467**	5,105,094
E-commerce operation services	**3,492,303**	–
Integrated services of sound and communication systems	**232,249**	714,676
AAS services	**669,685**	875,544
	10,129,704	6,695,314

MANAGEMENT DISCUSSION AND ANALYSIS

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$5.7 million and S$5.1 million for the years ended 30 June 2021 and 2020, respectively, which represent approximately 56.7% and 76.2% of our total revenue for the same period. The revenue increase was in line with an increase in contracts completed during the Year, to 103 from 92 for the years ended 30 June 2021 and 2020 respectively. The increase in contracts completed during the Year was in line with the gradual restart of the construction sector in Singapore.

The Group continues to ensure that Safe Management Measures are practised in work premises and prioritise employee health and safety in conjunction with pursuing sustainable business development. We endeavour to develop value-added and long-term relationship with customers in the long run through contracts for the provision of maintenance and related services for sound and communication systems.

Integrated services of sound and communication systems

Our revenue generated from the provision of integrated services of sound and communications systems was approximately S$0.2 million and S$0.7 million for the years ended 30 June 2021 and 2020, respectively, which represent approximately 2.3% and 10.7% of our total revenue for the same period. The revenue decrease was due to delays in restarting worksites related to construction projects in Singapore. Specifically, the progression of a material contract and its associated variation orders with approximately 8.7% completed during the Year while such contract and its associated variation orders progressed approximately 26.4% for the year ended 30 June 2020.

AAS services

Our revenue generated from the provision of AAS services was approximately S$0.7 million and S$0.9 million the years ended 30 June 2021 and 2020 respectively, which represent approximately 6.6% and 13.1% of our total revenue for the same period. There were two AAS services contracts and were both completed during the Year. The Group will continue to be involved in public tenders for projects in this revenue stream.

E-commerce operation services

In response to the COVID-19 pandemic on the Group's other three revenue streams, the Group began to deploy resources into the E-commerce business in the PRC since November 2020 by initially establishing an operation team in the PRC. During the Year since its inception, the E-commerce operation team has expanded, inorganically through mergers and acquisitions and organically through selective hiring processes, to include other departments such as supply chain services, digital marketing, e-commerce operations, and live broadcast operations. As a result, we provide business owners with complete brand management e-commerce operation service system which includes, but is not limited to, brand building, digital marketing, live short video marketing, content management, e-commerce operations, warehousing and logistics, and customer relationship management.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year since the inception of the E-commerce revenue stream in November 2020, by providing brand customers with services including digital marketing, supply chain services, and E-commerce operations (including B2B and B2C), subsidiaries of the Group generated revenue of approximately S$3.5 million for the Year, representing approximately 34.5% of our total revenue.

Network system integration services

Leveraging its professional team and service capabilities, the network system integration services department won the bids for several projects in the second quarter of 2021 alone. The four large projects are: e-payment platform simulation environment deployment (the Institute of Computing Technology of CARS), procurement of external and internal firewalls (China Railway Special Cargo Logistics Co., Ltd.), procurement of maintenance services for Radware hardware in 2021 (China Banking and Insurance Information Technology Management Co., Ltd.), and procurement of railway engineering equipment for the newly built Boten-Vientiane Line of the Laos-China Railway (the Institute of Computing Technology of CARS).

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately S$3.4 million or 51.3% to approximately S$10.1 million for the Year, from approximately S$6.7 million for the year ended 30 June 2020. This was principally due to the increase in revenue contributed from the new E-commerce revenue source commencing operations during the Year. The increase was slightly offset by a decrease in integrated services of sound and communication systems caused by the COVID-19 pandemic-related project delays during the Year in Singapore.

Costs of sales/services

Our costs of sales/services increased by approximately S$2.3 million or 56.5% to approximately S$6.3 million for the Year from approximately S$4.0 million for the year ended 30 June 2020. The increase in costs was mainly due to significantly higher material purchases during the Year as part of our new E-commerce operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

Our gross profit increased by approximately S$1.1 million for the Year or 43.4% to approximately S$3.8 million for the Year from approximately S$2.7 million for year ended 30 June 2020 due to gross profit contributions from our new sale of consumer products segment. The Group's gross profit margin decreased to 37.6% for the Year, from approximately 39.8% for the year ended 30 June 2020. The decrease in gross profit margin was due to the substantial increase in material costs for our new E-commerce operations segment during the Year.

Other income, gains and losses

Our other income, gains and losses remained relatively stable at S$0.4 million for the Year and the year ended 30 June 2020. This is attributed to the extraordinary income during the Year from the receipt of increased government support grants for employees' salaries in Singapore. The gains were offset by the increased foreign exchange losses of monetary assets held in other currencies, such as US$ and HK$, which had depreciated against the S$. For the previous year ended 30 June 2020, differences arising from revaluation of monetary assets held in other currencies, such as US$ and HK$, which appreciated against the S$, were recorded as foreign exchange gains.

Administrative expenses

Our administrative expenses increased to approximately S$4.3 million for the Year, by approximately S$1.8 million or 71.1%, from approximately S$2.5 million for the year ended 30 June 2020. The increase can be attributed to (i) increased payroll costs amounting to S$0.9 million in line with increased headcount to manage the new sale of consumer products segment in the PRC; (ii) higher legal and professional fees amounting to S$0.5 million in relation to expansion of the new sale of consumer products segment in the PRC; (iii) rising expenses amounting to S$0.2 million due incurring depreciation on leased office space assets-in-use; and (iv) a S$0.2 million increase in general operating expenses of the new sale of consumer products segment in the PRC.

Finance costs

Our finance costs increased to approximately S$225.2 thousand for the Year, by approximately S$189.8 thousand or 5.36 times, from approximately S$35.4 thousand for the year ended 30 June 2020. The substantial increase was mainly due to the interest accrued from new interest-bearing loans from an independent third party used in the Group's new sale of consumer products segment during the Year.

Income tax expense

Our income tax expense decreased to approximately S$123.5 thousand for the Year, by approximately S$46.9 thousand or 27.5%, from approximately S$170.4 thousand for the year ended 30 June 2020. The decrease was primarily due to a non-recurrent overprovision of income tax expenses in Singapore subsidiary ISPL for the previous years.

MANAGEMENT DISCUSSION AND ANALYSIS

(Loss) profit and other comprehensive (loss) income for the year attributable to owners of the Company

The Group recorded total comprehensive loss for the year of approximately S$0.4 million for the Year. Compared to the total comprehensive income of approximately S$0.3 million for the year ended 30 June 2020, the decrease was principally caused by increased initial operational costs to enter the E-commerce market incurred during the Year.

DIVIDEND

The Board does not recommend the payment of final dividend for the Year (2020: 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 2021, our Group's cash and bank balances are denominated in the following currencies:

	For year ended 30 June	
	2021	2020
	S$	S$
Denominated in:		
CNY	**714,120**	–
HKD	**149,212**	1,513,130
MYR	**10,706**	62,208
SGD	**8,616,725**	6,260,358
USD	**1,685,901**	2,394,128
	11,176,664	10,229,824

Net current assets

As at 30 June 2021, the Group had net current assets of approximately S$10.1 million (2020: S$11.2 million).

Total equity

The equity of the Group mainly comprises share capital, share premium and reserves. The Group's total equity attributable to owners of the Company amounted to S$14.6 million (2020: S$14.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

Our borrowings decreased by approximately S$0.2 million or 11.8% to approximately S$1.2 million as at 30 June 2021 from 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

On 23 February 2021, the board lot size of the ordinary shares in the Company (the "**Shares**") for trading on the GEM of the Stock Exchange was changed from 10,000 Shares to 2,000 Shares. On 19 July 2021, an aggregate of 80,000,000 shares, representing 9.09% of issued share capital of the Company on 30 June 2021, were placed at HK$0.66 per share to no less than six placees. Other than as disclosed above, there has been no further change in the capital structure of the Group during the Year and up to the date of this 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$75.5 thousand (2020: approximately S$27.9 thousand).

As at 30 June 2021, the Group did not have any capital commitments (2020: nil).

LEASE COMMITMENTS

Our lease commitments represent the minimum lease payments for short-term leases which would be payable under operating lease in respect of staff dormitories and office equipment, amounting to approximately S$115.1 thousand (2020: approximately S$45.4 thousand).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any contingent liabilities (2020: nil).

OFF BALANCE SHEET ARRANGEMENTS

As at 30 June 2021, the Group did not enter into any material off-balance sheet arrangements (2020: nil).

PLEDGED ASSETS

Our pledged bank deposits represent deposits placed to a bank for corresponding amounts of performance guarantee arranged by our Group in favour of a customer with an original maturity term of 36 months. The balances carry interest of 0.65% per annum as at 30 June 2021 and 2020. We had pledged bank deposits of S$0.2 million as at 30 June 2021 and 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, including our Directors, the Group had a total of 104 employees (2020: 59).

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

On 5 February 2021, Haohui (Shenzhen) Business Consulting Co., Ltd.* (灝輝(深圳)商業顧問有限公司) ("**HHSZ**"), an indirect wholly owned subsidiary of the Company, acquired the entire equity interest in Global Sourcing Supply Chain Management (Shanghai) Co., Ltd.* (上海格洛博森供應鏈管理有限公司) for a cash consideration of CNY2,170,00. Global Sourcing Supply Chain Management (Shanghai) Co., Ltd. provides supply chain solutions for the global sourcing of new domestic retailers and for the international small and medium-sized brands entering the PRC market with (i) strong market competitiveness in the PRC and (ii) an experienced management team facilitating the Group's rapid acquisition of a more established business in the e-commerce operation sector and enabling the Group to diversify the scope of its operations.

On 14 April 2021, HHSZ acquired the entire equity interest in CNC-Link (Beijing) Technology Co., Ltd.* (中網雲鏈(北京)科技有限公司) for a cash consideration of CNY 1,060,000. CNC-Link (Beijing) Technology Co., Ltd. is a growing service provider in network system solution in the PRC with strong execution power demonstrated by its increasing number of contracts servicing quality customers including but not limited to government entities, state-owned enterprises, and financial institutions acquired within the short period of time after its incorporation. The Group believes that the Acquisition is strategically beneficial for the Group to (i) leverage on the Target Company to enter the PRC market; (ii) diversify the coverage of system servicing solutions.

Please refer to note 25 of the notes to the financial statement for a complete list of significant subsidiaries. Other than as disclosed above, the Group did not have any significant investments or any material acquisition and disposal of subsidiary or affiliated company during the Year.

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 30 to the consolidated financial statements included in this annual report.

KEY FINANCIAL RATIOS

	For year ended 30 June	
	2021	2020
	Times	Times
Liquidity ratios		
Current ratio	**2.1**	11.6
Quick ratio	**1.9**	11.1
	%	%
Capital adequacy ratios		
Gearing ratio	**8.4%**	9.4%

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

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

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

Quick and current ratios

The quick and current ratios decreased by 81.4% and 82.1% respectively during the Year. This is primarily due to current liabilities build-up owed to both trade vendors and non-trade creditors in relation to operating in the new sale of consumer products segment.

Gearing ratio

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Up to 30 June 2021, 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	Actual use of proceeds as at 30/06/21	Unutilised amount as at 30/06/21	% utilised as at 30/06/21	Expected date to fully utilise the unutilised amount
	HK$M	HK$M	HK$M	%	
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.5	0.9	35.7%	31/12/22
Expand and train our sales and marketing, technical and support workforce	11.6	7.3	4.3	62.9%	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	0.7	1.3	35.0%	30/06/23
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	–	2.5	0.0%	30/06/23
General working capital and general corporate purposes	3.5	3.5	Nil	100.0%	N/A
Grand total	44.0	22.5	21.5	51.1%	

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 30 June 2021:

Purpose	Implementation Plan	Actual implementation activities
Strengthen our marketing efforts in the sound and communication industry in Singapore	• Implement corporate branding and identity for our sound and communication services solution operations in Singapore which includes printing of marketing materials and advertisement • Maintain and update our corporate websites by the external consultant for customised website development • Participate in trade show(s)	• Maintained and improved our corporate websites, by using in-house resources to develop and maintain the Group's website instead of engaging external website designers
Expand and train our sales and marketing, technical and support workforce	• Staff cost for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs • Staff cost for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and taking into account potential increase in wage level, and the associated staff accommodation costs • To provide internal and external trainings and workshops to our sales and technical staff	• New headcount of 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	• 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	• 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	• Purchase of one new property to be used by our sales and contract department and act as a demonstration facility for our sound and communication systems	• Considered and monitored the Group's project tenders and plan was postponed due to current observed industry customers' requirements and the property prices in Singapore were surged up higher than expected which the Group requires additional time to identify the suitable premises in order to meet the Group's financial budget
Partial repayment of bank loan	• Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore.	• The mortgage loan was partially repaid on 11 July 2018.
Expansion of our sound and communication services solution business	• To explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore, particularly larger scale projects which may be required for the provision of performance bonds.	• Postponed due to performance bond not required in recent awarded tenders to the Group. • In the process of exploring large scale potential projects which requires the provision of performance bonds
Take steps to obtain higher grade level under our current mechanical and electrical workhead	• Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workhead.	• Considered and monitored the Group's project portfolio and 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 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. 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 are any material changes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

ISP Global Limited and its subsidiaries are pleased to present our Environmental, Social and Governance ("**ESG**") Report for the period from 1 July 2020 to 30 June 2021. This report covers our ESG policies, our implementation and performance in different areas of corporate social responsibility ("**CSR**").

The Group recognises the importance of its role in CSR, and is committed to embed sustainability into its strategy and take practicable and possible measures in its daily operations to secure a resilient future. Our efforts address the linkages among various environmental issues as well as social and governance dimensions.

REPORTING SCOPE AND STANDARDS

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" as set out in Appendix 20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group performed its disclosure responsibility based on the "comply or explain" requirements by following the reporting principle of "materiality", "quantitative", "balance" and "consistency" and made presentation and disclosure on a year-on-year basis with reviewed data.

Compared with the 2019/20 ESG Report, the scope has been broadened as the Group commenced the operation of a new business segment for the E-commerce services. Accordingly, this ESG report represents the Group's sustainability approach and performance in the environmental aspects based on both its offices in Singapore and the PRC over the Year.

ENGAGEMENT WITH STAKEHOLDERS

The Group maintains communications channels with its stakeholders and strives to balance their opinions and interests. Through constructive communication, we understand stakeholders' expectations, consider the possible impact of our activities promoting sustainable development, and jointly formulate business strategies that would allow our operations to address the needs of the society.

The table below lists the Group's stakeholders and illustrates our communication and response measures.

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	• Shareholders • Potential investors	➢ Annual reports ➢ Announcements and disclosure of stock listing information ➢ Corporate website ➢ General meetings
Employees	• Senior Management • Staff • Direct workers • Potential recruits	➢ Direct communication ➢ Independent focus groups and interviews ➢ Regular performance assessment ➢ Training and seminars
Customers	• Singapore Government agencies • Private organisations • Ultimate users	➢ Customer assessment ➢ Mechanism for processing complaints ➢ Periodical meetings with contractors and customers
Suppliers/Contractors	• Suppliers • Sub-contractors • Service providers	➢ Daily work review ➢ Site inspection and meeting with sub-contractors ➢ Supplier assessment
Government	• National and local governments • Regulators	➢ Government initiatives ➢ Written correspondence ➢ Statutory reports and general disclosures
Community	• National and local community organisations	➢ Internship programme

MATERIALITY ASSESSMENT

Materiality assessment helps us better understand stakeholders' key issues of concern and enables us to better address stakeholders' needs when formulating the development directions. We will continue to review and strengthen the management of these material issues. Moreover, we understand that stakeholders from different sectors would have different agenda of concerns. Hence, we continuously improve the information and data collection system, and is committed to presenting the Group's ESG performance in a more comprehensive and transparent manner to stakeholders.

PROTECTING THE ENVIRONMENT

With rising expectations for corporate entities to lead environmental protection efforts from the governments and the public, environmental sustainability has become an important aspect of the Group's CSR. We endeavour to optimise its use of resources and protect the natural environment and ecology. To enhance the environmental awareness of our staff, suppliers and other stakeholders, we have established appropriate environmental compliance policies and procedures specifying management rules for different environmental aspects to reduce emissions, to use the resources effectively and properly.

Emissions Control

In the face of global environmental issues such as climate change and rapid depletion of natural resources, we follow the fundamental principles of environmental compliance and place value on conservation of natural resources, and also complies with relevant local environmental regulations.

The Group is a non-production company principally engaged in the provisions of sound and communication system services solution and E-commerce services, which do not generate material impacts on the environment. Our business operations do not produce hazardous waste nor do they rely heavily on energy consumption or water resources. The generation of air and greenhouse gases ("**GHG**") emissions is indirect, mainly from the electricity consumption for our office premises and business air travel by our employees.

In order to minimise the air emissions and GHG emissions at sources, we closely monitor the travel logs and fuel consumption of our motor vehicles to avoid unnecessary usage of fuel. Our vehicles are properly maintained to maximise fuel efficiency. During the Year, the Group owns two vehicles in Singapore, with a low level of direct emission recorded. Nitrogen oxide, sulphur oxide and particulate matter emissions from this source were all close to zero tonne. Recognising that there are indirect GHG emissions from business air travel by employees, the Group encourages employees to utilise instant messaging tools, video calls, or teleconferences where feasible. However, compared with the same corresponding period in last year, the emission volume increased owing to the inclusion of emissions from additional branch offices under a new business segment commenced during the Year.

Air emissions during the Year:

Air Emissions	Unit	2020/21	2019/20
Nitrogen Oxide (NO_x)	kg	48.283	4.95
Sulphur Oxide (SO_x)	g	62.55	42.38
Particulate Matter (PM)	kg	4.63	3.35

GHG emissions during the Year:

GHG Emission types		Unit	2020/21	2019/20
Direct emission or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon Dioxide (CO_2)	tonne	10.04	7.54
	Methane (CH_4)	kg	6.43	4.36
	Nitrous Oxide (N_2O)	tonne	1.46	0.45
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	Carbon Dioxide (CO_2)	tonne	34.01	16.07
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	Carbon Dioxide (CO_2)	tonne	2.29	3.14
Electricity used for fresh water and sewage processing	Carbon Dioxide (CO_2)	kg	99.47	77.92*
Business air travel by employees	Carbon Dioxide (CO_2)	tonne	6.96	2.16

Waste Management

We mainly generate non-hazardous solid waste, which includes domestic waste and paper, in our daily office operations as we do not engage in manufacturing activities. Such wastes were collected and processed by government-linked general waste service providers, with the billing comes in a monthly basis at a flat rate. Hence, the key performance indicator relating to the total of non-hazardous waste produced is unavailable. We respect the principle of reduction from the source, reuse and recycling in order to minimise pollution to the environment. In responding to the National Recycling Programme, the Group is committed to facilitating the recycling of wastepaper, plastic bottles and metal cans and to reduce general waste, waste separation at source, and designated responsible personnel to collect and deposit the recyclables to the appropriate blue recycling bins.

The Group does not generate hazardous wastes and generates an insignificant amount of non-hazardous wastes. Therefore, the relevant key performance indicators were not applicable to the Group.

Use of Resources

The world today is facing unprecedented, interconnected environmental challenges, including threats to climate change, ocean health and biodiversity. Through its policies, the Group intends to implement innovative resource controls, increase the stewardship of natural resources, and contribute to sustainable development.

The Group's major use of resources includes energy and water consumption. The Group aims to not only reduce its operating costs but also mitigate the negative impact of the use of fossil fuel on the environment. We actively monitor usage of office equipment and their electricity consumption to improve energy efficiency. Our employees are reminded to switch off most non-security related idle electrical appliances such as, office lighting, computers. We further promote energy saving by setting air conditioners at reasonable temperatures and installing motion-sensor lighting for energy saving. The Group's head office was designed to maximise the use of natural daylight instead of office lighting.

Resources consumption during the Year:

Resources Consumption	Unit	2020/21	2019/20
Electricity Consumption	kWh	34,808	38,360
	kWh/employee	334.69	650.17
Water Consumption	m^3	341.6	268.7
	m^3/ employee	3.28	4.55

Since the packaging process of the Group are outsourced and/or completed by the suppliers, the Group does not input any significant packaging material into its products.

ENVIRONMENT AND NATURAL RESOURCES

Our operations as a non-production company do not have any direct or major impact on the environment and its natural resources. The Group continues to act responsibly to mitigate the potential threats of the business operations that might pose to the natural environment.

Consumption of electricity generates carbon emissions and contributes to the greenhouse effect, which is one of the factors causing a global rise in temperature. We constantly remind our employees to efficiently utilise of natural resources consumption and to enforce guidelines which focus on conserving the environment.

The Group continues to look for opportunities to further reduce emissions and wastes in order to control the carbon footprint of its operations and generate long-term value for the stakeholders as well as the communities in which the Group operates. Aiming to control global warming, emissions reduction targets have been set for many countries under the "Paris Agreement". The Group is well aware of the impact of climate change on the world and actively assess the risks posed to our business operations by climate change and our vulnerability to these risks. In support of the global initiative, we are also committed to set targets such as reducing GHG emissions in our business operations to address the threat of climate change. The Group commits to establish a reduction target to reduce electricity consumption per employee by 25% by the year of 2025.

Climate Resilience

The Group fully understands that ESG policies and practices may change over time to reflect the changes in business operations, structures, technology, laws and regulations, and environment. Hence, we keep abreast of any update on all applicable laws and regulations associated with environmental protection issues and commit in measures that strengthen environmental protection. The Group will continue to assess, record and disclose annually its GHG emissions and other environmental data, in order to review the effectiveness of its current measures.

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 Statues of Singapore); and the Water Law, Energy Law, Energy Conservation Law, Environmental Protection Law and Pollution Prevention and Control Law of the People's Republic of China (the "**PRC**") 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

Respecting human and labour rights is an integral part of the Group's approach to sustainability. The Group strongly believes that our staff are invaluable assets to the Group and significant to its business. The Group ensures that all employees are accorded the requisite legislative protection and treated equally in an inclusive work environment.

The Group complies with the anti-discrimination ordinances and the guidance under the Employment Ordinance (Cap. 57) and all the relevant laws and regulations such as 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; and the Labour Law and the Labour Contract Law of the PRC, as well as industry features and practices.

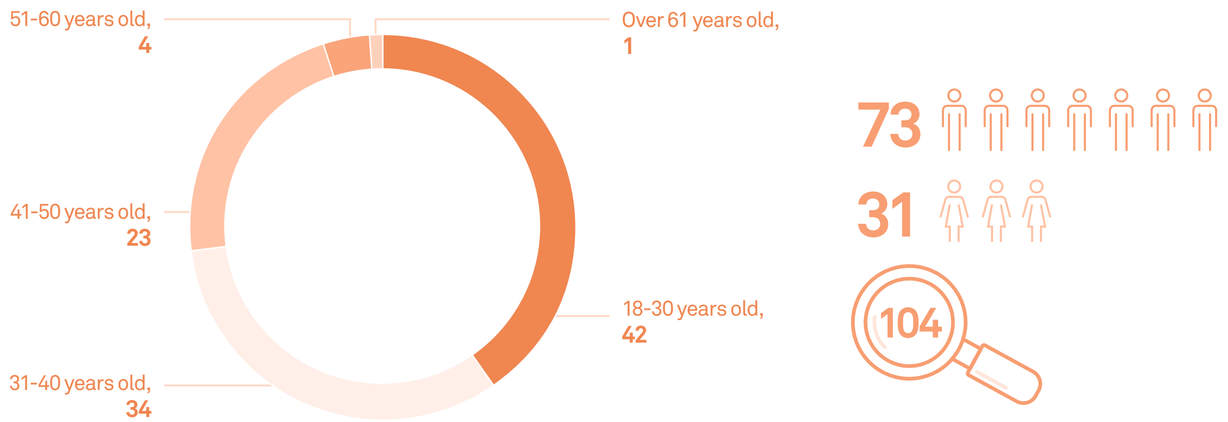
We have a diverse and inclusive team of employees from various backgrounds and cultures contributing to our business success. We are committed to providing employees with a fair, transparent, and respectful career opportunities that are free from discrimination of gender, age, ethnicity, nationality, marital status and religion, etc in the recruitment, selection, compensation, training, appraisal and career advancement.

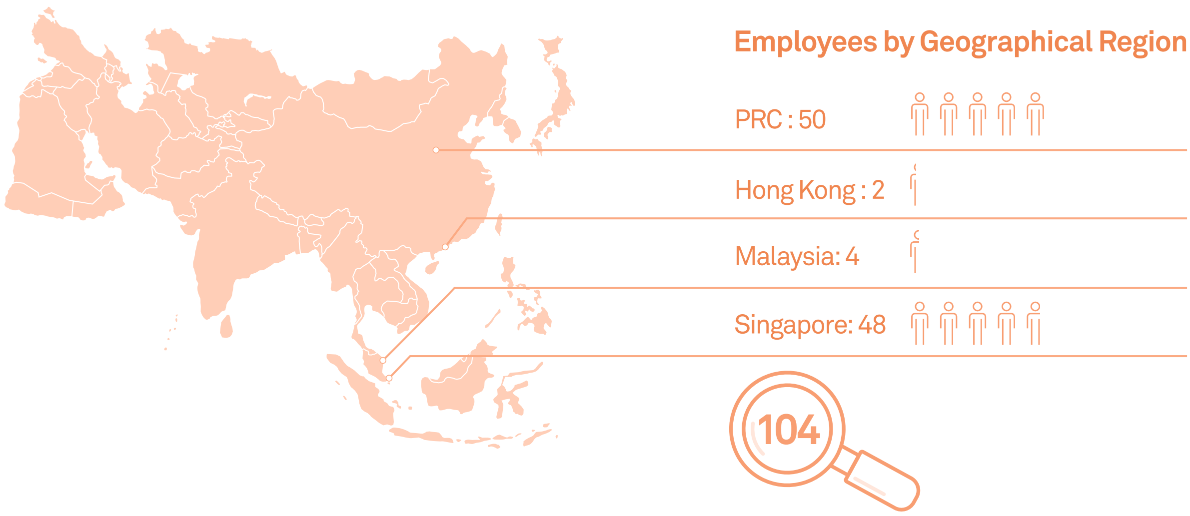
We emphasise equality in determining talent retention and recruitment, as well as recognising employees' contribution, competitive remuneration packages. We provide benefits including statutory and incentive benefits to our employees as part of enhancing workplace welfare. Employee's remuneration packages are determined with reference to the prevailing market standards in line with their competency, qualifications and experience. Under such policy, performance evaluation is conducted on a yearly basis to appraise the performance of all employees, offering them recognitions and rewards according to their respective individual performance.

Staff Composition

As at 30 June 2021, we employed a total of 104 staff, including 102 full-time and 2 part-time staff.

Employees by Gender and Age Group





Employee Turnover

During the Year, the Group has an annual turnover rate of approximately 34%, with 33% our male staff and 35% of our female staff leaving the Group. Employee turnover categorised by age group was as follows: 33% of those in the 18 to 30 years bracket left the Group, 35% of those from the 31 to 40 bracket, 26% from the 41 to 50 bracket and 50 of those from the 51 to 60 bracket, and all our staff who is over 60 years old left the Group.

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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Health and Safety

The Group prioritises the protection of health and safety, the security and well-being of its employees. 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. Nevertheless, we are dedicated to fostering a high OHS standard, safe and comfortable working environment to for all employees through different measures.

Our work safety rules and policies, which are in all material aspects in compliance 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), Statues of Singapore; the Employees' Compensation Ordinance (Cap. 282) and the Occupational Safety and Health Ordinance (Cap. 509), Laws of Hong Kong; the Occupational Safety and Health Act 1994 and Workmen's Compensation Act 1952, Laws of Malaysia; and the Occupational Disease Prevention Act and Working Injury Insurance of the PRC, have been implemented.

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. While in Hong Kong, the PRC and Malaysia, the Group maintains employee compensation insurance that includes work injury for our employees in Hong Kong, the PRC and Malaysia under regulatory requirements. These policies and insurance compensation cover all qualified employees to protect their health and safety against occupational hazards, accidents and sickness. The Group equips our office and project sites with all the required safety equipment and facilities such as helmet, safety shoes and safety goggles and has passed all the governmental safety inspections.

We strictly adhere to all applicable laws and regulations, requiring our employees and subcontractors to follow our safety policies when performing their duties. In accordance with the Workplace Safety and Health (Construction) Regulations 2007, our employees are certified with the adequate health and safety training to supervise or oversee any process, or work carried out in a worksite. The Group has attained BizSafe Level 3 certification, proving our commitment to enhancing workplace health, safety and security. We provide adequate safety training courses for our employees, conduct risk assessments to identify potential OHS hazards prior to site deployment. Project implementation team and safety team regularly conduct pre-execution site safety briefings and site inspections during project execution to remind workers of precautionary and preventive safety measures. We perform periodic internal audits to ensure compliance with our systems manuals and procedures.

Latest information on occupational health and safety best practices are shared regularly between project implementation team, safety team, and the sub-contractor's and worker's representatives. A safety manager is responsible for the conduct of site inspections to ensure that the Group's existing business operations and working procedures are in compliance with health and safety standards. The Group conducts regular reviews for updates of relevant laws and regulations to improve safety management.

In response to the outbreak of novel coronavirus ("**COVID-19**"), we seek to optimise our cost structures and adjust our working arrangement to minimise the risk of virus transmission and have adopted a series of measures. One of the 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.

In addition, infection control guidelines for staff were compiled and constantly updated in response to both the pandemic and movement controls imposed by the countries' governments. Relevant policies including allowing staff to work from home or flexible working hours during the peak of the pandemic have been implemented where feasible. This reduces physical interactions between and increases pandemic protection for our employees. We perform temperature checks for employees and visitors in our offices, keep adequate anti-pandemic supplies such as surgical masks and hand sanitizers for employees, and increase the frequency of cleaning and disinfection in offices.

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

Work Injury Statistics	Unit	2020/21	2019/20	2018/19
Number of work-related fatalities	Case	0	0	0
Rate of work-related fatalities	Percentage	0%	0%	0%
Number of reported accidents (sick leave > 3 days)	Case	0	1	1
Lost days due to work injury	Day	0	137	199

As at 30 June 2021, 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

The Group believes in actively investing in our human capital to fuel business growth, and thus provides equal training and promotion opportunities to all employees. These training development courses aim to improve employees' efficiency, or enhance technical skills and knowledge required for their understanding of the job function and can cover various areas, including induction, safety management and on-job training etc.

Comprehensive orientation training is provided to help new hires to better fit into our culture and familiarise themselves with the Group's internal policies and business development. We encourage employees to enrol for training courses and workshops which are relevant to their roles at external institutions. The Group provides relevant on-the-job training according to employees' roles and positions. We provide an education sponsorship programme to encourage our employees to take part in external training courses that could directly and effectively expand their skill sets relating to their current job requirements and keep them abreast of the latest industry trends. This programme is open to all employees. The Group aims to foster a learning culture that not only strengthens employees' professional knowledge, but also benefit the Group as employees deliver improvement in job performance and integrate industry best practices through knowledge sharing.

Among our employees who have undertaken training during the Year, 87% of them were male and 13% of them were female, with the average duration at approximately 9.95 hours and 14.25 hours respectively. The percentage of employees participating in training for senior and middle management and entry level employees were approximately 18%, 4% and 78% respectively. The average duration of training in each of these categories was approximately 3.17 hours, 4.00 hours and 12.50 hours respectively. In the coming years, we will continue to refine our training plan and ensure that all employees from each level can continue to receive an adequate level of training.

Training courses that have been undertaken by employees include but are not limited to electrical works training organised by the Building and Construction Authority and workplace safety and health management training accredited in accordance with the Singapore Workforce Skills Qualifications System, as well as training sessions in relation to human resources and payroll.

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 the Employment of Children and Young Persons Regulations, the Employment Act and the Prevention of Human Trafficking Act, Statues of Singapore; Employment of Children Regulations and Employment of Young Persons (Industry) Regulations and the Employment Ordinance (Cap. 57), Laws of Hong Kong; the Children and Young Persons (Employment) Act 1966 and the Employment Act 1955, Laws of Malaysia; and the Labour Contract Law and Provisions on the Prohibition of Using Child Labour of the PRC.

The Group prohibits child labour for any positions. We check and verify the identity cards or other identification documents of the candidates to control the possible legal risks in the process of labour employment. We would strictly follow the employment contracts and would not prejudice the employment relationship in any way between the staff and the Group, such as detaining a deposit or forcing to work against their will under any kind of threat. Employment contracts are signed by the Group and the employees, explaining and detailing the rights and responsibilities of both parties to prohibit any labour exploitation or forced labour.

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.

OPERATION MANAGEMENT

Supply Chain Management

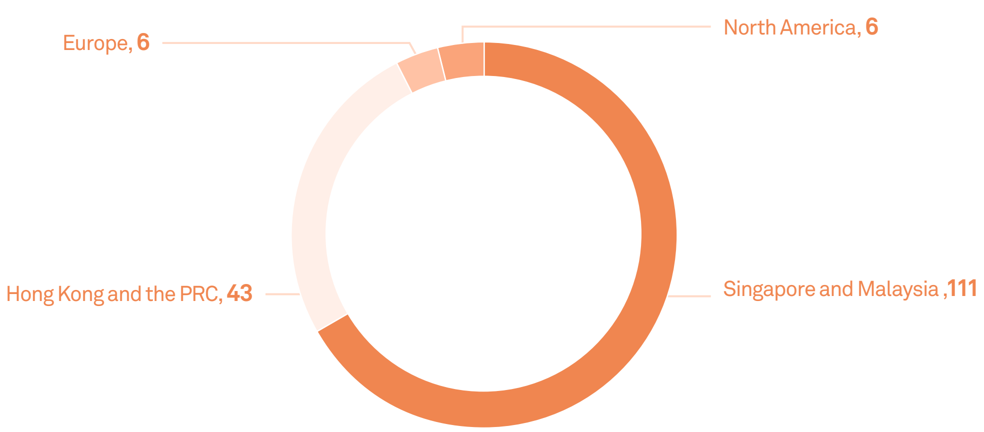
The Group closely cooperates with its suppliers to constantly enhance its operation procedures and improve its service quality. We adopt a stringent supplier selection and management system to reduce procurement risks and promote responsible procurement.

In order to ensure that our suppliers have met our requirements and maintain the continued confidence of the clients, suppliers and the general public, we evaluate and monitor our suppliers' performance based on factors such as the quality of service, the timeliness in completing the required service or delivering 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.

All materials delivered are examined by designated site staff before we accept them. Materials which are found to be defective or of unsatisfactory standard will be returned and replaced. We continue to monitor the performance of suppliers and subcontractors to ensure the sustainability of the supply chain.

During the Year, most of our suppliers are based in Singapore and Malaysia for our sound and communication services solution business; and in the PRC for our E-commerce business, effectively mitigating carbon emissions that result from haulage and transportation. As part of our commitment to Corporate Social Responsibility, we encourage our supply chain partners to promote efficient use of resources and environmental protection.

Suppliers by Geographical Region



Product Responsibility

The Group continues to innovate and improve its products and services while consulting with our customers and observing industry trends. For our E-Commerce business division, we list our contact information on online platforms to a designated department for the handling of any enquiries or complaints from customers. The responsible department responds to customers' enquiries and maps out solutions catering to customer demands within specified time frame. If goods return or compensation is deemed necessary, it will be executed in accordance with the internal guidelines of the business. We strive to provide accurate information on our marketing material and forbid the use of any false, misleading or inaccurate statement in any form of our marketing activities.

For our sound and communication services solution business, our project management team organises routine safety supervision and inspection sessions at project sites to ascertain the service quality of our workers. We rectify any issues identified through safety supervision and inspection within a designated timeframe. We have established and implemented a quality management system ("**QMS**") in our operations in order to render premium and reliable services to our clients. Our QMS conforms to the internationally recognised ISO 9001:2015 standard as certified by SGS International Certification Services Singapore Pte Ltd. With the implementation of our QMS, we demonstrate our ability to consistently ensure the provision of healthy, safe and high-quality products and services to our customers.

During the Year, there had not been any product recalls for safety or health issues for our E-Commerce business nor have we received any 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.

We maintain the confidentiality of data from customers and business partners and employees under laws and regulations including the Personal Data Protection Act, Statutes of Singapore and the Personal Data (Privacy) Ordinance (Cap. 486), Laws of Hong Kong, the Personal Data Protection Act 2010, Laws of Malaysia; and the regulations on the protection of personal information in the PRC. We constantly ensure that all the personal and business data collected from our customers, business partners, or employees are treated as strictly confidential. Every employee is required to enter into a labour contract which strictly forbids the disclosure of confidential or proprietary information outside the Group without authorisation. Through internal trainings and confidentiality agreements, the Group reminds our employees not to disclose any customers, business partners, or employees' information to third parties when collecting, using and accessing those information.

The Group complies with all relevant regulations with regards to the protection of intellectual property rights, and uses only 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.

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

We understand the value of business ethics and integrity and is a trustworthy partner to our customers and business partners. We comply with relevant regulations and laws, including the Prevention of Corruption (Cap. 241) and Competition Act (Cap. 50B), 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; the Anti-Corruption Commission Act 2009, Laws of Malaysia; and the Anti-Unfair Competition Law of the PRC.

The Group commits to operating its businesses with transparency and integrity. We establish anti-corruption and conflict-of-interest policies and guidelines which prohibits all forms of fraud and corruption, such as bribery, extortion, illegal inducement, offering or accepting disallowed gifts, kickbacks or other disallowed advantages when dealing with the Group's business. Such policies are effectively conveyed to our employees during their induction training and are available for viewing in the Staff Handbook to ensure their understanding of and compliance with all the applicable anti-corruption laws and regulations.

Through our Whistle-Blowing Policy, the Group aims to provide a safe, confidential and legal channel for employees and related persons to report actual or suspected misconducts or illegal activities in corporate financial reporting, internal control or other relevant areas. The Whistle-Blowing Policy ensures that employees are at no risk of retaliation during and after the investigation on their reports. Investigation work for whistleblowing reports will be handled with strict confidentiality under any circumstances to preserve anonymity.

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 bribery, extortion, fraud and money laundering.

GIVING BACK TO THE COMMUNITY

The Group recognises the benefits of connecting different stakeholders to tackle challenges in the society together. With the recent government-led easing of movement controls, we continue to protect the public's health and safety by delivering maintenance service and support in compliance with all applicable social distancing measures and regulations as part of essential services operations.

Simultaneous to our pursuit of business development, the Group constantly communicates with the communities we operate in, to better understand them and cater more comprehensively to their needs. We continue to step up our philanthropic effort and encourage employees involvement in serving the community to create a positive impact in the community we work with.

While ensuring public health and safety during the pandemic, the Group strives to adopt appropriate approaches to broaden the communities we serve and support the employment of people from different backgrounds. As part of our community outreach and inclusiveness program, during the Year, the Group has offered multiple short-term internship opportunities to students, hoping to foster interest in the career of sound and communication systems services among young population from diverse backgrounds in Singapore.

PERFORMANCE SUMMARY

Environmental Performance

Air Emissions	Unit	2020/21	2019/20
Nitrogen Oxide (NO_x)	kg	48.28	34.95
Sul phur Oxide (SO_x)	g	62.55	42.38
Particulate Matter (PM)	kg	4.63	3.35

GHG Emission types		Unit	2020/21	2019/20
Direct emission or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon Dioxide (CO_2)	tonne	10.04	7.54
	Methane (CH_4)	kg	6.43	4.36
	Nitrous Oxide (N_2O)	tonne	1.46	0.45
Energy indirect emissions(Scope 2)				
Electricity purchased from power companies	Carbon Dioxide (CO_2)	tonne	34.01	16.07
Other indirect emissions(Scope 3)				
Paper waste disposed at landfills	Carbon Dioxide (CO_2)	tonne	2.29	3.14
Electricity used for fresh water and sewage processing	Carbon Dioxide (CO_2)	kg	99.47	77.92*
Business air travel by employees	Carbon Dioxide (CO_2)	tonne	6.96	2.16

* The KPI related to electricity used for fresh water and sewage processing in FY2019/20 was updated in this table after review. The corresponding figures were revised to correct misinterpretation.

Resources Consumption	Unit	2020/ 21	2019/ 20
Electricity Consumption	kWh	34,808	38,360
	kWh/employee	334.69	650.17
Water Consumption	m^3	341.6	268.7
	m^3/employee	3.28	4.55

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Performance – Employment and Labour

	Total Workforce No. of People 2020/21	Total Workforce No. of People 2019/20
By Gender		
Male	73	46
Female	31	13
By Age Group		
18 – 30 years old	42	15
31 – 40 years old	34	22
41 – 50 years old	23	16
51 – 60 years old	4	6
Over 60 years old	1	0
By Employment Type		
Full-Time	102	59
Part-Time	2	0
By Geographical Region		
Hong Kong	2	1
Malaysia	4	0
Singapore	48	58
The People's Republic of China	50	0

	Employee Turnover 2020/21		Employee Turnover 2019/20	
	No. of People	Turnover Rate	No. of People	Turnover Rate*
By Gender				
Male	24	33%	10	22%
Female	11	35%	1	8%
By Age Group				
18 – 30 years old	14	33%	5	33%
31 – 40 years old	12	35%	4	18%
41 – 50 years old	6	26%	2	13%
51 – 60 years old	2	50%	0	0%
Over 60 years old	1	100%	0	0%
By Geographical Region				
Hong Kong	4	100%	0	0%
Singapore	14	29%	11	19%
The People's Republic of China	17	33%	0	0%

* The KPI related to employee turnover rate in FY2019/20 was updated in this table after review. The corresponding figures were revised to correct misinterpretation.

Work Injury Statistics	Unit	2020/21	2019/20	2018/19
Number of work-related fatalities	Case	0	0	0
Rate of work-related fatalities	Percentage	0%	0%	0%
Number of reported accidents (sick leave > 3 days)	Case	0	1	1
Lost days due to work injury	Day	0	137	199

	Percentage of employees being trained 2020/21 Rate	Percentage of employees being trained 2019/20* Rate
By Gender		
Male	87%	92%
Female	13%	8%
By Category		
Senior Management	18%	4%
Middle Management	4%	46%
Entry Level Employees	78%	50%

* Those KPIs related to percentage of employees being trained in FY2019/20 were updated in this table after review. The corresponding figures were revised to correct misinterpretation.

	Average training hours completed 2020/21 No. of Hours	Average training hours completed 2019/20 No. of Hours
By Gender		
Male	9.95	6.73
Female	14.25	14.00
By Category		
Senior Management	3.17	8.00
Middle Management	4.00	11.70
Entry Level Employees	12.50	6.46

Number of Suppliers by Geographical Region	2020/21	2019/20
Singapore and Malaysia	111	39
Hong Kong and the PRC	43	4
Europe	6	2
North America	6	5

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	During the Year, we did 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	During the Year, we did not generate non-hazardous waste in our operations
KPI A1.5	Description of measures to mitigate emissions and results achieved	Emission Control	

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)	Use of Resources	
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	During the Year, we encountered 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	During the Year, we did not generate significant packaging material waste in our operations

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	
Aspect A4: CLIMATE CHANGE			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Resilience	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which impact, the issuer, and the actions taken to manage them.	Climate Resilience	
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	

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	

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	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		

Description		Reference	Remark
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	N/A	During the Year, we did not use any environmentally preferable products and services.
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.	Product Responsibility	
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Product Responsibility	
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.	Product Responsibility	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibility	

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	Anti-Corruption	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-Corruption	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	N/A	There was no anti-corruption training provided during the Year.
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	There were no such resources contributed during the Year.

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 eight Directors:

Executive Directors

Mr. Mong Kean Yeow (Chairman)
Ms. Choon Shew Lang (Chief Executive Officer)
Mr. Yuan Shuangshun (appointed as an independent non-executive Director on 1 August 2020, redesignated to executive Director on 22 March 2021)
Mr. Han Bing (appointed on 1 September 2021)

Non-executive Director

Mr. Cao Chunmeng (appointed on 22 January 2021)

Independent Non-executive Directors ("INED")

Dr. Cai Rongxin (appointed on 27 November 2020)
Mr. Yan Xiaotian (appointed on 27 November 2020)
Mr. Tang Chi Wai

ATTENDENCE 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 Attended/number of meetings held during the respective Director's tenure				
	Regular Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting of the Company ("AGM") held on 11 December 2020
Number of meetings held	4	5	3	4	1
Executive Directors					
Mr. Mong Kean Yeow (Chairman)	4/4	N/A	3/3	N/A	1/1
Ms. Choon Shew Lang (Chief Executive Officer)	4/4	N/A	N/A	4/4	1/1
Mr. Yuan Jianzhong (appointed on 1 August 2020, resigned on 22 March 2021)	1/1	N/A	N/A	N/A	1/1
Mr. Yuan Shuangshun (appointed as an independent non-executive Director on 1 August 2020, redesignated to executive Director on 22 March 2021)	4/4	N/A	N/A	N/A	1/1
Mr. Han Bing (appointed on 1 September 2021)	N/A	N/A	N/A	N/A	N/A
Non-executive Director					
Mr. Cao Chunmeng (appointed on 22 January 2021)	2/2	N/A	N/A	N/A	N/A
Independent non-executive Directors					
Mr. Lim Loo Kit (resigned on 27 November 2020)	2/2	2/2	2/2	N/A	N/A
Mr. Lim Meng Yi (resigned on 27 November 2020)	2/2	2/2	2/2	2/2	N/A
Mr. Tang Chi Wai	4/4	5/5	N/A	4/4	1/1
Dr. Cai Rongxin (appointed on 27 November 2020)	2/2	3/3	1/1	N/A	1/1
Mr. Yan Xiaotian (appointed on 27 November 2020)	2/2	3/3	1/1	2/2	1/1

CORPORATE GOVERNANCE REPORT

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.

In compliance with Rule 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three 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

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 Dr. Cai Rongxin, Mr. Yan Xiaotian and Mr. Tang Chi Wai. Mr. Tang Chi Wai is the chairman of our Audit Committee.

During the Year, the Audit Committee held five 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 Moore Stephens CPA Limited ("**Moore Stephens**") as the Company's external independent auditors at the forthcoming AGM.

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 Dr. Cai Rongxin and Mr. Yan Xiaotian, 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 and retirement 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. Yan Xiaotian and Mr. Tang Chi Wai and one executive Director namely Ms. Choon Shew Lang. Mr. Yan Xiaotian 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.

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.

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 Dr. Cai Rongxin, Mr. Yan Xiaotian, and Mr. Tang Chi Wai to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the Year.

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 statues 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	3

Further details of the remuneration of the Directors and the 5 highest paid employees are set out in note 10 to the consolidation financial statements.

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, Moore Stephens, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 80 to 86 of this report.

INDEPENDENT AUDITOR'S REMUNERATION

As the Company and Deloitte & Touche LLP cannot reach a mutual agreement on the proposed audit fee for the Year, with effect from 30 April 2021 and recommendation of the audit committee of the Company, the Company appointed Moore Stephens as the new auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

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

Description	S$
Audit services – Annual audit	138,619

COMPANY SECRETARY

Mr. Chung Man Wai, Stephen is appointed as the company secretary of the Company with effect from 3 March 2021. During the Year, Mr. Chung 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, Premier Advisory Services 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.

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 Room 2607, 26th Floor, The Center, 99 Queen's Road Central, 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.

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 25 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 Shuangshun (appointed as an independent non-executive Director on 1 August 2020, redesignated to executive Director on 22 March 2021)
Mr. Han Bing (appointed on 1 September 2021)
Mr. Yuan Jianzhong (appointed on 1 August 2020, resigned on 22 March 2021)

Non-executive Director

Mr. Cao Chunmeng (appointed on 22 January 2021)

Independent Non-executive Directors ("INED")

Dr. Cai Rongxin (appointed on 27 November 2020)
Mr. Yan Xiaotian (appointed on 27 November 2020)
Mr. Tang Chi Wai
Mr. Lim Loo Kit (resigned on 27 November 2020)
Mr. Lim Meng Yi (resigned on 27 November 2020)

In accordance with Article 108(a) of the Articles of Association, Ms. Choon Shew Lang, Dr. Cai Rongxin and Mr. Yan Xiaotian 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.

REPORT OF THE DIRECTORS

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 87 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 31 in this report.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the past five financial years, as extracted from the audited consolidated financial statements, is set out on pages 155 to 156 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 22 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 Financial Statement of Changes in Equity" on page 90 and note 28 to the consolidated financial statements.

The Company did not have distributable reserve as at 30 June 2021, 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 and the Share Award Scheme, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

SHARE AWARD SCHEME

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

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.

(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.

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	18.4
– Five largest customers	39.0
PURCHASES	
– The largest supplier	41.3
– Five largest suppliers	58.9

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 24 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 2021, 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	120,000,000 *(Note 1)*	15.00%
Ms. Choon Shew Lang ("**Ms. Choon**")	Interest in a controlled corporation	120,000,000 *(Note 1)*	15.00%
Mr. Cao Chunmeng ("**Mr. Cao**")	Beneficial owner	80,200,000	10.03%

Notes:

(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.

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%	120,000,000 *(Note 1)*	15.00%
Ms. Choon Shew Lang	Beneficial owner	15	2.86%	120,000,000 *(Note 1)*	15.00%

Notes:

(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 2021, 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 2021, 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	120,000,000 *(Note 1)*	15.00%
Li Chao	Beneficial owner	100,000,000	12.50%
Cai Linzhou	Beneficial owner	41,400,000	5.18%

Notes:

(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.

Save as disclosed above, as at 30 June 2021, 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. Mr. SS Yuan and Mr. Han entered into a service agreement with the Company for a term of three years commencing from 22 March 2021 and 1 September 2021 respectively. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles of Association.

Mr. Cao, as the non-executive Director, has entered into a letter of appointment with the Company for a term of one year commenced from 22 January 2021.

Dr. Cai Rongxin and Mr. Yan Xiaotian are INEDs who have entered into a letter of appointment with the Company for an initial term of one year commencing from 1 December 2020. Mr. Tang Chi Wai entered into a letter of appointment with the Company for an initial term of one year commencing from 16 January 2018. 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. The term of INEDs is subject to retirement and be subject to re-election in the forthcoming annual general meeting of the Company.

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 10 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.

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 10 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.

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.

RETIREMENT SCHEME

During the Year, the Group participates in the Central Provident Fund in Singapore, Employees' Provident Fund in Malaysia, Mandatory Provident Fund in Hong Kong SAR, and Social Insurance in the PRC which are defined contribution retirement plans, when employees have rendered service entitling them to the contributions. Save for the aforementioned, the Group did not participate in any other pension schemes.

Under the MPF Scheme, the Group may use voluntary contributions forfeited by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions to reduce the existing level of contributions. Nonetheless, there were no forfeited contributions, and therefore no such contributions used to reduce the existing level of contributions, during the Year (2020: nil).

Under the central pension schemes to which the Group's subsidiaries operating in Mainland China, Singapore and Malaysia are required to make contributions, no forfeited contributions may be used by the employer to reduce the existing level of those contributions.

REPORT OF THE DIRECTORS

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 56 to 68 of the annual report.

EVENTS AFTER THE REPORTING PERIOD

On 19 July 2021, the Company completed the placing of 80,000,000 placing shares (the "**Placing**") representing approximately 9.09% of the issued share capital of the Company as at 30 June 2021. The gross and net proceeds (after deducting the placing commission and other related expenses) from the Placing are amounted to HK$52,800,000 and approximately HK$52,347,000 respectively. The Company intends to apply the net proceeds from the Placing for (i) the Sound and Communication Business in the PRC, (ii) the System Servicing Solutions Business; (iii) the E-Commerce Business in the PRC, and (iv) general working capital and general corporate purposes.

On 1 September 2021, the Company appointed Mr. Han Bing as an executive Director with immediate effect, details of the appointment were disclosed in the announcement of the Company dated 1 September 2021. 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 Moore Stephens, who will retire in the AGM, and being eligible, offer itself for re-appointment. A resolution for the re-appointment of Moore Stephens 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

Hong Kong, 24 September 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ISP GLOBAL LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ISP Global Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 87 to 154, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the 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 Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). 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 HKICPA's Code of Ethics for Professional Accountants (the "**Code**") together with any ethical requirements that are relevant to our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Revenue recognition for sale of sound and communication systems and sale of consumer products (Refer to Note 5 to the consolidated financial statements).

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recognised revenue from sale of sound and communication systems and sale of consumer products of S$5,735,467 and S$3,492,303, respectively for the year ended 30 June 2021, where the period in which such revenue is recorded is an inherent risk due to the ad hoc nature and large volumes of customer orders, and when the customer has taken possession of and accepted the goods. 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 or the consumer goods has been well delivery. In addition, significant management judgement was involved in revenue recognition from sale of consumer products, such as determining whether the role of the Group in those transactions was acting as principal or as agent and whether to recognise revenue on a gross or net basis. The assessment included considering and weighing key features e.g. which party bears the primary responsibility, inventory risks, and the way to establish prices.	Our key procedures to address the matter included: • Tested invoices and credit notes issued prior to and subsequent to the year-end on a sample basis; • Tested the appropriateness of timing of recorded transactions, which is measured by the acknowledgement and acceptance by the customers; • 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. We also performed the following procedures in relation to the judgement as to whether the Group acts as the principal or agent and hence whether revenue is recognised on a gross or net basis: • Reviewed the contracts and discussed with the management to assess the main terms, including who is the primary obligor to provide goods or services to the customer, who has the inventory risks; and • Checked on a samples basis, the background of the Group's customers and suppliers and discussed with management to understand the key areas of their cooperation, such as how their relationships were established, how the price was negotiated and determined and the acceptance of goods delivered or service rendered.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Revenue recognition for integrated services of sound and communication systems (Refer to Note 5 to the consolidated financial statements).

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue from integrated services of sound and communication systems recognised by the Group for the year ended 30 June 2021 amounted to S$232,249. Such revenue recognition is based on the percentage of completion 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 customers' confirmation) relative to the estimated total contract revenue. Significant judgements are required to estimate the value of services delivered to date 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.	Our key procedures to address the matter included: • Assessed the design and implementation of key internal controls over the contract revenue and profit recognition processes; • Obtained list of customer contracts during the financial year and agreed the total contracted sum to contracts entered into by the Group; • 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; • Obtained the latest customers' confirmation and cross checked to the latest billing by the Group and revenue recognised for the period; • 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 • Compared total contract revenue to actual cost incurred plus estimated cost to complete and assessed for foreseeable losses.

KEY AUDIT MATTERS (continued)

Impairment assessment of trade receivables and contract assets (Refer to notes 16 and 17 to the consolidated financial statements)

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 30 June 2021, the Group had trade receivables and contract assets with net carrying amount of S$3,772,946 and S$32,319 respectively. The Group had reversed a net expected credit loss ("**ECL**") on trade receivables and contract assets of S$34,970 during the year ended 30 June 2021. The ECL assessment on trade receivables and contract assets is considered to be a matter that requires the application of significant judgement which involves the use of subjective assumptions by the Group's management. The management of the Group believed that the methodologies and inputs used in estimating ECL are in accordance with the applicable accounting standard. These models and assumptions relate to the future macroeconomic conditions and debtors' creditworthiness. The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increase in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.	Our key procedures to address the matter included: • Evaluated the methodologies, inputs and assumptions used by the Group in calculating the ECL, by reference to externally available economic data; • Obtained an ageing analysis of the trade receivables from the management of the Group and tested the accuracy of ageing of trade receivables at the reporting date to the underlying invoices on a sample basis; • Challenged the management's assessment of the recoverability of long outstanding and overdue trade receivables and contract assets; • Selected samples considering the management's assessment of the latest financial conditions of the debtors, based on historical experience and observable external data; and • Assessed the adequacy of the ECL recorded by reviewing subsequent settlements after the year end any correspondence with customers about expected settlement dates.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 14 September 2020.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than 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 the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by those charged with governance in discharging their responsibilities for overseeing 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. Out report is made solely to you, as a body, in accordance with our agreed term of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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.

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

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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.

- 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.

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, actions taken to eliminate threats or safeguards applied.

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 period 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.

Moore Stephens CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number: P05419

Hong Kong, 24 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2021 S$	2020 S$
Revenue	5	**10,129,704**	6,695,314
Costs of sales/services		**(6,317,258)**	(4,037,116)
Gross profit		**3,812,446**	2,658,198
Other income	6	**430,856**	261,782
Other gains and losses	6	**(29,804)**	137,946
Administrative expenses		**(1,883,300)**	(965,960)
Reversal of/(provision for) allowance for expected credit loss of trade receivables	16	**34,970**	(31,670)
Staff cost for administration		**(2,454,659)**	(1,570,282)
Finance costs	7	**(226,028)**	(35,427)
(Loss)/profit before taxation		**(315,519)**	454,587
Income tax expense	8	**(123,543)**	(170,365)
(Loss)/profit for the year	9	**(439,062)**	284,222
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(248)**	419
Other comprehensive (loss)/income for the year, net of income tax		**(248)**	419
Total comprehensive (loss)/income for the year		**(439,310)**	284,641
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(445,968)**	284,222
– Non-controlling interest		**6,906**	–
		(439,062)	284,222
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		**(448,699)**	284,641
– Non-controlling interest		**9,389**	–
		(439,310)	284,641
Basic and diluted (losses)/earnings per share (Singapore cents)	12	**(0.06)**	0.04

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	2021 S$	2020 S$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**6,785,823**	4,817,053
Goodwill	14	**187,342**	–
Deposits	16	**261,512**	–
Pledged bank deposits	18	**–**	206,947
		7,234,677	5,024,000
Current assets			
Inventories	15	**1,542,102**	547,592
Trade receivables	16	**3,772,946**	1,434,658
Other receivables, deposits and prepayments	16	**2,536,785**	181,631
Contract assets	17	**32,319**	40,415
Pledged bank deposits, bank balances and cash	18	**11,176,664**	10,022,877
		19,060,816	12,227,173
Current liabilities			
Trade and other payables	19	**7,759,143**	548,673
Contract liabilities	17	**221,158**	55,012
Lease liabilities	13	**647,596**	–
Borrowings	20	**167,815**	169,453
Income tax payable		**199,605**	277,919
		8,995,317	1,051,057
Net current assets		**10,065,499**	11,176,116
Total assets less current liabilities		**17,300,176**	16,200,116
Non-current liabilities			
Lease liabilities	13	**1,655,520**	–
Borrowings	20	**1,068,272**	1,231,318
Deferred tax liabilities	21	**9,664**	62,327
		2,733,456	1,293,645
Net assets		**14,566,720**	14,906,471

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Note	2021 S$	2020 S$
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	**1,372,630**	1,372,630
Reserves		**13,085,142**	13,533,841
		14,457,772	14,906,471
Non-controlling interest		**108,948**	–
Total equity		**14,566,720**	14,906,471

The consolidated financial statements on pages 87 to 154 were approved and authorised for issue by the Board of Directors on 24 September 2021 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 year ended 30 June 2021

	Attributable to owners of the Company							
	Share capital	Share premium (Note a)	Merger reserve (Note b)	Translation reserves	Retained profits	Sub-total	Non-controlling interest	Total
	S$	S$	S$	S$	S$	S$	S$	S$
Balance at 30 June 2019 and 1 July 2019	1,372,630	8,593,078	524,983	97	4,131,042	14,621,830	–	14,621,830
Total comprehensive income for the year:								
Profit for the year	–	–	–	–	284,222	284,222	–	284,222
Other comprehensive income for the year	–	–	–	419	–	419	–	419
Total	–	–	–	419	284,222	284,641	–	284,641
Balance at 30 June 2020 and 1 July 2020	1,372,630	8,593,078	524,983	516	4,415,264	14,906,471	–	14,906,471
Total comprehensive (loss)/income for the year								
Loss for the year	**–**	**–**	**–**	**–**	**(445,968)**	**(445,968)**	**6,906**	**(439,062)**
Other comprehensive (loss)/income for the year	**–**	**–**	**–**	**(2,731)**	**–**	**(2,731)**	**2,483**	**(248)**
Total	**–**	**–**	**–**	**(2,731)**	**(445,968)**	**(448,699)**	**9,389**	**(439,310)**
Non-controlling interest, arising from establishment of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**99,559**	**99,559**
Balance at 30 June 2021	**1,372,630**	**8,593,078**	**524,983**	**(2,215)**	**3,969,296**	**14,457,772**	**108,948**	**14,566,720**

Notes:

a. Share premium represents the excess of share issue over the par value.

b. 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 year ended 30 June 2021

	2021 S$	2020 S$
Operating activities		
(Loss)/profit before taxation	(315,519)	454,587
Adjustments for:		
Depreciation of property, plant and equipment	594,551	528,230
Interest income	(9,588)	(97,836)
Foreign exchange (loss)/gain, net	26,900	(167,296)
(Reversal of) /provision for allowance for expected credit loss of trade receivables	(34,970)	31,670
Finance costs	226,028	35,427
Operating cash flows before movements in working capital	487,402	784,782
Movements in working capital:		
(Increase)/decrease in trade receivables	(2,255,634)	278,334
Increase in other receivables, deposits and prepayments	(2,195,529)	(59,118)
Increase in inventories	(468,164)	(373,298)
Increase/(decrease) in trade and other payables	184,361	(245,355)
Decrease in contract assets	8,096	85,625
Decrease in contract costs	–	36,000
Increase/(decrease) in contract liabilities	166,146	(2,711)
Cash (used in)/generated from operations	(4,073,322)	504,259
Interest received	9,588	97,836
Income tax paid	(254,520)	(201,459)
Net cash (used in)/generated from operating activities	(4,318,254)	400,636
Investing activities		
Acquisition of property, plant and equipment	(57,353)	(27,852)
Net cash outflow arising from acquisition of subsidiaries (Note 26)	(364,299)	–
Net cash used in investing activities	(421,652)	(27,852)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	2021 S$	2020 S$
Financing activities		
Repayment of borrowings	**(164,684)**	(157,040)
Repayment of leases liabilities – principal	**(185,463)**	–
Repayment of leases liabilities – interest	**(20,932)**	–
Advanced from third parties (note 19)	**6,107,040**	–
Capital contribution from non-controlling interest	**99,559**	–
Interest paid on bank borrowings	**(23,043)**	(35,427)
Net cash generated from/(used in) financing activities	**5,812,477**	(192,467)
Net increase in cash and cash equivalents	**1,072,571**	180,317
Cash and cash equivalents at beginning of the year	**10,022,877**	9,675,472
Effect of foreign exchange rate changes on the balance of cash held in foreign currency	**(125,731)**	167,088
Cash and cash equivalents at end of the year represented by bank balances and cash (note 18)	**10,969,717**	10,022,877

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

1. GENERAL

ISP Global Limited (the "**Company**") was incorporated and registered as an exempted Company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**") on 8 September 2017. The head office and principal place of business of the Group is at Room 2607, 26th Floor, The Center, 99 Queen's Road, Central, Hong Kong. The principal place of business in Singapore is at No.3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 16 January 2018.

The Company is an investment holding company and the principal activities of its operating subsidiaries are sale of 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, and sale of consumer products online and offline in the People's Republic of China (the "**PRC**"). The details of the subsidiaries are set out in Note 25.

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 24 September 2021.

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

The Group has applied the following amendments to IFRSs issued by the IASB, for the first time, in the current year:

Amendments to IAS1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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

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), 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.

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 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 customers' confirmation, i.e. customer certificate) relative to the estimated total contract revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

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.

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.

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

The Group companies operating in Singapore made payments to the defined contribution plan, Singapore's Central Provident Fund ("**CPF**") are recognised as expense when employees have rendered service entitling them to the contributions.

The Group companies incorporated in the People's Republic of China (the "**PRC**") contribute funds to defined contribution retirement benefit plan are recognised as expense when salary or wage payable to employees.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the reporting date 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.

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 reporting date, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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" 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 reporting date, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets (continued)

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.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except short-term lease and leases of low-value assets. The Group recognises leases liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets (included in property, plant and equipment)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in the section "Impairment of tangible and intangible assets".

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value asset

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are subject to impairment under IFRS 9 (including trade receivables, contract assets, deposits and other receivables, bank balances and pledged bank deposits). The amount of ECL 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.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) *Significant increase in credit risk* (continued)

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;
- 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 aforegoing, 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.

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.

(v) *Measurement and recognition of expected credit losses*

The measurement of ECL 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 ECL 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) *Measurement and recognition of expected credit losses* (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, lease liabilities 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 ("**S$**"), 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 reporting date, 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. The resulting exchange differences are recorded in other comprehensive income and the cumulative balance is included in translation reserve in the consolidated statement of changes in equity.

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 reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

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

Contracts for provision of Integrated Services of Sound and Communication Systems

Revenues from integrated services of sound and communication systems are recognised overtime which considered the work performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Such contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets at the customers' sites, where the customer is able to specify the major structural elements of the design and directing the assets to be installed or constructed. 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 customers' confirmation, i.e. 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 the reporting date, 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.

Revenue recognition for sale of consumer products

The Group has a new revenue stream of sale of consumer products during the year. Under HKFRS 15 "Revenue from Contracts with Customers", revenue from the sale of goods and rendering of services is recognised when control of goods or services is transferred to customers. In addition, the Group assesses determine whether or not the Group is acting as a principal or an agent on these type of activities, the Group made assessment based on indicators of (a) who is primarily responsible for providing the goods or services; (b) who has inventory risk; and (c) who has latitude to establish prices. Based on a comprehensive assessment of all the facts and circumstances, judgement is made on an individual contract basis to determine whether revenue can be recognised during the year and whether revenue should be recognised on a gross or net basis.

With respect to the sale of consumer products, the Group makes a judgement that it is acting as a principal instead of an agent by considering several factors including: (a) the Group could control the goods and direct the use of them; (b) the Group is acting as the primary obligor to fulfill the obligations to provide consumer products to its customers; and (c) the Group bears the substantive inventory risk of the specified goods obtained from the suppliers.

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

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.

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 16 and 17 respectively.

Estimation of incremental borrowing rate ("IBR") on lease liabilities

The Group cannot readily determine the interest rate implicit in the leases, and therefore, it uses an IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available especially the Group does not enter into financing transactions. The Group estimates the IBR using observable inputs (such as similar debt financing instrument) when available and is required to make certain entity-specific estimates (such as the relevant subsidiary's stand-alone credit rating).

Using inaccurate rate may induce understatement of lease liabilities when a higher IBR was used.

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 30 June 2021, the carrying amount of goodwill is S$187,342 with no impairment loss identified necessary. Details of the recoverable amount calculation are disclosed in Note 14.

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**"), (3) provision of alert alarm system services ("**Alert Alarm System Services**") to external customers, and (4) sale of consumer products. The Group's operations are mainly derived from Singapore and the PRC during the financial year.

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

a) Sale and services of sound and communication systems, which including the Sale of Sound and Communication Systems and Related Services, Integrated Services of Sound and Communication Systems and Alert Alarm System Services;

b) Sales of consumer products mainly includes sales of consumer products on e-commerce platforms with individual customers and through offline trading channels with corporate customers and sales of network systems with corporate customers operating in the PRC. Sales of consumer products is a new segment which commenced in the current financial year.

5. REVENUE AND SEGMENT INFORMATION (continued)

The CODM assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of other income, other gain and losses, finance costs and of corporate expenses from the operating segments. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Segment revenue and results

For the year ended 30 June 2021

	Sale and services of sound and communication systems S$	Sale of consumer products S$	Total S$
Gross segment revenue	6,637,401	3,492,303	10,129,704
Inter-segment revenue	–	–	–
Revenue	6,637,401	3,492,303	10,129,704
Timing of revenue recognition			
At a point in time	5,735,467	3,492,303	9,227,770
Over time	901,934	–	901,934
	6,637,401	3,492,303	10,129,704
Segment results	837,046	(373,537)	463,509
Other income			430,856
Other gains and losses			(29,804)
Depreciation			(92,688)
Unallocated expenses			(861,364)
Finance costs			(226,028)
Income tax expense			(123,543)
Loss for the year			(439,062)
Segment results include:			
Reversal of allowance for expected credit loss of trade receivables	34,970	–	34,970
Depreciation	(428,831)	(73,032)	(501,863)

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 30 June 2020

	Sale and services of sound and communication systems S$
Gross segment revenue	6,695,314
Inter-segment revenue	–
Revenue	6,695,314
Timing of revenue recognition	
At a point in time	5,105,094
Over time	1,590,220
	6,695,314
Segment results	650,971
Other income	261,782
Other gains and losses	137,946
Unallocated expenses	(560,685)
Finance costs	(35,427)
Income tax expense	(170,365)
Profit for the year	284,222
Segment results include:	
Impairment allowance for expected credit loss of trade receivables	(31,670)
Depreciation	(528,230)

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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

	2021	2020
	S$	S$
At a point in time:		
Sale of Sound and Communication Systems and Related Services	**5,735,467**	5,105,094
Sale of consumer products	**3,492,303**	–
Over time:		
Integrated Services of Sound and Communication Systems	**232,249**	714,676
Alert Alarm System Services	**669,685**	875,544
	10,129,704	6,695,314

The Group's customer base is diversified and during the year, there was one (2020: two) customer which contributed over 10% of total revenue of the Group as below. Details of concentrations of credit risk arising from these customers are set out in Note 30(c).

	2021	2020
	S$	S$
Customer I	**1,868,914**	N/A
Customer II	**N/A**	876,944
Customer III	**N/A**	729,489

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

	2021 S$	2020 S$
Segment assets		
Sale and services of sound and communication systems	**17,136,790**	15,859,750
Sale of consumer products	**8,349,136**	–
Total segment assets	**25,485,926**	15,859,750
Unallocated corporate assets		
– Property, plant and equipment	**452,601**	5,684
– Deposits and other receivables	**157,440**	28,144
– Bank balance and cash	**199,526**	1,357,595
Total assets	**26,295,493**	17,251,173
Segment liabilities		
Sale and services of sound and communication systems	**2,636,599**	2,198,202
Sale of consumer products	**8,465,342**	–
Total segment liabilities	**11,101,941**	2,198,202
Unallocated corporate liabilities		
– Other payables	**196,804**	146,500
– Lease liabilities	**430,028**	–
Total liabilities	**11,728,773**	2,344,702

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information

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

		2021 S$	2020 S$
a)	Revenue from external customers		
	Singapore	**6,637,401**	6,695,314
	PRC	**3,492,303**	–
		10,129,704	6,695,314
b)	Non-current assets		
	Singapore	**4,438,331**	5,024,000
	PRC	**2,216,043**	–
	Others	**580,303**	–
		7,234,677	5,024,000

6. OTHER INCOME, OTHER GAINS AND LOSS

	2021 S$	2020 S$
Government grants (Note a)	**415,193**	153,385
Interest income	**9,588**	97,836
Others	**6,075**	10,561
	430,856	261,782
Net foreign exchange (loss)/gain	**(26,900)**	137,946
Other losses	**(2,904)**	–
	(29,804)	137,946

Note:

(a) Included in the amounts are (i) an amount of S$290,603 (2020: S$83,498), representing grants under the Jobs Support Scheme ("**JSS**") for the year ended 30 June 2021. The JSS was introduced in February 2020 by the Singapore government and co-funded 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 August 2020) and 10% to 50% of the same in the subsequent 7-month period (September 2020 to March 2021), which the first payout of approximately S$83,498 was made on April 2020 for wages paid before December 2019 and the rest payouts with the aggregate amounts of S$290,603 were made in July 2020, October 2020, March 2021 and June 2021 for those wages paid after December 2019; and (ii) an amount of S$88,975 (2020: S$59,250), representing the foreign worker levy rebate from the Singapore government, 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. These incentives were granted in the form of cash payout and there were no unfulfilled conditions or contingencies relating to these grants, and recognised as other income upon incentive amounts confirmed by the Singapore government and cash received.

7. FINANCE COSTS

	2021 S$	2020 S$
Interest on bank borrowings	**23,043**	35,427
Interest on lease liabilities	**20,932**	–
Interest on other payable (Note 19(a))	**182,053**	–
	226,028	35,427

8. INCOME TAX EXPENSE

	2021 S$	2020 S$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax ("**CIT**")	**248,501**	251,209
– PRC enterprise income tax ("**EIT**")	**11,789**	–
– Overprovision of prior years	**(84,084)**	(9,736)
	176,206	241,473
Deferred tax (Note 21)	**(52,663)**	(71,108)
	123,543	170,365

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.

The general enterprise income tax rate applicable to the PRC entities is 25% according to the Corporate Income Tax Law of the PRC effective on 1 January 2008. Under the tax reduction measures introduced by the State Council of PRC, from 1 January 2018 to 31 December 2020, the qualifying small enterprises whose assessable profit falls under RMB1,000,000 will be qualified for a reduced 5% effective tax rate, and those assessable profit falls under RMB3,000,000 but above RMB1,000,000 will be qualified for a reduced 10% effective tax rate.

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

	2021 S$	2020 S$
(Loss)/profit before taxation	**(315,519)**	454,587
Tax at applicable tax rate of 17%	**(53,638)**	77,280
Effect of different tax rate of the Company operating in other jurisdiction	**(35,739)**	–
Tax effect of expenses not deductible for tax purpose	**244,727**	134,600
Tax effect of tax losses not recognised	**124,526**	–
Effect of tax concessions and partial tax exemptions	**(72,249)**	(31,779)
Over-provision in prior years	**(84,084)**	(9,736)
Taxation for the year	**123,543**	170,365

9. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging:

	2021	2020
	S$	S$
Expense relating to short-term leases	**115,112**	45,420
Depreciation of property, plant and equipment (Note a)	**594,551**	528,230
Annual audit fees	**138,619**	115,000
Directors' remuneration (Note 10)	**1,093,147**	955,132
Other staff costs:		
– Salaries, wages and other benefit	**2,436,199**	1,914,234
– Defined contribution plans, including retirement benefits	**130,130**	75,491
– Foreign worker levy and skill development levy	**141,220**	200,810
Total staff costs (Note b)	**3,800,696**	3,145,667
Cost of materials recognised as costs of sales/services	**4,534,471**	1,819,261
Subcontractor costs recognised as costs of sales/services	**139,530**	246,713

Notes:

a. Depreciation of S$297,220 (2020: S$396,297) are included in costs of sales/services.

b. Staff costs of S$1,346,037 (2020: S$1,575,385) is included in costs of sales/services.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

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 2021					
Executive Directors					
Mr. Mong Kean Yeow (i)	120,000	46,641	313,000	20,169	499,810
Ms. Choon Shew Lang (ii)	120,000	46,641	256,000	20,169	442,810
Mr. Yuan Jianzhong (v)	13,492	–	–	–	13,492
Mr. Yuan Shuangshun (vi)	60,543	–	–	1,027	61,570
Non-Executive Directors					
Mr. Cao Chunmeng (viii)	9,315	–	–	–	9,315
Independent Non-Executive Directors					
Mr. Lim Loo Kit (vii)	10,325	–	–	–	10,325
Mr. Lim Meng Yi (vii)	10,325	–	–	–	10,325
Mr. Tang Chi Wai	21,000	–	–	–	21,000
Dr. Cai Rongxin (vii)	12,250	–	–	–	12,250
Mr. Yan Xiaotian (vii)	12,250	–	–	–	12,250
	389,500	93,282	569,000	41,365	1,093,147
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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (continued)

Directors' and chief executive's emoluments (continued)

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 is appointed as executive director on 1 August 2020.

(vi) Mr. Yuan Shuangshun has been appointed as independent non-executive director on 1 August 2020, and re-designated executive director with effect from 22 March 2021.

(vii) Mr. Lim Loo Kit and Mr. Lim Meng Yi were resigned as independent non-executive director and Dr. Cai Rongxin and Mr. Yan Xiaotian has appointed as independent non-executive director with effect on 27 November 2020.

(viii) Mr. Cao Chunmeng is appointed as non-executive director on 22 January 2021.

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.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2020: two) were directors of the Company during the year ended 30 June 2021 whose emoluments are included in the disclosures above. The emoluments of the remaining three (2020: three) individuals were as follows:

	2021	2020
	S$	S$
Salaries and allowances	**284,945**	254,766
Discretionary bonus	**–**	10,975
Contributions to retirement benefit plan	**24,480**	26,281
	309,425	292,022

The number of the five 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	
	2021	2020
Emolument bands		
Nil to HK$1,000,000	**3**	3
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**2**	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.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

12. (LOSSES)/EARNINGS PER SHARE

	2021	2020
(Loss)/Profit attributable to the owners of the Company (S$)	**(445,968)**	284,222
Weighted average number of ordinary shares in issue	**800,000,000**	800,000,000
Basic and diluted (losses)/earnings per share (Singapore cents)	**(0.06)**	0.04

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

Diluted (losses)/earnings per share is the same as the basic (losses) earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2021 and 2020.

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$	Right-of-use assets S$	Total S$
Cost:								
At 1 July 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
Acquisition of subsidiaries	18,188	–	–	–	–	–	–	18,188
Additions	12,172	5,682	–	39,499	–	–	2,488,579	2,545,932
At 30 June 2021	83,656	69,595	168,264	174,461	4,938,600	2,752,307	2,488,579	10,675,462
Accumulated depreciation:								
At 1 July 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
Depreciation for the year	22,064	2,611	2,433	26,883	87,152	297,219	156,189	594,551
Exchange differences	(937)	1,124	–	–	–	–	612	799
At 30 June 2021	65,901	62,255	167,250	104,113	581,012	2,752,307	156,801	3,889,639
Carrying amount:								
At 30 June 2021	17,755	7,340	1,014	70,348	4,357,588	–	2,331,778	6,785,823
At 30 June 2020	8,522	5,393	3,447	57,732	4,444,740	297,219	–	4,817,053

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
Right-Of-Use Assets	–	Over the remaining contract term, which ranges from 22 to 58 months

At 30 June 2021, the leasehold land and property was pledged to a bank for a mortgage loan raised by the Group (Note 20).

The Group as a lessee

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

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

Lease liabilities	S$
As at 1 July 2020	
Amortised cost	
Additions – Right-of-use assets	2,488,579
Accretion of interest	20,932
Payments during the year	(206,395)
As at 30 June 2021	2,303,116
Current	647,596
Non-current	1,655,520
Total lease liabilities	2,303,116

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as a lessee (continued)

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

	2021 S$
Depreciation expense of right-of-use assets	156,189
Interest expenses on lease liabilities	20,932
Expense relating to short-term leases (included in administrative expenses)	97,887
Expenses relating to leases of low-value assets (included in administrative expenses)	17,225
Total	292,233

The Group had total cash outflows for leases of S$206,000, and non-cash addition to right-to-use assets and lease liabilities of S$2,488,579 during the year ended 30 June 2021.

14. GOODWILL

	Goodwill S$
At 1 July 2020	–
Acquisition of subsidiaries (Note 26)	187,342
At 30 June 2021	187,342

Goodwill arose from the acquisition of during the year ended 30 June 2021, which has been allocated to sale of consumer products business. The goodwill recognised is not expected to be deductible for the income tax purpose.

Sale of consumer products CGU

The recoverable amount of the sale of consumer products CGU as at 30 June 2021 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three-year period. The projected cash flows have been updated to reflect the demand for products and services. The pre-tax discount rate applied to cash flow projections is 13.27% and cash flows beyond the three-year period are extrapolated using a 0.3% growth rate that is the same as the long-term average growth rate for the sale of consumer products industry in the PRC. Management has calculated that the value in use of the operating subsidiaries located in the PRC and concluded that the recoverable amount is greater than their total carrying amount of the assets of the sale of consumer products CGU including allocated goodwill. As a result of this analysis, management does not believe an impairment charge of in the current year is required.

15. INVENTORIES

	2021 S$	2020 S$
Finished goods	**1,542,102**	547,592

16. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 S$	2020 S$
Trade receivables	**3,805,740**	1,502,422
Less: Allowance for credit losses	**(32,794)**	(67,764)
	3,772,946	1,434,658
Deposits (Note a)	**492,239**	43,131
Prepayment (Note b)	**2,194,321**	122,486
Advances to staff	**58,630**	16,014
Other receivables	**53,107**	–
	2,798,297	181,631
Less: amount classified as non-current – rental deposits on lease agreement expiring after one year (Note a)	**(261,512)**	–
Current portion	**2,536,785**	181,631

Notes:

a. As at 30 June 2021, deposits mainly included deposits paid for lease agreement in the PRC and Hong Kong, deposits paid to suppliers of consumer products and deposits paid to online platform or e-commerce channel for operating eshop or channel membership.

b. Prepayment mainly included payment in advance to the major suppliers of sale of consumer products business, which including two well-known distilleries in the PRC, for the purpose of prepayment of purchase orders and to be settle with purchase amount with these suppliers in future. Up to the date of this report, amount to approximately S$1,400,000 of prepayments has been utilised with subsequent purchases by the Group.

The Group grants credit terms to customers in the segment of sale and services of sound and communication systems typically between 30 to 60 days (2020: 30 to 60 days) from the invoice date for trade receivables. For the segment of sale of customer products, no credit terms is granted to individual customers and relevant trading or settlement platform for online sale, the Group generally grants credit terms of 180 days from the invoice date to those corporate customers with solid financial ability and good credit records. The Group does not charge interest nor hold any collateral over these balances.

16. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

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 and unbilled revenue with customers based on the Group's provision matrix which is derived from the aging based on due dates.

	Group Trade receivables						
	Not yet past due S$	Less than 30 days S$	31 – 90 days S$	91 – 180 days S$	181 – 365 Days S$	Over 365 days S$	Total S$
30 June 2021							
Expected credit loss rate		–	–	–	21%	100%	
Estimated total gross carrying amount at default	2,445,498	766,702	443,890	75,724	52,039	21,887	3,805,740
Lifetime ECL		–	–	–	(10,907)	(21,887)	(32,794)
							3,772,946
30 June 2020							
Expected credit loss rate		–	–	–	45%	82%	
Estimated total gross carrying amount at default	462,129	179,846	514,488	207,259	124,243	14,457	1,502,422
Lifetime ECL		–	–	–	(55,909)	(11,855)	(67,764)
							1,434,658

16. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (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.

	2021 S$	2020 S$
Group		
At beginning of the reporting period	**67,764**	36,094
Change in loss allowance (Note 30(c))	**(34,970)**	31,670
At reporting date	**32,794**	67,764

17. CONTRACT ASSET AND CONTRACT LIABILITIES

	2021 S$	2020 S$
Contract assets		
Retention receivables	**32,319**	40,415
Contract liabilities		
Advance billing to customer	**221,158**	55,012

Contract assets

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

Contract liabilities

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$55,012 (2020: S$57,723) 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. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

	2021 S$	2020 S$
Pledged bank deposits (Note a)	**206,947**	206,947
Bank balances and cash (Note b)	**10,969,717**	10,022,877
	11,176,664	10,229,824
Less: amount classified as non-current	**–**	(206,947)
Current	**11,176,664**	10,022,877

Notes:

a. 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% (2020: 0.65%) per annum at 30 June 2021.

b. Amount of S$1,098,000 (2020: S$5,813,000) included in bank balances carry interest rate ranging from 0.01% to 0.65% (2020: 0.05% to 2.75%) per annum at 30 June 2021. The remaining bank balances and cash are interest free.

19. TRADE AND OTHER PAYABLES

	2021 S$	2020 S$
Trade payables	**664,762**	91,311
Retention payables	**26,500**	26,500
Goods and Services Tax ("**GST**") payable	**91,009**	60,449
Accrued operating expenses	**491,825**	324,142
Accrued payroll costs	**195,954**	42,056
Amounts due to a third party (Note a)	**4,802,280**	–
Amount due to a director (Note b)	**416,500**	–
Others (Note c)	**1,070,313**	4,215
	7,759,143	548,673

19. TRADE AND OTHER PAYABLES (continued)

Notes:

a. Amount due to a third party represented short-term advances from an independent third party in the PRC for financing the initial working capital of sale of consumer products business before the Group reallocated foreign financial resource into the PRC. The advances were drawn by the Group during November 2020 to January 2021 with interest charges at 6% per annum payable on maturity date and repayable within one year from the drawdown date. Up to the date when these consolidated financial statements are authorised for issue, S$1,800,000 of the amount due has been repaid by the Group with internal financial resource and no outstanding balance were overdue.

b. The amount was advanced from a director of the Company, Cao Chunmeng, which is repayable on demand and non-interest bearing.

c. The balances included other payables and short-term advances from independent third parties for initial cost of new segment in the PRC, which are repayable on demand and non-interest bearing, all these amounts has been settled as the date when these consolidated financial statements are authorised for issue.

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

	2021	2020
	S$	S$
Within 30 days	**309,332**	26,012
31 days to 90 days	**351,480**	27,666
91 days to 180 days	**–**	33,851
Over 180 days	**3,950**	3,782
	664,762	91,311

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (2020: 30 to 60 days) or payable upon delivery.

20. BORROWINGS

	2021 S$	2020 S$
Bank loans – Secured	**1,236,087**	1,400,771
Carrying amount repayable within 1 year	**167,815**	169,453
Carrying amount repayable more than 1 year, but not exceeding 2 years	**152,144**	173,108
Carrying amount repayable more than 2 years, but not exceeding 5 years	**708,393**	479,113
Carrying amount repayable more than 5 years	**207,735**	579,097
	1,236,087	1,400,771
Less: Amount due within 1 year (shown under current liabilities)	**(167,815)**	(169,453)
Amount shown under non-current liabilities	**1,068,272**	1,231,318

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 1.68% (2020: 2.38%) per annum as at 30 June 2021. The loan is repaid by installment and the final maturity date of the loan is 15 years from the date of first disbursement, which will be on 11 June 2028.

21. DEFERRED TAX LIABILITIES

	2021 S$	2020 S$
At beginning of the reporting period	**62,327**	133,435
Credited to profit or loss for the year:		
– Accelerated tax depreciation (Note 8)	**(52,663)**	(71,108)
At reporting date	**9,664**	62,327

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.

22. SHARE CAPITAL

	Company					
	Number of shares		Par value		Share capital	
	2021	2020	**2021**	2020	**2021**	2020
	'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			
	Number of shares		Share capital	
	2021	2020	**2021**	2020
			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.

Subsequent to the reporting period, the Company has completed the placing of 80,000,000 new shares (Note 32).

23. 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 2020 and 2021, 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 Group has no further legal or constructive obligation for post-retirement benefits beyond the contributions made.

The total costs charged to the consolidated profit or loss amounting to S$76,145 for the year ended 30 June 2021 (2020: S$75,491) represent contributions paid to the retirement benefits scheme by the Group.

As at 30 June 2021, contributions of S$20,934 (2020: S$17,517) were payable and such amounts were paid subsequent to the end of the financial year.

The Group companies in the PRC contribute funds, based on certain percentage of the salaries of the employees, to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further legal or constructive obligation for post-retirement benefits beyond the contributions made.

The total costs charged to profit or loss amounting to S$46,351 for the year ended 30 June 2021 (2020: Nil) represent contributions paid to the defined contribution retirement benefit plan by the Group.

The Group also participates in the Employees' Provident Fund in Malaysia and Mandatory Provident Fund in Hong Kong SAR, which are defined contribution retirement plans, when employees have rendered service entitling them to the contributions. Save for the aforementioned, the Group did not participate in any other pension schemes.

24. RELATED PARTY TRANSACTIONS

Related parties refer to entities in which directors of the Group and his/her spouse have beneficial interest in. Save as disclosed elsewhere to the consolidated financial statements, 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:

	2021	2020
	S$	S$
Short term benefits	**1,051,782**	916,168
Post-employment benefits	**41,365**	38,964
Total compensation	**1,093,147**	955,132

25. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2021 are set out below.

Name of subsidiary	Place of incorporation/ operation	Registered/ Issued capital	Effective interest and voting rights held 2021	2020	Principal activities
Directly held:					
Holy Ark Limited	BVI	1,050 ordinary shares	**100%**	100%	Investment holding
Guo Du Industrial Limited[a]	BVI	Ordinary shares of US$100	**100%**	100%	Investment holding
Indirectly held:					
ISPL Pte. Ltd.	Singapore	Ordinary shares of S$525,000	**100%**	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.
ISPL Sdn. Bhd.	Malaysia	Ordinary shares of MYR50,000	**100%**	100%	Sale of Sound and Communication Systems and Related Services, provision of Integrated Services of Sound and Communication Systems.
ISPL Limited[b]	Hong Kong	Ordinary share of HK$1	**100%**	100%	Investment holding
上海蒙莊信息技術有限公司[b]	People's Republic of China	Registered capital of RMB1,000,000	**100%**	100%	Sale of Sound and Communication Systems and Related Services, provision of Integrated Services of Sound and Communication Systems.
Haohui Industry Limited[c]	Hong Kong	Ordinary share of HK$1	**100%**	–	Investment holding
灝輝(深圳)商業顧問有限公司[c]	People's Republic of China	Registered capital of RMB10,000,000	**100%**	–	Investment holding
團多多(深圳)網絡科技有限公司[c]	People's Republic of China	Registered capital of RMB10,000,000	**100%**	–	Sale of consumer products
北京嘉信灝輝網絡科技有限公司[a]	People's Republic of China	Registered capital of RMB510,000	**51%**	–	Sale of consumer products
上海格洛博森供應鏈管理有限公司[c]	People's Republic of China	Registered capital of RMB1,875,000	**100%**	–	Sale of consumer products
愛思普(北京)信息科技有限公司[a]	People's Republic of China	Registered capital of RMB500,000	**100%**	–	Sale of consumer products
中網雲鏈(北京)科技有限公司[c]	People's Republic of China	Registered capital of RMB10,000,000	**100%**	–	Provision of network products and solutions

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

25. PARTICULARS OF SUBSIDIARIES (continued)

Notes:

(a) These subsidiaries were incorporated during the year ended 30 June 2021.

(b) These subsidiaries were incorporated during the year ended 30 June 2020.

(c) These subsidiaries were acquired from independent and non-related third parties during the year ended 30 June 2021 (Note 26).

26. ACQUISITION OF SUBSIDIARIES

(a) Pursuant to the equity transfer agreement dated 30 October 2020 entered into between the Group's subsidiary and an independent third party to acquire all the equity interest in 團多多(深圳)網絡科技有限公司 (the "**Shenzhen Acquisition**") at consideration of RMB10,000, equivalent to approximately S$2,000.

團多多(深圳)網絡科技有限公司 is principally engaged in sale of consumer products in the PRC. The directors of the Company considered that the Shenzhen Acquisition allows the Group to explore a new income steam, diversify the Group's business segments of sale of consumer products by entering into the PRC market and engage in the business of sale of consumer products in the PRC which can improve the Group's revenue and results. The Shenzhen Acquisition was completed on 30 October 2020.

	S$
Fair value of assets acquired and liabilities assumed at the date of the Shenzhen Acquisition are as follows:	
Property, plant and equipment	11,218
Prepayments, deposits paid and other receivables	47,291
Inventories	80,639
Cash and cash equivalents	115,142
Other payables and accruals and deposits received	(280,793)
Total identifiable net assets at fair value	(26,503)
Goodwill	28,503
	2,000
Consideration	(2,000)
Bank balances and cash in subsidiary acquired	115,142
Net cash inflow on the Shenzhen Acquisition	113,142
Acquisition-related costs (included in administrative and other operating expenses)	–

The acquired business contributed revenue of approximately S$2,579,107 and net profit of S$52,289 for the period from 1 November 2020 to 30 June 2021.

26. ACQUISITION OF SUBSIDIARIES (continued)

(b) Pursuant to the equity transfer agreement dated 5 February 2021 entered into between the Company and an independent third party to acquire all the equity interest in 上海格洛博森供應鏈管理有限公司 (the "**Shanghai Acquisition**") at an aggregate cash consideration of RMB2,170,000, equivalent to approximately S$451,902.

上海格洛博森供應鏈管理有限公司 is principally engaged in sale of consumer products in the PRC. The directors of the Company considered that the Shanghai Acquisition allows the Group to explore a new income steam, diversify the Group's business segments of sale of consumer products by entering into the PRC market and engage in the business of sale of consumer products in the PRC which can improve the Group's revenue and results. The Shanghai Acquisition was completed on 22 March 2021.

	S$
Fair value of assets acquired and liabilities assumed at the date of the Shanghai Acquisition are as follows:	
Property, plant and equipment	5,081
Prepayments, deposits paid and other receivables	90,621
Inventories	220,164
Cash and cash equivalents	63,246
Other payables and accruals and deposits received	(85,258)
Total identifiable net assets at fair value	293,854
Goodwill (Note (i))	158,048
	451,902
Cash consideration	(451,902)
Bank balances and cash in subsidiary acquired	63,246
Net cash outflow on the Shanghai Acquisition	(388,656)
Acquisition-related costs (included in administrative and other operating expenses)	17,323

Notes:

(i) Goodwill was arisen from a number of factors including the expected fast growing of sale of consumer products business in PRC. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

(ii) The acquired business contributed revenue of approximately S$6,858 and net loss of approximately S$58,014 for the period from 22 March 2021 to 30 June 2021.

26. ACQUISITION OF SUBSIDIARIES (continued)

(c) Pursuant to the equity transfer agreement dated 14 April 2021 entered into between the Group's subsidiary and an independent third party to acquire all the equity interest in 中網雲鏈（北京）科技有限公司 (the "**Beijing Acquisition**") at an aggregate cash consideration of RMB1,060,000, equivalent to approximately S$217,777.

CNC-Link (Beijing) Technology Co., Ltd. principally engaged in provision of network products and solutions in the PRC. The directors of the Company considered that the Beijing Acquisition allows the Group to facilitate the network infrastructure and solution to improve the Group's business segments of sale of consumer products in the PRC. The Beijing Acquisition was completed on 5 May 2021.

	S$
Fair value of assets acquired and liabilities assumed at the date of the Beijing Acquisition are as follows:	
Property, plant and equipment	1,889
Trade receivables	82,654
Prepayments, deposits paid and other receivables	6,736
Inventories	225,543
Cash and cash equivalents	128,992
Trade payables	(78,112)
Other payables and accruals	(150,716)
Total identifiable net assets at fair value	216,986
Goodwill	791
	217,777
Cash consideration	(217,777)
Bank balances and cash in subsidiary acquired	128,992
Net cash outflow on the Beijing Acquisition	(88,785)
Acquisition-related costs (included in administrative and other operating expenses)	15,197

The acquired business contributed revenue of approximately S$225,329 and net profit of S$39,124 for the period from 6 May 2021 to 30 June 2021.

27. 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 S$ (Note 20)	Leases S$ (Note 13)	Amount due to third parties S$ (Note 19)	Accrued interest payable S$	Total S$
1 July 2019	1,557,811	–	–	–	1,557,811
Financing cash flows	(157,040)	–	–	(35,427)	(192,467)
Non-cash changes					
Interest on bank borrowings (Note 8)	–	–	–	35,427	35,427
30 June 2020	1,400,771	–	–	–	1,400,771
Financing cash flows	(164,684)	(206,395)	6,107,040	(23,043)	5,712,918
Non-cash changes					
Addition of right-of-use assets (Note 13)	–	2,488,579	–	–	2,488,579
Interest on amounts due to a third party (Note 7 and 19(a))	–	–	182,053	–	182,053
Interest on lease liabilities (Note 7)	–	20,932	–	–	20,932
Interest on bank borrowings (Note 7)	–	–	–	23,043	23,043
30 June 2021	1,236,087	2,303,116	6,289,093	–	9,828,296

28. 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:

	2021 S$	2020 S$
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	**449,740**	–
Investment in a subsidiary	**6,352,637**	6,352,500
	6,802,377	6,352,500
Current assets		
Amount due from subsidiaries	**4,393,522**	4,566,241
Other receivables and deposits	**151,142**	21,578
Bank balances and cash	**138,820**	1,295,387
	4,683,484	5,883,206
Current liabilities		
Other payables	**194,408**	144,635
Lease liabilities	**276,172**	–
	470,580	144,635
Net current assets	**4,212,904**	5,738,571
Total assets less current liabilities	**11,015,281**	12,091,071
Non-current liability		
Lease liabilities	**153,856**	–
Net assets	**10,861,425**	12,091,071
EQUITY		
Capital and reserves		
Share capital	**1,372,630**	1,372,630
Reserves	**9,488,795**	10,718,441
Equity attributable to owners of the Company	**10,861,425**	12,091,071

28. 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 2019	14,945,578	(3,711,204)	11,234,374
Total comprehensive loss for the year:			
Loss for the year	–	(515,933)	(515,933)
At 30 June 2020	14,945,578	(4,227,137)	10,718,441
Total comprehensive loss for the year:			
Loss for the year	–	(1,229,646)	(1,229,646)
At 30 June 2021	**14,945,578**	**(5,456,783)**	**9,488,795**

29. 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 20, 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.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

The Group

	2021 S$	2020 S$
Financial assets		
Amortised cost		
Trade receivables	**3,772,946**	1,434,658
Deposits	**492,239**	43,131
Advances to staff	**58,630**	16,014
Other receivables	**53,107**	–
Pledged bank deposits	**206,947**	206,947
Bank balances and cash	**10,969,717**	10,022,877
Total	**15,553,586**	11,723,627
Financial liabilities		
Amortised cost		
Trade and other payables (Note)	**7,668,134**	488,224
Lease liabilities	**2,303,116**	–
Borrowings	**1,236,087**	1,400,771
Total	**11,207,337**	1,888,995

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, lease liabilities 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.

30. 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 loss for the year ended 30 June 2021 would decrease/increase by approximately S$6,700 (2020: the Group's profit for the year would decrease/increase by approximately S$5,800).

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 loss for the year ended 30 June 2021 would increase/decrease by approximately S$1,500 (2020: the Group's profit for the year would increase/decrease by approximately S$8,500).

(b) Currency risk

Certain bank balances (Note 18) and trade payables (Note 19) are denominated in US$, HK$, MYR or RMB 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.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(b) Currency risk (continued)

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	
	2021	2020	**2021**	2020
	S$	S$	**S$**	S$
United States Dollars ("**US$**")	**1,638,349**	2,394,128	**258,536**	9,190
Reminbi ("**RMB**")	**6,451,904**	–	**6,840,754**	–
Hong Kong Dollars ("**HK$**")	**149,212**	1,306,183	**141,277**	10,094
Malaysian Ringgit ("**MYR**")	**10,705**	62,208	**311**	441

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 loss for the year by approximately S$135,000 for the year ended 30 June 2021 (2020: the Group's profit for the year would increase/decrease by S$238,000).

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S$ against RMB would result in an increase/decrease in the Group's loss for the year by approximately S$39,000 for the year ended 30 June 2021 (2020: nil).

No sensitivity analyses on the change of S$ against the MYR and of S$ against the HK$ 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.

30. 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 2021 as a component of bank balances is S$714,120 (2020: S$ nil), placed in six banks in the PRC, S$138,820(2020: S$1,295,387), placed in a bank in Hong Kong and S$60,705 (2020: S$62,208), placed in a bank in Malaysia. The remaining bank deposits and balances of S$10,263,018 (2020: S$8,665,282) are placed in four (2020: four) reputable banks in Singapore. All these counterparties have been assessed by management to be financially sound.

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 reporting date 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 59% of total trade receivables outstanding at 30 June 2021 (2020: 44%) were due from top 5 debtors which exposed the Group to certain concentration of credit risk.

Those five largest customers are with good creditworthiness based on historical settlement record and the new five largest customers with strong financial background. 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.

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.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

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 settlement 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:

		Basis for recognising expected credit losses (ECL)	
Category	**Description**	**Trade nature**	**Non-trade nature**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired	12-month ECL – not credit-impaired
Doubtful	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired	12-month ECL – not credit-impaired
In default	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – 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	Amount is written off

30. 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 S$	Loss allowance S$	Net carrying amount S$
2021						
Trade receivables	16	(i)	Lifetime ECL (Simplified approach)	3,805,740	(32,794)	3,772,946
Deposits	16(a)	Performing	12-month ECL	492,239	–	492,239
Advances to staff	16	Performing	12-month ECL	58,630	–	58,630
Other receivables	16	(ii)	12-month ECL	53,107	–	53,107
Contract assets	17	(i)	Lifetime ECL (Simplified approach)	32,319	–	32,319
Pledged bank deposits	18	Performing	12-month ECL	206,947	–	206,947
Bank balances and cash	18	Performing	12-month ECL	10,969,717	–	10,969,717
					(32,794)	
2020						
Trade receivables	16	(i)	Lifetime ECL (Simplified approach)	1,502,422	(67,764)	1,434,658
Deposits	16(a)	Performing	12-month ECL	43,131	–	43,131
Advances to staff	16	Performing	12-month ECL	16,014	–	16,014
Contract assets	17	(i)	Lifetime ECL (Simplified approach)	40,415	–	40,415
Pledged bank deposits	18	Performing	12-month ECL	206,947	–	206,947
Bank balances and cash	18	Performing	12-month ECL	10,022,877	–	10,022,877
					(67,764)	

30. 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 16 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 2021 and 2020.

(ii) For other receivables, the Group has measured on 12-month ECL basis unless there had been significant increase in credit risk since initial recognition. The Group has assessed that there is no significant increase of credit risk for other receivables.

(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 2021 and 2020 are non-interest bearing and repayable on demand or due within one year, except for bank deposits as disclosed in Note 18.

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.

30. 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	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
As at 30 June 2021								
Non-interest bearing								
Trade and other payables		2,865,854	–	–	–	–	2,865,854	2,865,855
Interest bearing								
Amount due to a director	6.00	–	4,900,820	–	–	–	4,900,820	4,802,280
Lease liabilities	5.36	202,463	202,463	342,020	1,815,941	–	2,562,887	2,303,116
Borrowings	2.38	46,824	46,824	93,648	858,257	430,288	1,475,841	1,236,097
Total		3,115,141	5,150,107	435,668	2,674,198	430,288	11,805,402	11,207,348
As at 30 June 2020								
Non-interest bearing								
Trade and other payables	–	488,224	–	–	–	–	488,224	488,224
Interest bearing								
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

(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.

31. STANDARDS ISSUED BUT NOT EFFECTIVE

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these consolidated financial statements:–

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendment to IFRS 16	Covid-19-Related Rent Concessions Beyond June 30, 2021	1 April 2021
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Interpretation 5 (2020)	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020	1 January 2022

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

32. EVENTS AFTER THE REPORTING PERIOD

On 19 July 2021, the Company completed the placing of 80,000,000 placing shares (the "**Placing**") representing approximately 9.09% of the enlarged issued share capital of the Company as at the date of this report. The gross and net proceeds (after deducting the placing commission and other related expenses) from the Placing are amounted to HK$52,800,000 and HK$52,347,000, equivalent to approximately S$9,167,000 and S$9,088,000, respectively. The Company intends to apply the net proceeds from the Placing for (i) the Sound and Communication Business in the PRC, (ii) the System Servicing Solutions Business; (iii) the Sale of consumer products Business in the PRC, and (iv) general working capital and general corporate purposes.

SUMMARY FINANCIAL INFORMATION

	2021	2020	2019	2018	2017
	S$	S$	S$	S$	S$
Revenue	**10,129,704**	6,695,314	8,616,802	9,081,860	8,632,027
Costs of sales/services	**(6,317,258)**	(4,037,116)	(5,881,472)	(5,843,773)	(5,457,763)
Gross profit	**3,812,446**	2,658,198	2,735,330	3,238,087	3,174,264
Other income	**430,856**	261,782	120,391	48,463	10,248
Administrative expenses	**(4,337,959)**	(2,536,242)	(2,705,452)	(1,894,603)	(1,246,788)
Other gains and losses	**5,166**	106,276	234,532	121,907	(33,251)
Listing expenses	**–**	–	–	(2,665,816)	(209,598)
Finance costs	**(226,028)**	(35,427)	(38,771)	(77,660)	(60,089)
Profit (Loss) before taxation	**(315,519)**	574,587	346,030	(1,229,622)	1,634,786
Income tax expense	**(123,543)**	(170,365)	(244,478)	(411,931)	(284,190)
Profit (Loss) for the year	**(439,062)**	284,222	101,552	(1,641,553)	1,350,596
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	**(248)**	419	97	–	–
Other comprehensive income for the year, net of tax	**(248)**	419	97	–	–
Total comprehensive income (loss) for the year	**(439,310)**	284,641	101,649	(1,641,553)	1,350,596
ASSETS					
Non-current assets					
Property, plant and equipment	**6,785,823**	4,817,053	5,316,804	5,818,811	6,331,112
Goodwill on consolidation	**187,342**	–	–	–	–
Pledged bank deposits	**–**	206,947	206,947	206,947	206,947
Deposits	**261,512**	–	–	–	–
Total non-current assets	**7,234,677**	5,024,000	5,523,751	6,025,758	6,538,059
Current assets					
Inventories	**1,542,102**	547,592	174,294	5,130	19,735
Trade receivables	**3,772,946**	1,434,658	1,744,662	2,115,645	1,708,213
Other receivables, deposits and prepayments	**2,536,785**	181,631	122,513	163,704	281,473
Amounts due from customers for contract works	**–**	–	–	72,905	416
Contract Assets	**32,319**	40,415	126,040	–	–
Contract Costs	**–**	–	36,000	–	–
Bank balances and cash	**11,176,664**	10,022,877	9,675,472	11,187,116	3,709,286
Total current assets	**19,060,816**	12,227,173	11,878,981	13,544,500	5,719,123
Total assets	**26,295,493**	17,251,173	17,402,732	19,570,258	12,257,182

SUMMARY FINANCIAL INFORMATION

	2021	2020	2019	2018	2017
	S$	S$	S$	S$	S$
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	**7,759,143**	548,673	794,028	1,034,158	1,736,950
Lease liabilities	**647,596**	–	–	–	–
Borrowings	**167,815**	169,453	156,999	89,137	126,833
Income tax payable	**199,605**	277,919	237,905	331,207	435,945
Contract Liabilities	**221,158**	55,012	57,723	–	–
Total current liabilities	**8,995,317**	1,051,057	1,246,655	1,454,502	2,299,728
Non-current liabilities					
Lease liabilities	**1,655,520**	–	–	–	–
Borrowings	**1,068,272**	1,231,318	1,400,812	3,250,042	3,346,444
Deferred tax liabilities	**9,664**	62,327	133,435	191,471	260,905
Total non-current liabilities	**2,733,456**	1,293,645	1,534,247	3,441,513	3,607,349
Capital and reserves					
Share capital	**1,372,630**	1,372,630	1,372,630	1,372,630	525,000
Accumulated profits	**13,085,142**	13,533,841	13,249,200	13,301,613	5,825,105
Non-controlling interest	**108,948**	–	–	–	–
Total equity attributable to owners of the Company	**14,566,720**	14,906,471	14,621,830	14,674,243	6,350,105
Total liabilities and equity	**26,295,493**	17,251,173	17,402,732	19,570,258	12,257,182