ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487

Annual Report

2021/22

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*This report, for which the directors (the "**Directors**") of ISP Global Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**We**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cao Chunmeng (Chairman)
(redesignated to Executive Director on 1 January 2022 and appointed as Chairman on 4 March 2022)
Ms. Choon Shew Lang (Chief Executive Officer)
Mr. Han Bing (appointed on 1 September 2021)
Mr. Mong Kean Yeow
(retired from Chairman on 4 March 2022)
Mr. Yuan Shuangshun

NON-EXECUTIVE DIRECTOR

Mr. Cao Chunmeng (Chairman)
(redesignated to Executive Director on 1 January 2022)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Chi Wai
Dr. Cai Rongxin (resigned on 1 July 2022)
Mr. Yan Xiaotian
Mr. Zheng Xiaorong (appointed on 1 July 2022)

AUDIT COMMITTEE

Mr. Tang Chi Wai (Chairman)
Mr. Yan Xiaotian
Mr. Zheng Xiaorong (appointed on 1 July 2022)

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Cao Chunmeng (Chairman) (assumed Chairman on 4 March 2022)
Mr. Mong Kean Yeow (retired on 4 March 2022)
Mr. Yan Xiaotian
Mr. Zheng Xiaorong (appointed on 1 July 2022)

COMPANY SECRETARY

Mr. Chung Man Wai, Stephen

AUTHORISED REPRESENTATIVES

Ms. Choon Shew Lang
Mr. Chung Man Wai, Stephen

REGISTERED OFFICE

Windward 3, Regatta Office Park
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Grand Cayman KY1-1108
Cayman Islands

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HONG KONG LEGAL ADVISER

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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

AUDITOR

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

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 2022 (the "**Year**").

OVERVIEW

During the Year, the spread of the Novel Coronavirus ("**COVID-19**") continued to adversely impact the global economy and the business of the Group in Singapore and in the People's Republic of China ("**PRC**"), however, the Group managed to increase its operational revenues with the efforts of all the Group's employees.

Expecting a slowdown in growth of its existing business, the Group has expanded its business of e-commerce operation ("**E-commerce**") as well as integrated services of networking and communication systems in the PRC since the previous financial year. The two expanded business segments substantially boosted the growth in the overall sales revenue of the Group and achieved annual sales revenue of S$20.2 million, increasing significantly compared with that of the previous financial year.

The business of integrated services of networking and communication systems mainly provides large state-owned enterprises such as financial, railway and aviation institutions in the PRC with integrated solutions for information technology ("**IT**") equipment and systems, IT technical services and maintenance services.

The business of E-commerce operation mainly provides brand owners with digital marketing, online agency operation, online dealing as well as distribution services.

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.

CHAIRMAN'S STATEMENT

PROSPECT

The Group has established two major business segments: (i) e-commerce operation in the PRC; and (ii) sale and provision of integrated services of networking, sound and communication systems in Singapore and the PRC.

Business of e-commerce operation in the PRC

The continuous development of the E-commerce hinges on the development of e-commerce, and it will continue to expand on the back of the continuous expansion in the scale of e-commerce. According to data by iResearch Consulting Group ("**iResearch**"), the scale of the e-commerce industry is expected to be over RMB2 trillion by 2025. Through the efforts of a year's exploration, the Group has achieved a certain scale in its operation. Up to 30 June 2022, the Group had established cooperation relationships with 14 brands and opened 27 shops on mainstream e-commerce platforms such as Tmall, JD.com and Pinduoduo, forming an excellent foundation for development.

With the future expansion of new top brands, this business segment will become the focal and core business of the Group and there will be investments heavily in the three areas of brand expansion, e-commerce platform expansion and team building.

Business of sale and provision of integrated services of networking, sound and communication systems in Singapore

The Group considers this traditional business of the Group as a stable business and ensure its steady development despite the impact of the epidemic and the global economic landscape.

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 stakeholding relationships with institutions in the healthcare and education sectors. The Group also seeks to leverage 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. 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.

CHAIRMAN’S STATEMENT

Business of sale and provision of integrated services of networking, sound and communication systems in the PRC

According to Market Forecast on Digital Transformation in China, a report by International Data Corporation (“**IDC**”), the Chinese government will offer sound policy and capital assurance for digital transformation in China during the period of the 14th Five-Year Plan for National Economic and Social Development and the Outline of Visions for 2035 of the People’s Republic of China (“**14th Five-Year Plan**”), with a total investment of RMB15-20 trillion in the next five years related to the digital economy. The demand for data hubs, a crucial element of the digital transformation infrastructure and the pivot of the digital economy, has been increasing without doubt, which offers a vast market space for the Company’s business of services of network and communication systems.

The business operation teams of the Group have intensively exerted their efforts in fields such as railway, finance and aviation for years, and possess ample experience in offering integrated services for IT equipment and systems, IT technical services and operation and maintenance services to data hub facilities of large and medium-sized state-owned enterprises. Taking into consideration China’s national strategy and the market landscape of increasing investment in data hubs by enterprises, the Company will proactively tap into other customers in the railway and banking industries in the future while serving key railway, aviation and banking customers, so as to boost its influence in industry segments by leveraging experience gained in one field and applying it to other areas. Meanwhile, we will continue to enhance service capacities and price negotiation ability with upstream network equipment suppliers and incessantly boost operational efficiency and gross profit margin of the business. We also firmly believe that this business will become another growth engine in the next few years.

The adverse impact of the epidemic represented a Year of both challenges and opportunities for the Group. The Group had to ensure the stability of its traditional business, and experienced the pressure of exploring new regions for operation and new business. Undaunted by the difficulties, the management and employees of the Group collectively rose to the challenge together to achieve substantial growth in business revenue.

The Board will continue to focus on shareholder value and create value for all parties, including shareholders, suppliers, customers and employees, through team building, business expansion, cost savings and efficiency enhancement.

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.

Cao Chunmeng
Chairman

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cao Chunmeng (曹春萌) ("**Mr. Cao**"), aged 50, is the chairman, an executive Director and one of our substantial shareholders of the Company. Mr. Cao was appointed as our non-executive Director on 22 January 2021 and was redesignated as an executive Director on 1 January 2022, and, appointed as the chairman of the Board (the "**Chairman**"), and chairman of the nomination committee of the Company ("**Nomination Committee**") on 4 March 2022. 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)) for the period from March 2011 to December 2021. 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 until his resignation. 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.

Ms. Choon Shew Lang (莊秀蘭), aged 53, 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 Pte Ltd ("**ISPL**") and has been a director of that company since 22 July 2002. She is also a member of the remuneration committee of the Company ("**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. Mong Kean Yeow (蒙景耀), aged 54, is an executive Director. He was appointed as a Director on 21 July 2017 and was redesignated as an executive director on 14 December 2017. Mr. Mong also served as the Chairman and chairman of the Nomination Committee from 14 December 2017 to 31 December 2021. Mr. Mong is the co-founder of ISPL and has been a director of that company since 22 July 2002. 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yuan Shuangshun (袁雙順) (“**Mr. SS Yuan**”), aged 51, 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) for the period from December 2017 to February 2021 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 experiences in investment, private equity, corporate finance and capital markets.

Mr. Han Bing (韓冰) (“**Mr. Han**”), aged 50, 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 experiences 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zheng Xiaorong (鄭曉嶸), aged 38, was appointed as our independent non-executive Director and a member of each audit committee of the Company (“**Audit Committee**”) and Remuneration Committee with effect from 1 July 2022. He holds a bachelor degree of commerce from the University of Auckland in 2011. Mr. Zheng has over 17 years of extensive experiences working in financial services and banking industry in New Zealand and Hong Kong with deep understanding of local and global financial markets and regulatory requirements. Mr. Zheng has been working in KVB Kunlun Group (“**KVB**”) since 2011 and he has significant and proven experiences in foreign exchange markets, dealing exposure management and hedging strategy. Throughout the years of working within KVB, Mr. Zheng had also demonstrated with his proven ability to enhance relationships across a range of stakeholders, including but not limited to internal colleagues or board members as well as corporate clients, regulators, media and other banking counterparties externally. Mr. Zheng was also involved to develop and implement governance and risk frameworks for KVB Capital Markets Limited to meet the licence requirements of a licenced corporation of leveraged foreign exchange trading under the requirements of Securities and Futures Ordinance between late 2016 and late 2020. Mr. Zheng is currently serving as a Director, Global Markets at Bank of China (New Zealand) Limited since 4 October 2021, who is responsible for the developing and marketing of transactional banking businesses with all those related banking products shall be in full compliance with relevant rules, regulations and the internal policies of Bank of China Group as well as enhancing internal workflow processing in accordance with local market practices that would eventually promote quality services to clients. Mr. Zheng has also been the non-executive director of KVB group companies situated in New Zealand and Hong Kong, respectively, since 1 January 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yan Xiaotian (閆曉田), aged 62, 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 experiences 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 was 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)) for the period from December 2014 to February 2021, 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 for the period from September 2019 to February 2022.

Mr. Tang Chi Wai (鄧智偉), aged 49, 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) for the period from September 2016 to October 2021, (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 (formerly known as: The Institute of Chartered Secretaries and Administrators)	July 2015
Fellow of The Hong Kong Chartered Governance Institute (formerly known as: The Hong Kong Institute of Chartered Secretaries)	July 2015
Fellow of The Hong Kong Institute of Directors	April 2015
Fellow of The Hong Kong Investor Relations Association	July 2016

SENIOR MANAGEMENT

Mr. Goh Boon Pan (吳文平), aged 51, 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 31, 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 44, 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

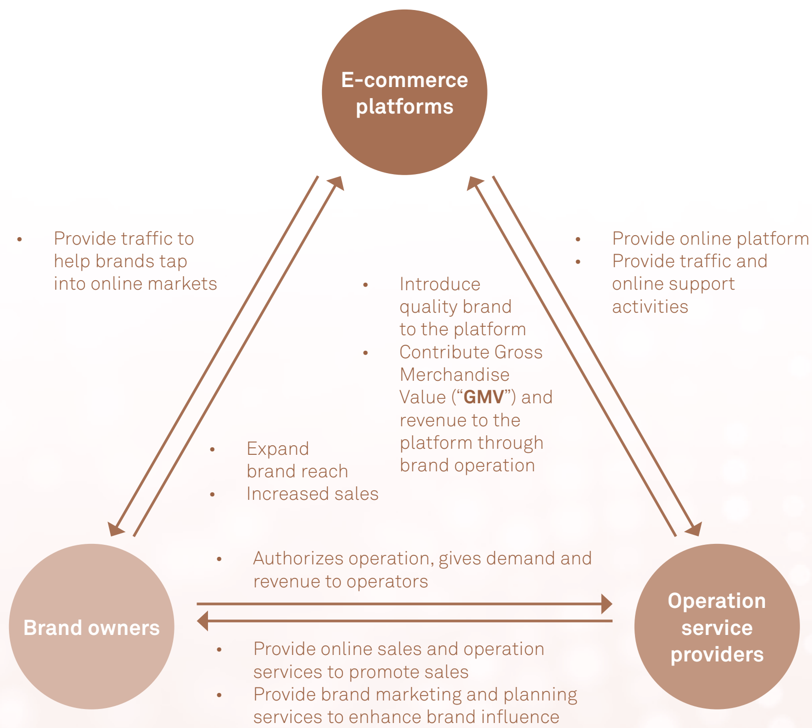
Outlook of E-commerce in the PRC

Overview of China's Brand E-commerce Service Market

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

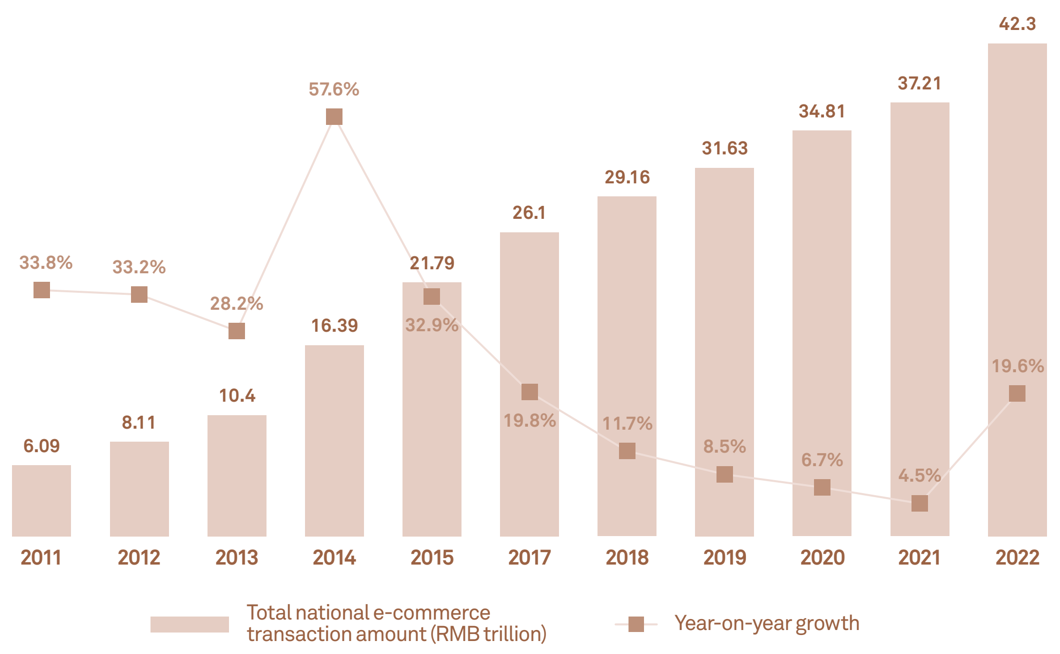
Industry overview of brand E-commerce Service Market in the PRC

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

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

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

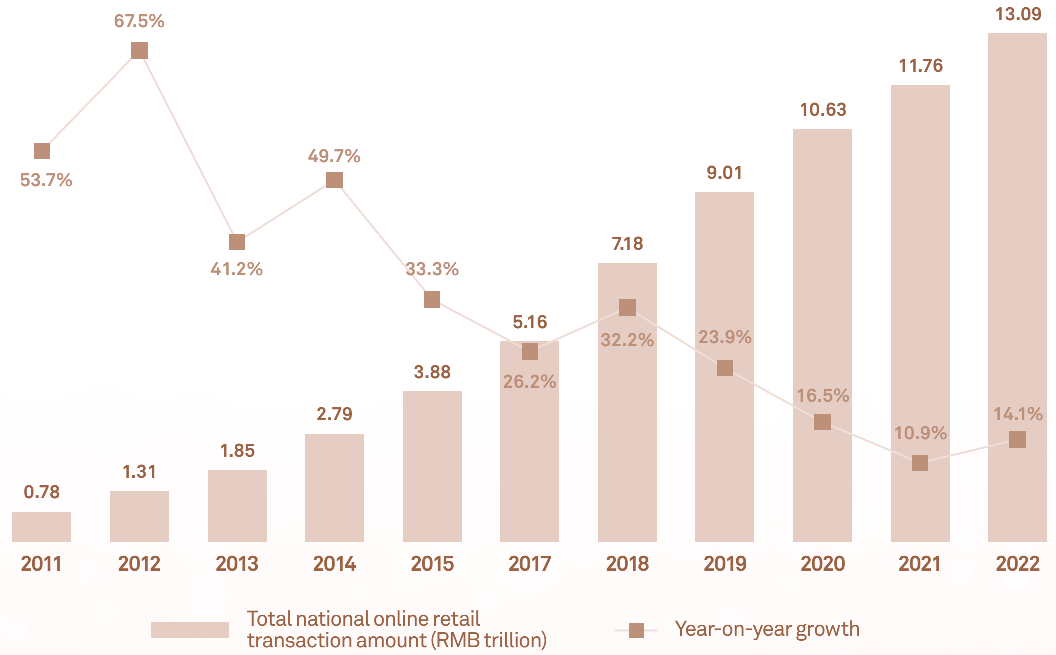
China's Total E-commerce Transaction Amount in 2011-2021



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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Since 2020, COVID-19 induced strict movement controls of restrictions imposed on labour-intensive worksites and in closed-quartered areas to prevent the spread of infection has caused unprecedented revenue delays in the construction sub-sector. However, the Group was resilient and continued its essential services operations, 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.

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook of sale and provision of integrated services of networking, sound and communication systems in the PRC

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

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

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

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

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

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

Grow our customer base across industries by seeking breakthroughs in key customers: On the basis of key customers such as China Academy of Railway Sciences ("**CARS**") and Hengfeng Bank in the railway and financial industries, we expect to develop other customers in the industries.

By constantly securing high-quality customers and increasing projects under operation, we will establish more stable and trustworthy cooperation with upstream hardware, security and data suppliers, e.g. seeking supplier exclusive agency, industry exclusive agency, gold medal agency and regional gold medal agency with more partners.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our principal businesses are:

(i) provision of networking, sound and communication systems and alert alarm system services (including the sale of networking, sound and communication systems, integrated services of networking, sound and communication systems and alert alarm system services) to customers in Singapore, Malaysia and the PRC; and

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

E-commerce operation

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

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

(i) Decrease in consumers' willingness to spend in the PRC due to the COVID-19, resulting in decline of the retail market. In particular, prohibitions against operations of restaurants and entertainment venues in many regions across the PRC further limited the consumption of white and red wine, which were main products of the Company, leading to decrease in sales;

(ii) The stricter COVID-19 prevention and control policy in the PRC caused supply chain disruptions in our main warehouses in Beijing and Shanghai for many months, and resulted in destabilising normal E-commerce operation;

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

Costs of sales/services

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

Gross profit

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

Other income

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

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and payroll expenses

Our administrative expenses increased to approximately S$7.7 million for the Year, by approximately S$3.4 million or 77.0%, from approximately S$4.3 million for the year ended 30 June 2021. The increase was mainly attributed to administrative expenses incurred to expand our NSC Segment in the PRC, including but not limited to: (i) increased payroll costs and employee share-based payment expenses amounting to S$1.8 million in line with the increase in headcount hired to manage new offices in the PRC; (ii) higher general operating expenses amounting to S$0.8 million; (iii) rising depreciation on leased office space assets-in-use amounting to S$0.5; and (iv) a S$0.3 million increase in general sales and marketing expenses.

Finance costs

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

Income tax expense

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

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

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

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

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

Pledged bank deposits, bank balances and cash

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

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

Net current assets

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

Total equity

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

Borrowings

Our borrowings increased by approximately S$4.8 million or 5 times to approximately S$6.0 million as at 30 June 2022 from approximately S$1.2 million as at 30 June 2021. The increase was primarily due to the drawdown of loans and transfer arrangement of trade receivables which were used to fund the operating costs of the expansion in the PRC during the Year. More information about the loan repayment and nature of the loans are set out in the note 20 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

On 19 July 2021, an aggregate of 80,000,000 shares, representing approximately 9.09% of issued share capital of the Company on 30 June 2021, were placed at HK$0.66 per share to no less than six 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$24.3 thousand (2021: approximately S$57.4 thousand).

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

LEASE COMMITMENTS

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

CONTINGENT LIABILITIES

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

OFF BALANCE SHEET ARRANGEMENTS

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

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 2022. We had pledged bank deposits of S$0.2 million as at 30 June 2021 and 2022. The pledged bank deposits were uplifted on 1 July 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

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

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

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

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

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

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

CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

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

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

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

Financial risk management

Our Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, and borrowings. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. For further details, please refer to note 32 to the consolidated financial statements included in this annual report.

KEY FINANCIAL RATIOS

	For year ended 30 June	
	2022	2021
	Times	Times
Liquidity ratios		
Current ratio	**2.2**	2.1
Quick ratio	**1.5**	1.9
	%	%
Capital adequacy ratios		
Gearing ratio	**44.7%**	8.4%

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

Gearing ratio

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

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

Up to 30 June 2022, we utilised the net proceeds raised from the Listing in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the "**Prospectus**") and the supplemental announcement issued on 31 July 2020 (the "**Supplemental Announcement**") as follows:

Description	Amount designated in the Prospectus HK$M	Actual use of proceeds as at 30/06/22 HK$M	Unutilised amount as at 30/06/22 HK$M	% utilised as at 30/06/22 %	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.5	0.9	35.7%	31/12/22
Expand and train our sales and marketing, technical and support workforce	11.6	10.1	1.5	87.1%	30/06/23
Purchase transportation vehicles	3.0	0.7	2.3	23.3%	30/06/23
Setting up of a new sales office in Singapore	10.0	–	10.0	0.0%	30/06/22
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	0.9	1.1	45.0%	30/06/23
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	–	2.5	0.0%	30/06/23
General working capital and general corporate purposes	3.5	3.5	Nil	100.0%	N/A
Grand total	44.0	25.7	18.3	58.4%	

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 30 June 2022:

Purpose	Implementation Plan	Actual implementation activities
Strengthen our marketing efforts in the sound and communication industry in Singapore	• 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 • Maintained and updated our corporate websites by the external consultant • Considered the current project tender
Expand and train our sales and marketing, technical and support workforce	• 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 2 engineers and 22 technicians were recruited by June 2022 • New headcount of approximately 4 sales and marketing executives were recruited by June 2022 • Provided internal and external trainings and workshops to our technical staff • In the process to seek suitable candidates to the remaining positions
Purchase transportation vehicles	• Purchase of three vans for maintenance operations and, transportation of relevant equipment and/or labour • Purchase of two lorries for delivery and transportation of larger equipment and/or labour	• Purchased of two vans for maintenance operations and, transportation of relevant equipment and/or labour • Considered and monitored Group's current project portfolio but postponed the purchase of lorries due to current different project requirements

Purpose	Implementation Plan	Actual implementation activities
Setting up a new sales office in Singapore	• 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 result of the outbreak of COVID-19, it is expected that the unutilised proceeds will be utilised on or before 30 June 2023.

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

The expected timeline for fully utilise the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this report. The Board confirms that the Group continues to be invited for tender and be awarded projects from its customers during the relevant periods and therefore considers that the delay in use of proceeds and business expansion does not have any material adverse impacts on the operation of the Group. The Board will continue closely monitoring the situation and evaluate the impacts on the timeline to utilise the unutilised proceeds and will keep shareholders and potential investors informed if there are any material changes.

USE OF PROCEEDS FROM THE PLACING OF SHARES OF THE COMPANY AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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

		Sound and Communication Business in the PRC	System Servicing Solutions Business	E-Commerce Business in the PRC	Total
(i)	Establish new team/scale-up existing team by hiring additional technicians/salespersons/operating staff	2,619,000 (5%)	5,237,000 (10%)	10,474,000 (20%)	18,330,000 (35%)
(ii)	Purchase of inventories	– (–%)	– (–%)	10,474,000 (20%)	10,474,000 (20%)
(iii)	Purchase of machineries and equipment	5,237,000 (10%)	10,474,000 (20%)	– (–%)	15,711,000 (30%)
	Sub-total	7,856,000 (15%)	15,711,000 (30%)	20,948,000 (40%)	44,515,000 (85%)
(iv)	General working capital and general corporate purposes				7,855,000 (15%)
	Total				52,370,000 (100%)

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

Note: The expected timeline for fully utilising the unutilised proceeds of the Placing is determined based on the Group's best estimate of future market conditions, and is subject to change depending on future developments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Group is pleased to present our efforts and performance on environmental, social and governance ("**ESG**") throughout the year to the shareholders. The Group is committed to improving its ESG performance by upholding good corporate governance standards, protecting the environment, engaging the community and promoting social integration. The Board, who are ultimately responsible for leading ESG, works by overseeing the management in the design, implementation and monitoring of the risk management and internal control systems to cope with environmental challenges.

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. This report provides an annual update of the Group's ESG performance for Year, covering our operations in Singapore and the PRC.

The information in this Report is derived from the Group's official documents and statistical data, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group. The Group undertakes that there is no false record and no misleading statement and assumes liabilities to the authenticity, accuracy and completeness of its content. The Board acknowledges the overall responsibility for the Group's ESG strategies and strives to improve its operational methods and efficiency. ESG performance is measured, reviewed and reported to the management regularly for continuous improvement.

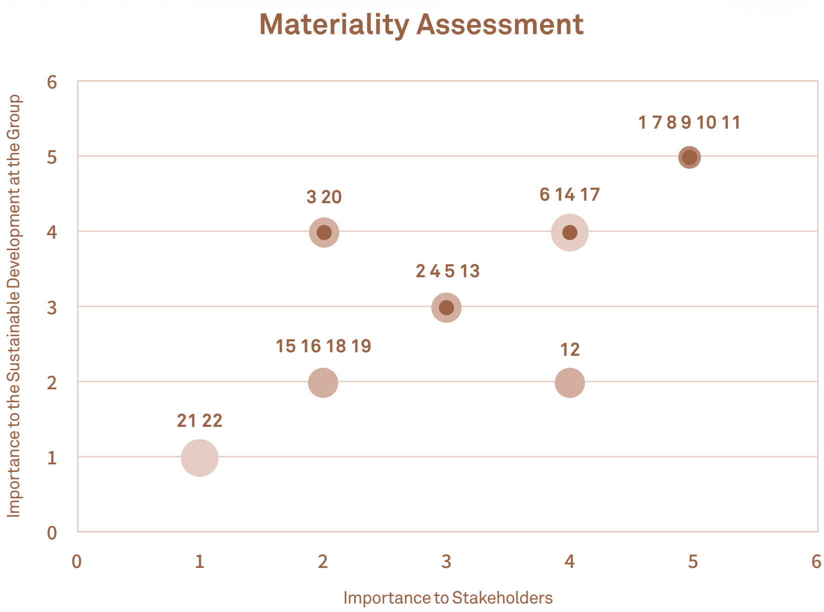
ENGAGEMENT WITH STAKEHOLDERS

We are fully aware that the long-term momentum of our sustainable development lies in striding ahead with our stakeholders. To understand the full spectrum of ESG aspects of the operation covers, we gained further insights on material aspects and challenges in our ESG matters via questionnaires. The following table presents the methods of communication between each stakeholder and the Group.

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	• Shareholders • Potential investors	➢ Annual and interim financial report ➢ General meetings ➢ Corporate website ➢ Disclosure of stock listing information ➢ Quarterly reports and announcements
Employees	• Direct workers • Potential recruits • Senior Management • Staff	➢ Direct communication ➢ Independent focus groups and interviews ➢ Regular performance assessment ➢ Training and seminars
Customers	• Singapore Government agencies • Private organisations • Ultimate users	➢ Customer assessment ➢ Social media ➢ 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 ➢ Volunteering activities

MATERIALITY ASSESSMENT

The opinions of stakeholders serve as the best reference for improving our operational performance and promoting business development. Throughout the year, we have engaged our management team and employees and conducted a materiality assessment to identify ESG issues that are deemed to be material to the Group. In the process of identifying the material topics, we incorporated the opinions and expectations of various stakeholders into our long-term ESG strategies. The outcome of the materiality assessment is presented in the form of a materiality matrix and is shown below:



Protecting our planet

1 Air and noise emissions control
2 Resource management (energy, water and waste)
3 Project management
E-commerce operation and material usage
4 Site environment impact
5 Green office
6 Climate change

Dedicated workforce

7 Occupational health and safety
8 Employment practices
9 Employee training and development
10 Diversity and equal opportunity
11 Protecting human rights (child and forced labour)

Responsible value chain

12 Corporate governance and compliance
13 Anti-corruption
14 Confidentiality and data privacy
15 Product and service quality management
16 Customer safety, engagement and satisfaction
17 Customers' and users' health and safety
18 Supplier and subcontractor engagement
19 Supplier and subcontractors' environmental and social responsibility
20 Transparent and fair procurement practices

Corporate citizen

21 Community investment and engagement
22 Site impact on local communities

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. The Group has neither used any liquified petroleum gas nor other gases and thus does not have relevant GHG emissions to disclose for the Year.

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 when transporting materials between project sites and office in daily operations. Our vehicles are properly maintained to maximise fuel efficiency. During the Year, the Group owns three 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.

Environmental protection and sustainable development rely on the continued concerted effort from all stakeholders throughout the value chain. Therefore, we have continued to refine and improve our mitigation measures to reduce both direct and indirect negative environmental impacts arising from our operations. To mitigate the climate impact of our operations while sustaining our business expansion and revenue growth, the Group has set an emissions target to reduce GHG intensity per S$1 million of sales revenue by 5% over the subsequent 3 years when compared with GHG emitted this year

Air emissions during the Year:

Air Emissions	Unit	2021/22	2020/21
Nitrogen Oxide (NO_x)	kg	61.96	48.28
Sulphur Oxide (SO_x)	kg	0.03	0.06
Particulate Matter (PM)	kg	5.94	4.63

GHG emissions during the Year:

GHG Emission types		Unit	2021/22	2020/21
Direct emission or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon Dioxide (CO_2)	tonne	11.79	10.04
	Methane (CH_4)	kg	9.1	6.43
	Nitrous Oxide (N_2O)	tonne	0.61	1.46
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	Carbon Dioxide (CO_2)	tonne	31.63	34.01
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	Carbon Dioxide (CO_2)	tonne	3.02	2.29
Electricity used for fresh water and sewage processing	Carbon Dioxide (CO_2)	tonne	0.27	0.10
Business air travel by employees	Carbon Dioxide (CO_2)	tonne	6.48	6.96

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 cultivate a greener corporate culture through creating awareness and encouraging our employees to control the carbon footprint of our operations in order to generate long-term value for the stakeholders as well as the communities in which the Group operates. Some examples of initiatives which were implemented in our offices to promote resource conservation are as follows:

- Set and maintain average room temperatures at 25 degrees Celsius;
- Separate light switches for different light zones and install motion sensors in areas not frequently used;
- Switch off office equipment (e.g. printers, computers and monitors) before leaving the workplace; Energy-friendly electrical appliances and devices such as LED lighting, computers and projectors, have been installed;
- Regular check and maintenance and ensure efficiency of equipment and appliances; and
- Double-sided printing and scan documents as electronic files instead of printing.

Resources consumption during the Year:

Resources Consumption	Unit	2021/22	2020/21
Electricity Consumption	kWh	55,610.00	34,808.00
	kWh/employee	368.28	334.69
Paper consumption	kg	628.00	476.00
	kg/employee	4.16	4.58
Water Consumption	m^3	882.00	342.00
	m^3/employee	5.84	3.28

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

As a non-production company, our operations 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.

The Group fully understands that ESG policies and practices may evolve over time to reflect the changes in business operations, structures, technology, laws and regulations, and environment. The "Paris Agreement" sought to control global warming through the setting of emissions reduction targets for many countries. Similarly, in support of the global initiative, we are also committed to addressing the threat of climate change through our GHG emissions management. The Group commits to establish a reduction target to reduce electricity and paper consumption per employee by 25% by the year of 2025. To achieve our target, the Group has continuously adopted the Reduce, Replace and Reuse approach, in line with national initiatives. Management will perform periodic reviews to monitor the progress and performance.

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.

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.

Climate Change

Climate change is among the most pressing global challenges of our time. In support of the global initiative, the Group the implemented measures to conserve energy and reduce emissions. Moreover, the Group is conscious that the frequency of extreme weather on human security and infrastructure, and has taken necessary precautionary measures. Going forward, the Group will continue to review the impact of climate change on its operations and implement mitigation controls for significant risks to enhance its resilience and adaptability to climate change.

Focus Area	Our Approach
Governance	Board oversight: The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore the Board meets quarterly to oversee climate-related strategies, policies, actions and disclosure. Management's role: The Management supports climate action planning and internal policy setting, as well as coordinating responses to climate-related risks.
Strategy	Policies and guidelines: The Management meets regularly and discusses any potential climate change risk to our business. Management will then brainstorm ideas to mitigate these risks. The corresponding actions will be implemented and reviewed from time to time to assess their effectiveness. Physical risks: The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rainfalls, extreme cold or heat could bring acute and chronic physical risks to the Group's business. The Group's services will be affected under extreme weather as the safety of our employees is threatened and the operational sites might be damaged, which exposes the Group to risks associated with non-performance and delayed performance. The Group pays attention to the climate change of relevant countries of the business and assist with implementing fast-response measures. Transition risks: To follow the footprint of the global trend on carbon neutrality, the Group expects evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies and listing rules and emergence of environmentally related taxes. The Group constantly monitors any changes in laws or regulations and global trends on climate change; keeps abreast of and takes the latest environmentally friendly IT components and equipment into consideration. Our management also monitors the environmental performance of suppliers by regularly reviewing their published environmental report.
Risk Management	Climate-related risks are incorporated into the Group's risk management framework and ESG materiality assessment by different stakeholders. The Group closely monitors potential impacts on both physical and transition climate-related risks and set up the policy to response the relevant risk.
Metrics and Targets	The Group has set targets to gradually reduce the Group's energy consumption and GHG emissions in the future. Departmental contributions towards reduction targets are linked to yearly performance evaluations and employee remuneration.

Employment and Labour 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.

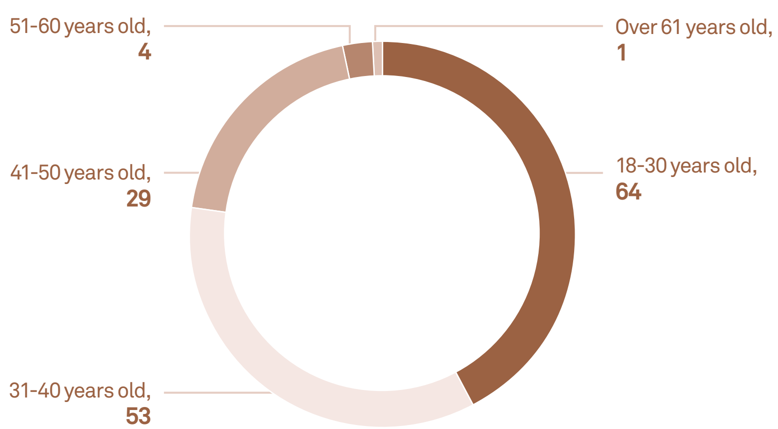
The Group complies with the anti-discrimination ordinances and the guidance under the Employment Ordinance (Cap. 57) and all the relevant laws and regulations such as the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and the Minimum Wage Ordinance (Cap. 608), Laws of Hong Kong; the Employment 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.

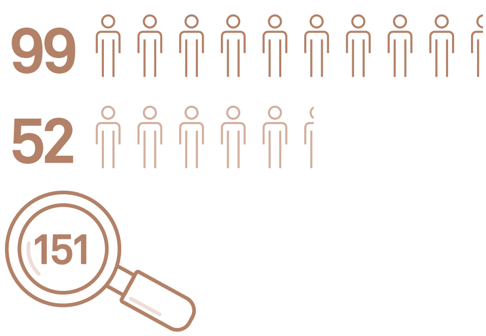
We continue our focus on the development of talent as part of advancement of career for our employees.

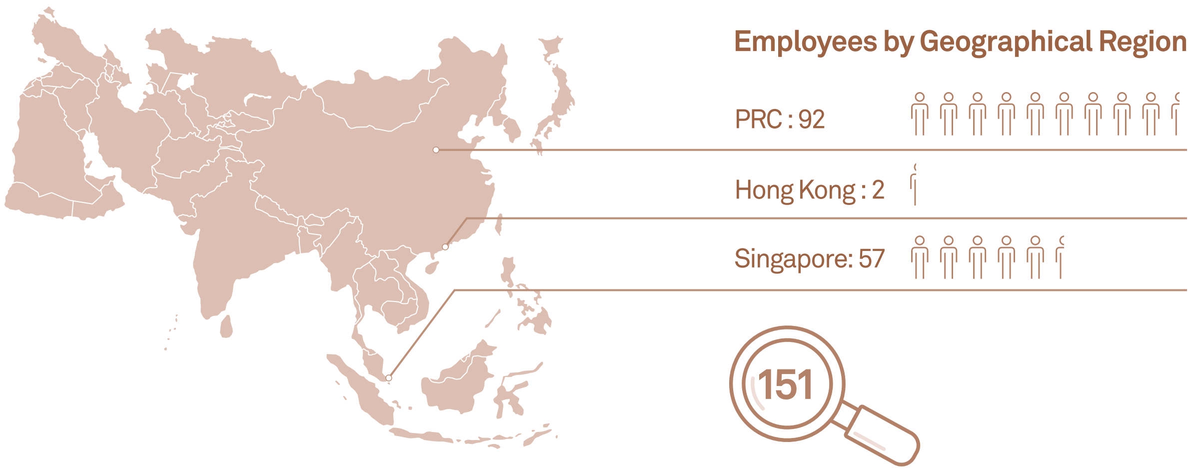
Staff Composition

As at 30 June 2022, we employed a total of 151 staff, including 148 (2021: 102) full-time and 3 (2021: 2) part-time staff. Employees by Gender and Age Group

Employees by Gender and Age Group







Employee Turnover

For the Year, the Group has an employee turnover rate of approximately 11%.

	Employee Turnover 2021/22		Employee Turnover 2020/21	
	No. of People	Turnover Rate	No. of People	Turnover Rate
By Gender				
Male	9	9%	24	33%
Female	7	13%	11	35%
By Age Group				
18 – 30 years old	10	16%	14	33%
31 – 40 years old	3	6%	12	35%
41 – 50 years old	3	10%	6	26%
51 – 60 years old	0	0%	2	50%
Over 60 years old	0	0%	1	100%
By Geographical Region				
Hong Kong	0	0%	4	100%
Singapore	9	16%	14	29%
The People's Republic of China	7	8%	17	33%

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.

During the global pandemic, the Group has heightened its awareness and commitment towards ensuring a safe and health working environment for its employees. The Group has closely followed the updates of the national epidemic prevention and control policy, and issued epidemic prevention control notices to employees to remind them to maintain personal hygiene and take the adequate measures to reduce the risk of infection.

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

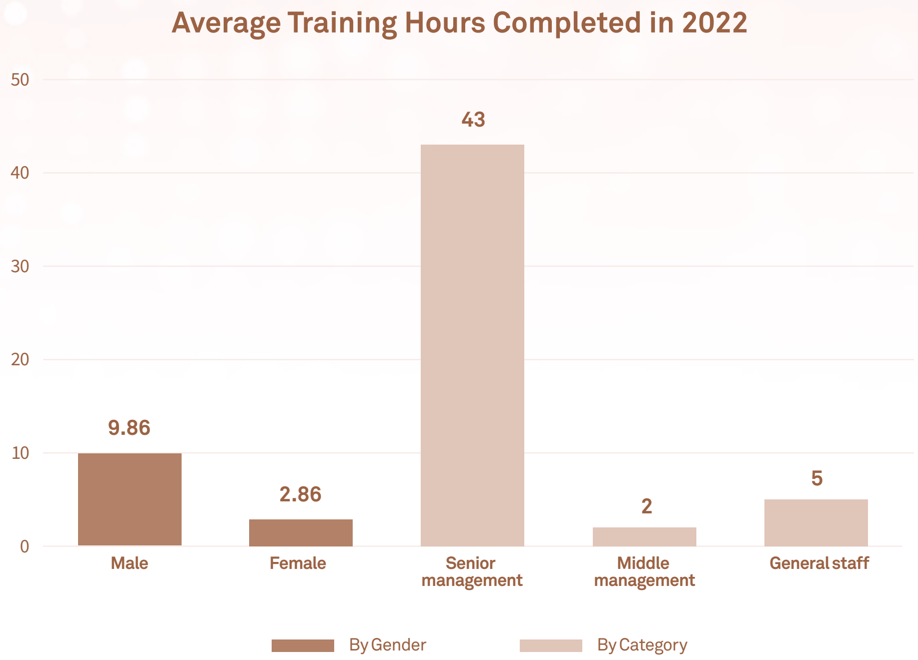
Work Injury Statistics	Unit	2021/22	2020/21	2019/20
Number of work-related fatalities	Case	0	0	0
Rate of work-related fatalities	Percentage	0%	0%	0%
Number of reported accidents (sick leave > 3 days)	Case	0	0	1
Lost days due to work injury	Day	0	0	137

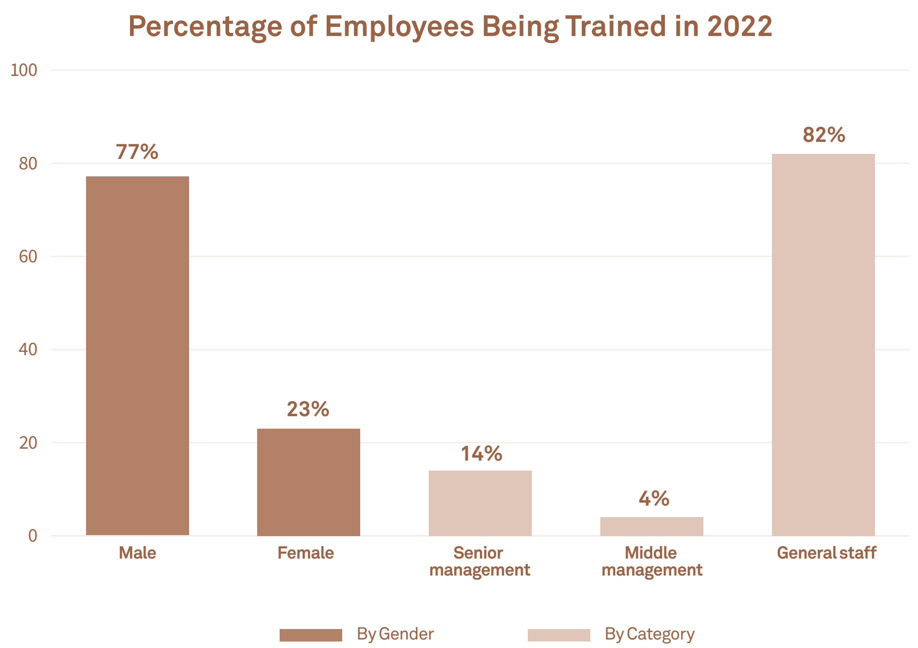
As at 30 June 2022, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.

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. For the Year, the breakdown of the training data for the Singapore subsidiary was as follows:


Average Training Hours Completed in 2022
50
40
30
20
10
0
43
9.86
2.86
2
5
Male
Female
Senior management
Middle management
General staff
By Gender
By Category


Percentage of Employees Being Trained in 2022
100
80
60
40
20
0
77%
82%
23%
14%
4%
Male
Female
Senior management
Middle management
General staff
By Gender
By Category

For our operations in the PRC, we provided training totalling more than 297 hours, with a total of more than 25 participants and successfully improved our employees' professionalism and proficiency in every aspect.

The Group will from time to time provide briefings to all directors to develop and refresh their knowledge and skills relating to their duties and responsibilities. In addition, to further enhance our employees' professional skills so as to meet the Group's development goals, the Group highly encourages them to continuous learning and attend external work-related seminars. Employees who have taken professional examinations and obtained vocational qualification certificates will be eligible to apply training sponsorship by the Group.

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

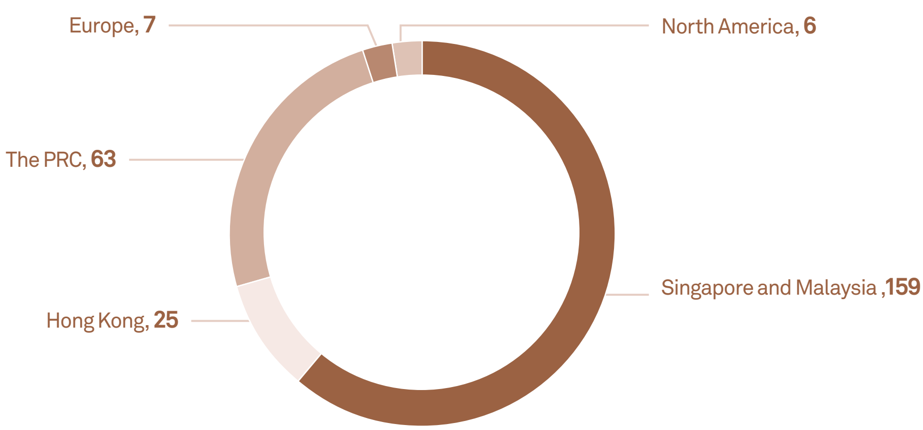
The Group closely cooperates with its suppliers to constantly enhance its operation procedures and improve its service quality. We adopt a stringent supplier selection and management system to reduce procurement risks and promote responsible procurement.

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.

For the Year, the number of suppliers by geographical region of the Group was as follows:

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.

The Group maintains an open and welcoming attitude to feedback and complaints from the Group's customers and clients, as the Group views it as an opportunity to improve its service. Should the Group receive any complaints, the Group will strive to act immediately to resolve the issue with effective corrective actions. For the Year, we received no complaints or claims from our customers arising from the quality issues of the work performed either by us or our sub-contractors, which in the view of Directors, is attributable to 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 requires all employees to respect copyright, strictly prohibit infringement and comply with all applicable laws and regulations. The Group also reviews every operational contract to ensure that the contract safeguards the intellectual property rights of the parties. We also request our suppliers and sub-contractors to comply with relevant laws and regulations.

With respect to fair advertising, the Group requires the employees of the sales department to provide customers with accurate and true information on the Group's products and services. Hotline and e-mail are also available for customers' enquiries on service details in order to provide better before and after-sale services.

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 Criminal Law 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.

The Group has established Code of Ethics to clearly inform our employees of the Group's strict standards regarding anti-corruption, anti-bribery, conflicts of interest, gift, procurement policies. It conveys our expected standards of conduct and practices to all staff members, who are required to adhere to the highest standards of business and professional ethics so that we can earn the trust of our business partners and customers. Regular training sessions will also be arranged to management and employees for enhancing ethical awareness in conducting business activities.

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 and become a driving force for social progress.

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	2021/22	2020/21
Nitrogen Oxide (NO_x)	kg	61.96	48.28
Sulphur Oxide (SO_x)	kg	0.03	0.06
Particulate Matter (PM)	kg	5.94	4.63

GHG Emission types		Unit	2021/22	2020/21
Direct emission or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon Dioxide (CO_2)	tonne	11.79	10.04
	Methane (CH_4)	kg	9.1	6.43
	Nitrous Oxide (N_2O)	tonne	0.61	1.46
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	Carbon Dioxide (CO_2)	tonne	31.63	34.01
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	Carbon Dioxide (CO_2)	tonne	3.02	2.29
"Electricity used for fresh water and sewage processing"	Carbon Dioxide (CO_2)	tonne	0.27	0.10
Business air travel by employees	Carbon Dioxide (CO_2)	tonne	6.48	6.96

Resources Consumption	Unit	2021/22	2020/21
Electricity Consumption	kWh	55,610.00	34,808.00
	kWh/employee	368.28	334.69
Paper consumption	kg	628.00	476.00
	kg/employee	4.16	4.58
Water Consumption	m^3	882.00	342.00
	m^3/employee	5.84	3.28

Social Performance – Employment and Labour

	Total Workforce No. of People 2021/22	Total Workforce No. of People 2020/21
By Gender		
Male	99	73
Female	52	31
By Age Group		
18 – 30 years old	64	42
31 – 40 years old	53	34
41 – 50 years old	29	23
51 – 60 years old	4	4
Over 60 years old	1	1
By Employment Type		
Full-Time	148	102
Part-Time	3	2
By Geographical Region		
Hong Kong	2	2
Malaysia	0	4
Singapore	57	48
The People's Republic of China	92	50

	Employee Turnover 2021/22		Employee Turnover 2020/21	
	No. of People	Turnover Rate	No. of People	Turnover Rate*
By Gender				
Male	9	9%	24	33%
Female	7	13%	11	35%
By Age Group				
18 – 30 years old	10	16%	14	33%
31 – 40 years old	3	6%	12	35%
41 – 50 years old	3	10%	6	26%
51 – 60 years old	0	0%	2	50%
Over 60 years old	0	0%	1	100%
By Geographical Region				
Hong Kong	0	0%	4	100%
Singapore	9	16%	14	29%
The People's Republic of China	7	8%	17	33%

Work Injury Statistics	Unit	2021/22	2020/21	2019/20
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	0	1
Lost days due to work injury	Day	0	0	137

	Percentage of employees being trained 2021/22 Rate	Percentage of employees being trained 2020/21 Rate
By Gender		
Male	77%	87%
Female	23%	13%
By Category		
Senior Management	14%	18%
Middle Management	4%	4%
General Staff	82%	78%

	Average training hours completed for Singapore subsidiaries 2021/22 No. of Hours	Average training hours completed for Singapore subsidiaries 2020/21 No. of Hours
By Gender		
Male	9.86	9.95
Female	2.86	14.25
By Category		
Senior Management	43.20	3.17
Middle Management	2.00	4.00
General Staff	5.00	12.50

Number of Suppliers by Geographical Region	2021/22	2020/21
Singapore and Malaysia	159	111
Hong Kong	25	21
The PRC	63	22
Europe	7	6

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	Environmental Sustainability	
KPI A1.1	The types of emissions and respective emissions data	Environmental Sustainability	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	
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 only generated minimal non-hazardous waste in our operations
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	Emissions	

Description		Reference	Remark
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	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 do 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 Change	
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 Change	
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	During the Year, we do not note any work-related fatalities due to work injury found.
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.	Supply Chain Management	

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 nine Directors:

Executive Directors

Mr. Cao Chunmeng (redesignated as Executive Director on 1 January 2022 and appointed as Chairman on 4 March 2022)
Mr. Mong Kean Yeow (retired from Chairman on 4 March 2022)
Ms. Choon Shew Lang (Chief Executive Officer)
Mr. Yuan Shuangshun
Mr. Han Bing (appointed on 1 September 2021)

Independent Non-executive Directors ("INED")

Dr. Cai Rongxin (resigned on 1 July 2022)
Mr. Yan Xiaotian
Mr. Tang Chi Wai
Mr. Zheng Xiaorong (appointed on 1 July 2022)

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

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

	Number of meetings held during the Year 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 5 November 2021
Number of meetings held	4	4	4	5	1
Executive Directors					
Mr. Cao Chunmeng (redesignated on 1 January 2022) (Chairman)	4/4	N/A	2/2	N/A	1/1
Ms. Choon Shew Lang (Chief Executive Officer)	4/4	N/A	N/A	5/5	1/1
Mr. Mong Kean Yeow	4/4	N/A	2/2	N/A	1/1
Mr. Yuan Shuangshun	4/4	N/A	N/A	N/A	1/1
Mr. Han Bing (appointed on 1 September 2021)	4/4	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Tang Chi Wai	4/4	4/4	N/A	5/5	1/1
Dr. Cai Rongxin (resigned on 1 July 2022)	4/4	4/4	4/4	N/A	1/1
Mr. Yan Xiaotian	4/4	4/4	4/4	5/5	1/1
Mr. Zheng Xiaorong (appointed on 1 July 2022)	N/A	N/A	N/A	N/A	N/A

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

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 of the Company 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 D.3.3 of the CG Code. The primary duties of our Audit Committee include, among others, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing our financial statements, our annual report and accounts, our half-year report, and quarterly report and significant financial reporting judgements contained therein; and (c) reviewing our financial controls, internal control and risk management systems. Our Audit Committee comprises three INEDs, namely Mr. Zheng Xiaorong, 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 B.3.1 of the CG Code. The primary duties of our Nomination Committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become members of our Board and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (c) assessing the independence of our INEDs; and (d) making recommendations to our Board on the appointment and succession planning for our Directors. Our Nomination Committee comprises two INEDs, namely Mr. Zheng Xiaorong and Mr. Yan Xiaotian, and one executive Director, namely Mr. Cao Chunmeng. Mr. Cao 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 E.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 F.1.1 of the CG Code. It is the policy of the Company, in considering the payments of dividends and to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for future growth of the Group.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The Company has received written annual confirmation from each INEDs of their independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all INEDs namely Mr. Zheng Xiaorong, 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 C.1.4 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 86 to 91 of this report.

INDEPENDENT AUDITOR'S REMUNERATION

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

Description	S$
Audit services – Annual audit	148,062

As the Company and Deloitte & Touche LLP cannot reach a mutual agreement on the proposed audit fee, upon recommendation of the audit committee of the Company, the Company appointed Moore Stephens with effect from 30 April 2021. Moore Stephens was re-appointed as the auditor of the Company during the last Annual General Meeting held on 5 November 2021.

COMPANY SECRETARY

Mr. Chung Man Wai, Stephen was 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 (including ESG 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 independent internal control 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 as well as those relating to our ESG performance and 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 27 to the consolidated financial statements.

REORGANISATION AND SHARE OFFER

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

DIRECTORS

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

Executive Directors

Mr. Cao Chunmeng (redesignated as Executive Director on 1 January 2022
and appointed as Chairman on 4 March 2022)
Mr. Mong Kean Yeow (retired from Chairman on 4 March 2022)
Ms. Choon Shew Lang (Chief Executive Officer)
Mr. Yuan Shuangshun
Mr. Han Bing (appointed on 1 September 2021)

Independent Non-executive Directors ("INED")

Dr. Cai Rongxin (resigned on 1 July 2022)
Mr. Yan Xiaotian
Mr. Tang Chi Wai
Mr. Zheng Xiaorong (appointed on 1 July 2022)

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

In accordance with Article 112 of the Articles of Association, Mr. Zheng Xiaorong will hold office until the first general meeting of the Company after the appointment and shall then be eligible for re-election. Accordingly, Mr. Zheng Xiaorong will retire at the AGM and being eligible, would offer himself for re-election.

The biographical details of the Directors and the senior management of the Company are set out on pages 8 to 11 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 92 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 12 to 32 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 173 to 174 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 95 and note 30 to the consolidated financial statements.

The Company did not have distributable reserve as at 30 June 2022, 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.

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

	Date of grant	Exercise price per option	Exercise period	Vesting period	At 1 July 2021	Granted during the period	Lapsed during the period	At 30 June 2022
Directors	31.12.2021	HK$0.5	31.12.2021 to 30. 12. 2026	N/A	–	5,520,000	–	5,520,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	–	5,520,000	–	5,520,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	–	7,360,000	–	7,360,000
Employees	31.12.2021	HK$0.5	31.12.2021 to 30. 12. 2026	N/A	–	13,770,000	(360,000)	13,410,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	–	13,770,000	(360,000)	13,410,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	–	18,360,000	(480,000)	17,880,000
Consultants	31.12.2021	HK$0.5	31.12.2021 to 30. 12. 2026	N/A	–	300,000	–	300,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	–	300,000	–	300,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	–	400,000	–	400,000
						65,300,000	(1,200,000)	64,100,000

Share options were lapsed due to employee resignations. An independent non-executive director of the Company, Dr. Cai Rongxin resigned on 1 July 2022 and his 800,000 share options were lapsed accordingly. As of the date of this report, no share options were exercised.

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	24.4
– Five largest customers	53.0
PURCHASES	
– The largest supplier	19.0
– Five largest suppliers	55.9

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 26 to the consolidated financial statements. None of those transactions constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

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

I. Long position in the ordinary shares of the Company

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

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

Name	Nature of interest	Share options	Approximate percentage of shareholding in the Company	Approximate percentage of shareholding in the Company assuming all the share options granted under Share Option Scheme were exercised
Mr. Yuan Shuangshun	Beneficial owner	8,000,000	0.91%	0.85%
Mr. Han Bing	Beneficial owner	8,000,000	0.91%	0.85%
Mr. Yan Xiaotian	Beneficial owner	800,000	0.09%	0.08%
Mr. Tang Chi Wai	Beneficial owner	800,000	0.09%	0.08%
Dr. Cai Rong Xin	Beneficial owner	800,000	0.09%	0.08%

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

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

As at 30 June 2022, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have interests and short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

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

Save as disclosed above, as at 30 June 2022, so far as is known to the Directors or chief executive of the Company, no other persons, other than the Directors and chief executive of the Company whose interests are set out in the section **"INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION"** above, had any interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 Bing entered into a service agreement with the Company for a term of three years commencing from 22 March 2021 and 1 September 2021 respectively. Mr. Cao Chunmeng, who has been redesignated as an executive Director on 1 January 2022, has entered into a service agreement with the Company for a term of three years commencing from 1 January 2022. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles of Association.

Mr. Tang Chi Wai, Mr. Zheng Xiaorong and Mr. Yan Xiaotian separately entered into a letter of appointment with the Company for an initial term of one year commencing from 16 January 2018, 1 December 2020, and 1 July 2022 respectively. 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.

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 ("**MPF Scheme**"), 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 (2021: nil).

Under the central pension schemes to which the Group's subsidiaries operating in the PRC, 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.

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 62 to 74 of the annual report.

REPORT OF THE DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

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

Other than as disclosed above, 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 years ended 30 June 2022 and 2021 have been audited by Moore Stephens. The consolidated financial statements for the years ended 30 June 2020 were audited by Deloitte & Touche LLP.

During the year ended 30 June 2021, Deloitte & Touche LLP has resigned and Moore Stephens was appointed as the independent auditor of the Company. For further details, please refer to the announcement of the Company in respect of change of auditor dated 30 April 2021. A resolution will be proposed at the forthcoming AGM for the re-appointment of Moore Stephens as the independent auditor of the Company.

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

Hong Kong, 23 September 2022

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 92 to 172, which comprise the consolidated statement of financial position as at 30 June 2022, 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 2022, 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**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Revenue recognition for sale of networking, sound and communication systems and consumer products

Refer to Notes 3, 4 and 5 to the consolidated financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recognised revenue from sale of networking, sound and communication systems and consumer products of S$16,408,164 and S$2,228,517, respectively for the year ended 30 June 2022, where the period in which such revenue is recorded is an inherent risk due to large volumes of customers' orders, and when the customers have taken possession of and accepted the goods. In addition, significant management judgements were involved in revenue recognition from sale of consumer products, such as determining whether the role of the Group in those transactions was acting as a principal or an 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 discretion to establish prices.	Our key procedures to address the matter included: • Inspecting sales agreements signed in the current year, on a sample basis, to understand the terms of sales transactions including the terms of delivery and acceptance and any return arrangements to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards; • Inspecting invoices and credit notes issued prior to and subsequent to the year-end on sample basis; and • Checking the appropriateness of timing of recorded transactions, which is 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: • Inspecting the contracts and discussing with the management to assess relevant terms, including who is the primary obligor to provide goods or services to the customers, who has the inventory risks; and • Checking on a samples basis, the background of the Group's customers and suppliers and discussing 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.

KEY AUDIT MATTERS (continued)

Impairment assessment of trade receivables

Refer to Notes 3, 4, 16 and 32(c) to the consolidated financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 30 June 2022, the Group had trade receivables with net carrying amount of S$7,637,128. During the year ended 30 June 2022, the Group has recognised provision for expected credit loss ("**ECL**") on trade receivables of S$215,886. The ECL assessment on trade receivables 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 standards. 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: • Evaluating the methodologies, inputs and assumptions used by the Group in calculating the ECL, by reference to externally available economic data; • Obtaining an ageing analysis of the trade receivables from the management of the Group and testing the accuracy of ageing of trade receivables at the reporting date to the underlying invoices on a sample basis; • Challenging the management's assessment of the recoverability of long outstanding and overdue trade receivables; • Selecting samples considering the management's assessment of the latest financial conditions of the debtors, based on historical experience and observable external data; and • Assessing the adequacy of the ECL recorded by reviewing subsequent settlements after the year end and any correspondence with customers about expected settlement dates.

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

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

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

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

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

The directors of the Company are responsible for the preparation of 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 solely to you, as a body, in accordance with our agreed terms 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.

- 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.

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

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

Ng Ngai Yan
Practising Certificate Number: P07422

Hong Kong, 23 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 S$	2021 S$
Revenue	5	**20,161,834**	10,129,704
Costs of sales/services		**(15,791,972)**	(6,317,258)
Gross profit		**4,369,862**	3,812,446
Other income	6	**159,540**	430,856
Other losses	6	**(15,932)**	(29,804)
(Provision for)/reversal of allowance for expected credit loss on trade receivables	9	**(215,886)**	34,970
Share-based payment expenses	24(a)	**(931,440)**	–
Administrative expenses		**(3,352,299)**	(1,883,300)
Staff costs for administrative		**(4,324,820)**	(2,454,659)
Finance costs	7	**(226,998)**	(226,028)
Loss before income tax	9	**(4,537,973)**	(315,519)
Income tax expense	8	**(386,094)**	(123,543)
Loss for the year		**(4,924,067)**	(439,062)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(108,470)**	(248)
Other comprehensive loss for the year, net of income tax		**(108,470)**	(248)
Total comprehensive loss for the year		**(5,032,537)**	(439,310)
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(4,603,093)**	(445,968)
– Non-controlling interest		**(320,974)**	6,906
		(4,924,067)	(439,062)
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		**(4,716,373)**	(448,699)
– Non-controlling interest		**(316,164)**	9,389
		(5,032,537)	(439,310)
Loss per share attributable to the owners of the Company			
Basic and diluted (Singapore cents)	12	**(0.53)**	(0.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 S$	2021 S$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**6,315,119**	6,785,823
Goodwill	14	**186,848**	187,342
Deposits	16	**86,749**	261,512
		6,588,716	7,234,677
Current assets			
Inventories	15	**8,219,698**	1,542,102
Trade receivables	16	**7,637,128**	3,772,946
Other receivables, deposits and prepayments	16	**4,104,322**	2,536,785
Contract assets	17	**84,460**	32,319
Pledged bank deposits, bank balances and cash	18	**8,661,969**	11,176,664
		28,707,577	19,060,816
Current liabilities			
Trade and other payables	19	**6,968,084**	7,759,143
Contract liabilities	17	**227,145**	221,158
Lease liabilities	13	**665,477**	647,596
Borrowings	20	**5,062,385**	167,815
Income tax payable		**389,064**	199,605
		13,312,155	8,995,317
Net current assets		**15,395,422**	10,065,499
Total assets less current liabilities		**21,984,138**	17,300,176
Non-current liabilities			
Lease liabilities	13	**1,330,125**	1,655,520
Borrowings	20	**902,370**	1,068,272
Deferred tax liabilities	21	**9,641**	9,664
		2,242,136	2,733,456
Net assets		**19,742,002**	14,566,720

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**2022** **S$**	2021 S$
EQUITY			
Share capital	22	**1,513,382**	1,372,630
Reserves	23	**18,379,417**	13,085,142
Equity attributable to the owners of the Company		**19,892,799**	14,457,772
Non-controlling interest		**(150,797)**	108,948
Total equity		**19,742,002**	14,566,720

The consolidated financial statements on pages 92 to 172 were approved and authorised for issue by the Board of Directors on 23 September 2022 and are signed on its behalf by:

Mr. Cao Chunmeng
Chairman and Executive Director

Ms. Choon Shew Lang
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Attributable to the owners of the Company									
	Share capital (Note 22) S$	Share premium (Note 23(a)) S$	Merger reserve (Note 23(b)) S$	Translation reserve (Note 23(c)) S$	Share option reserve (Note 23(d)) S$	Retained profits/ (accumulated losses) S$	Sub-total S$	Non-controlling interest S$	Total S$
At 1 July 2020	1,372,630	8,593,078	524,983	516	–	4,415,264	14,906,471	–	14,906,471
Loss for the year	–	–	–	–	–	(445,968)	(445,968)	6,906	(439,062)
Other comprehensive loss for the year, net of income tax									
Exchange differences on translation of foreign operations	–	–	–	(2,731)	–	–	(2,731)	2,483	(248)
Other comprehensive (loss)/income for the year, net of income tax	–	–	–	(2,731)	–	(445,968)	(448,699)	9,389	(439,310)
Non-controlling interest, arising from establishment of a subsidiary (Note 27(f))	–	–	–	–	–	–	–	99,559	99,559
At 30 June 2021 and 1 July 2021	1,372,630	8,593,078	524,983	(2,215)	–	3,969,296	14,457,772	108,948	14,566,720
Loss for the year	–	–	–	–	–	(4,603,093)	(4,603,093)	(320,974)	(4,924,067)
Other comprehensive loss for the year, net of income tax									
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(113,280)**	**–**	**–**	**(113,280)**	**4,810**	**(108,470)**
Other comprehensive loss for the year, net of income tax	**–**	**–**	**–**	**(113,280)**	**–**	**(4,603,093)**	**(4,716,373)**	**(316,164)**	**(5,032,537)**
Issuance of shares upon placing, net of transaction costs (Note 22)	**140,752**	**9,079,208**	**–**	**–**	**–**	**–**	**9,219,960**	**–**	**9,219,960**
Recognition of equity-settled share-based payments (Note 24)	**–**	**–**	**–**	**–**	**931,440**	**–**	**931,440**	**–**	**931,440**
Lapse of share options (Note 24)	**–**	**–**	**–**	**–**	**(14,574)**	**14,574**	**–**	**–**	**–**
Acquisition of non-controlling interest without change in control of a subsidiary (Note 27(e))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(108,948)**	**(108,948)**
Non-controlling interest, arising from establishment of subsidiaries (Note 27(f))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**165,367**	**165,367**
At 30 June 2022	**1,513,382**	**17,672,286**	**524,983**	**(115,495)**	**916,866**	**(619,223)**	**19,892,799**	**(150,797)**	**19,742,002**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	2022 S$	2021 S$
Cash flows from operating activities			
Loss before income tax		**(4,537,973)**	(315,519)
Adjustments for:			
Interest income	6	**(12,418)**	(9,588)
Foreign exchange loss, net	6	**13,658**	26,900
Loss on disposal of property, plant and equipment	6	**1,634**	–
Rent concession in relation to COVID-19	6	**(37,497)**	–
Finance costs	7	**226,998**	226,028
Provision for/(reversal of) allowance for expected credit loss of trade receivables	9	**215,886**	(34,970)
Depreciation of property, plant and equipment	9	**843,780**	594,551
Share-based payment expenses	24	**931,440**	–
Operating cash flows before movements in working capital		**(2,354,492)**	487,402
Movements in working capital:			
Increase in trade receivables		**(4,120,554)**	(2,255,634)
Increase in other receivables, deposits and prepayments		**(1,421,489)**	(2,195,529)
Increase in inventories		**(6,775,169)**	(468,164)
Increase in trade and other payables		**4,627,056**	184,361
(Increase)/decrease in contract assets		**(52,722)**	8,096
Increase in contract liabilities		**6,775**	166,146
Cash used in operations		**(10,090,595)**	(4,073,322)
Interest received		**12,418**	9,588
Income tax paid		**(196,658)**	(254,520)
Net cash used in operating activities		**(10,274,835)**	(4,318,254)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(24,264)**	(57,353)
Proceed from disposal of property, plant and equipment		**825**	–
Net cash outflow arising from acquisition of subsidiaries	28	**–**	(364,299)
Net cash used in investing activities		**(23,439)**	(421,652)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	2022 S$	2021 S$
Cash flows from financing activities			
Net proceeds from issuance of shares upon placing	22	**9,219,960**	–
Payments for acquisition of additional interests in subsidiaries	27(e)	**(108,948)**	–
Proceeds from borrowings	29	**5,170,157**	–
Repayment of bank and other borrowings	29	**(370,525)**	(164,684)
Interest paid on bank borrowings	29	**(24,326)**	(23,043)
Repayment of leases liabilities – principal	29	**(616,277)**	(185,463)
Repayment of leases liabilities – interest	29	**(101,034)**	(20,932)
(Repayment to)/advance from third parties	29	**(5,163,793)**	6,107,040
Repayment to a director of the Company	29	**(360,408)**	–
Capital contribution from non-controlling interests	27(f)	**165,367**	99,559
Net cash generated from financing activities		**7,810,173**	5,812,477
Net (decrease)/increase in cash and cash equivalents		**(2,488,101)**	1,072,571
Cash and cash equivalents at beginning of the year		**10,969,717**	10,022,877
Effect of foreign exchange rate changes on the balance of cash held in foreign currency		**(26,594)**	(125,731)
Cash and cash equivalents at end of the year			
– Bank balances and cash	18	**8,455,022**	10,969,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. GENERAL

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

The Company is an investment holding company and the principal activities of its operating subsidiaries are sale of networking, sound and communication systems, provision of integrated services of networking, sound and communication systems, and provision of alert alarm system services in Singapore and the People's Republic of China (the"**PRC**") and e-commerce operation in the PRC. The details of the subsidiaries are set out in Note 27.

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

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

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

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

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

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

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

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

New and amendments to IFRSs in issue but not yet effective

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

		Effective for annual reporting period beginning on or after
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Interpretation 5 (2021)	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB.

In addition, the consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing Securities on GEM of 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, 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 include the financial statements of the Company and its subsidiaries for the year ended 30 June 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group 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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in consolidated profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to consolidated profit or loss or retained earnings/(accumulated losses), as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled 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) Sale of networking, sound and communication systems and consumer products

Revenue from sales of goods are recognised at point in time when control of the goods has been transferred to the customers. Control is primarily evidenced by taking physical possession and inventory risk of the goods. The Group controls the good before the good is transferred to a customer.

(ii) Provision of integrated services of sound and communication systems

Revenue from provision of integrated services of sound and communication systems 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)

Revenue from contracts with customers (continued)

(ii) 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 is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to 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)

Revenue from contracts with customers (continued)

(iii) Provision of alert alarm system services and technical support services in relation to networking systems

Revenue is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

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 the consolidated profit or loss in the year 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 the consolidated 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 consolidated 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 consolidated profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the consolidated profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

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 consolidated profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions

Share options granted to directors and employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight–line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to consolidated profit or loss.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings/(accumulated losses).

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair values of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, 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.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the consolidated financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the consolidated profit or loss.

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 consolidated profit or loss.

Ownership interests in leasehold land and building

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

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit ("**CGU**")'s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the consolidated profit or loss in the year in which it arises in those expense categories consistent with the function of the impaired assets.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated profit or loss in the year in which it arises.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

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 (if any), 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 non-financial assets".

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

Lease liabilities (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 (Revised) Business Combinations applies.

A financial asset is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near term;

– on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at amortised cost

Interest income is recognised using the effective interest method for financial assets 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. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, and contract assets, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has applied loss rates which are reference to the default rates from international credit rating agencies, adjusted for forward-looking factors specific to the debtors and the economic environment.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(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 consolidated profit or loss.

(v) Measurement and recognition of ECL

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

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 consolidated profit or loss.

Financial liabilities and equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

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.

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 Company are presented in S$, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. S$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

 (i) has control or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Group or of the Company's parent.

or

(b) An entity is related to the Group if any of the following conditions apply:

 (i) the entity and the Group are members of the same group;

 (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

 (iii) the entity and the Group are joint ventures of the same third party;

 (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

 (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

 (vi) the entity is controlled or jointly controlled by a person identified in (a);

 (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

 (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

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.

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 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 consolidated financial statements.

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

Revenue recognition for sale of consumer products

Revenue from the sale of goods is recognised when control of goods is transferred to customers. In addition, the Group assesses 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.

Estimated impairment of trade receivables

The Group recognises lifetime ECL for trade receivables. 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.

The Group uses a provision matrix to calculate ECL for the trade receivables. 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 which are credit impaired are assessed for ECL individually.

The information about the ECL and the Group's trade receivables are disclosed in Notes 16 and 32(c).

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 CGU 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 CGU 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 2022, the carrying amount of goodwill is S$186,848 (2021: 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 networking, sound and communication systems; (2) provision of integrated services of networking, sound and communication systems, includes installation and customisation of networking, sound and communication systems and technical support services; (3) provision of alert alarm system services; and (4) e-commerce operation. The Group's operations are mainly derived from Singapore and the PRC during the years ended 30 June 2022 and 2021.

Information is reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as Group's accounting policies described in Note 3. The CODM reviews revenue by nature of revenue, i.e. (1) sale of networking, sound and communication systems; (2) provision of integrated services of networking, sound and communication systems, includes installation and customisation of networking, sound and communication systems and technical support services; (3) provision of alert alarm system services; and (4) e-commerce operation. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has two operating segments:

a) Sale and provision of integrated services of networking, sound and communication systems, which includes points (1), (2) and (3) as mentioned above; and

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

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

5. REVENUE AND SEGMENT INFORMATION (continued)

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

Segment revenue and results

For the year ended 30 June 2022

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 30 June 2021

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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

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

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

	2022 **S$**	2021 S$
Customer I#	**4,922,549**	N/A*
Customer II#	**N/A***	1,868,914

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

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

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 (excluding deposits), are detailed below:

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

6. OTHER INCOME AND OTHER LOSSES

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

Notes:

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

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

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

7. FINANCE COSTS

	2022 S$	2021 S$
Interest on lease liabilities (Note 13)	**101,034**	20,932
Interest on bank and other borrowings	**24,326**	23,043
Interest on other payables (Note 19(b))	**101,638**	182,053
	226,998	226,028

8. INCOME TAX EXPENSE

	2022 S$	2021 S$
Current tax:		
– Singapore corporate income tax ("**CIT**")	**373,307**	248,501
– The PRC enterprise income tax ("**EIT**")	**1,739**	11,789
– Under/(over)provision in prior years	**11,071**	(84,084)
	386,117	176,206
Deferred tax (Note 21)	**(23)**	(52,663)
	386,094	123,543

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

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

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

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

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

8. INCOME TAX EXPENSE (continued)

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

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

9. LOSS BEFORE INCOME TAX

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

	2022 S$	2021 S$
Auditor's remuneration	**148,062**	138,619
Expense relating to short-term leases (Note 13)	**129,636**	115,112
Depreciation of property, plant and equipment (Note a)	**843,780**	594,551
Directors' remuneration, including share-based payment expenses of S$272,537 (2021: Nil) (Note 10)	**1,968,989**	1,093,147
Other staff costs:		
– Salaries, wages and other benefit including share-based payment expenses of S$616,756 (2021: Nil)	**5,491,485**	2,436,199
– Defined contribution plans, including retirement benefits	**398,802**	130,130
– Foreign worker levy and skill development levy	**207,671**	141,220
Total staff costs (Note b)	**8,066,947**	3,800,696
Cost of materials recognised as costs of sales/services	**12,421,987**	4,534,471
Share-based payment expenses for external consultants	**42,147**	–
Provision for/(reversal of) allowance for ECL on trade receivables	**215,886**	(34,970)
Subcontractor costs recognised as costs of sales/services	**1,839,161**	139,530

Notes:

a. No depreciation (2021: S$297,220) were included in costs of sales/services.

b. Staff costs of S$1,530,824 (2021: S$1,346,037) were 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$	Share based payments S$	Total S$
Year ended 30 June 2022						
Executive directors						
Mr. Cao Chunmeng ("Mr. Cao") (vii)	160,746	–	27,581	3,000	118,495	309,822
Mr. Mong Kean Yeow (i)	156,000	–	384,900	17,340	–	558,240
Ms. Choon Shew Lang (ii)	144,000	–	305,900	17,340	–	467,240
Mr. Yuan Shuangshun (v)	–	–	174,347	18,964	118,495	311,806
Mr. Han Bing (viii)	78,820	–	130,337	14,177	–	223,334
Independent non-executive directors						
Mr. Tang Chi Wai	21,000	–	–	–	11,849	32,849
Dr. Cai Rongxin (vi)	21,000	–	–	–	11,849	32,849
Mr. Yan Xiaotian (vi)	21,000	–	–	–	11,849	32,849
	602,566	–	1,023,065	70,821	272,537	1,968,989
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 (iv)	13,492	–	–	–	–	13,492
Mr. Yuan Shuangshun (v)	60,543	–	–	1,027	–	61,570
Non-executive directors						
Mr. Cao (vii)	9,315	–	–	–	–	9,315
Independent non-executive directors						
Mr. Lim Loo Kit (vi)	10,325	–	–	–	–	10,325
Mr. Lim Meng Yi (vi)	10,325	–	–	–	–	10,325
Mr. Tang Chi Wai	21,000	–	–	–	–	21,000
Dr. Cai Rongxin (vi)	12,250	–	–	–	–	12,250
Mr. Yan Xiaotian (vi)	12,250	–	–	–	–	12,250
	389,500	93,282	569,000	41,365	–	1,093,147

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

Directors' and chief executive's emoluments (continued)

Notes:

(i) Mr. Mong Kean Yeow acted as chairman of the Company up to 4 March 2022.

(ii) Ms. Choon Shew Long 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) Mr. Yuan Jianzhong was appointed as executive director on 1 August 2020.

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

(vi) Mr. Lim Loo Kit and Mr. Lim Meng Yi resigned as independent non-executive directors and Dr. Cai Rongxin and Mr. Yan Xiaotian were appointed as independent non-executive directors with effect from 27 November 2020. Dr. Cai Rongxin resigned as an independent non-executive director with effect from 1 July 2022.

(vii) Mr. Cao was appointed as non-executive director on 22 January 2021, and re-designated as executive director with effect from 1 January 2022. He acts as chairman of the Company with effect from 4 March 2022.

(viii) Mr. Han Bing was appointed as executive director on 1 September 2022.

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 ended 30 June 2022 (2021: Nil).

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

Five highest paid employees

Of the five individuals with the highest emoluments in the Group, five (2021: two) were directors of the Company during the year ended 30 June 2022 whose emoluments are included in the disclosures above. Details of the remuneration of the remaining three highest paid employees who are neither a director nor chief executive of the Company during the year ended 30 June 2021 are as follows:

	2022 **S$**	2021 S$
Salaries and allowances	–	284,945
Discretionary bonus	–	–
Contributions to retirement benefit plan	–	24,480
	–	309,425

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

	Number of employee	
	2022	2021
Emolument bands		
Nil to HK$1,000,000	–	3
	–	3

During the years ended 30 June 2022 and 2021, 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 the year, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

12. LOSSES PER SHARE

	2022	2021
	S$	S$
Loss for the year attributable to the owners of the Company	**(4,603,093)**	(445,968)
Number of share		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**875,835,617**	800,000,000

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

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

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

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

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 lease term, which is 680 months
Alert alarm systems	–	Over the service contract term, which ranges from 72 to 94 months
Right-of-use assets	–	Over the lease terms, which ranges from 18 to 60 months

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

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

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as a lessee (continued)

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

	2022	2021
	S$	S$
Depreciation expense of right-of-use assets (as per above)	**704,069**	156,189
Interest expenses on lease liabilities (Note 7)	**101,034**	20,932
Expense relating to short-term leases (Note 9)	**129,636**	115,112
	934,739	292,233

	2022	2021
	S$	S$
Within financing cash flow – fixed payments	**717,311**	206,395
Within operating cash flow – expenses relating to short-term lease	**129,636**	115,112
Total cash outflow for leases	**846,947**	321,507

14. GOODWILL

	S$
At 1 July 2020	–
Acquisition of subsidiaries (Note 28)	187,342
At 30 June 2021 and 1 July 2021	187,342
Exchange realignment	(494)
At 30 June 2022	**186,848**

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

E-commerce operation CGU

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

15. INVENTORIES

	2022 S$	2021 S$
Finished goods	**8,219,698**	1,542,102

16. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

Notes:

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

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

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

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

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

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

Notes: (continued)

(a) (continued)

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

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

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

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

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

Notes: (continued)

(a) (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.

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

(b) As at 30 June 2022 and 2021, the balances mainly included deposits paid for lease agreements in the PRC and Hong Kong and deposits paid to online platform providers to become merchants of e-shop or e-channel.

(c) As at 30 June 2022, prepayments mainly represented payment in advances to the suppliers which amounted to S$1,861,783 (2021: S$1,901,497). Up to the date of this report, amount to S$1,294,020 (2021: S$1,400,000) of prepayments has been utilised with subsequent purchases by the Group.

(d) As at 30 June 2022, the balance included value-added-tax ("**VAT**") recoverable amounted to S$928,260 (2021: Nil).

17. CONTRACT ASSET AND CONTRACT LIABILITIES

	2022 S$	2021 S$
Contract assets		
Retention receivables	**84,460**	32,319
Contract liabilities		
Advance billing to customers	**227,145**	221,158

Contract assets

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

Contract liabilities

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

Movement of contract liabilities is as follows:

	2022 S$	2021 S$
At beginning of year	**221,158**	55,012
Decrease in contract liabilities as a result of being recognised as revenue during the year that was included in the contract liabilities at the beginning of the year	**(221,158)**	(55,012)
Decrease in contract liabilities as a result of being recognised as revenue during the year	**(247,736)**	(2,389)
Increase in contract liabilities as a result of receipt of customer deposits during the year	**475,333**	223,547
Exchange realignment	**(452)**	–
At end of year	**227,145**	221,158

18. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

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

Notes:

a. Bank balances carry interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default. As at 30 June 2022, there was S$655,436 (2021: S$703,520) denominated in Renminbi ("**RMB**") and deposited with banks in the PRC. RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

b. The balances represent deposits placed to a bank in Singapore for corresponding amounts of performance guarantee granted to the Group in favour of a customer with a maturity term of 36 months ended in April 2022. The balances carry interest rate of 0.65% (2021: 0.65%) per annum at 30 June 2022 and 2021 and the balance was fully released subsequently in July 2022.

19. TRADE AND OTHER PAYABLES

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

19. TRADE AND OTHER PAYABLES (continued)

Notes:

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

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

b. As at 30 June 2022 and 2021, the balance represented short-term advances from an independent third party for the purpose of financing the initial working capital of e-commerce operation before the Group reallocated foreign financial resource into the PRC. The advances are unsecured, interest bearing at 6% per annum and repayable within one year from the drawdown dates.

c. As at 30 June 2022 and 2021, the amount due to a director of the Company, Mr. Cao, which is unsecured, non-interest bearing and repayable on demand.

d. As at 30 June 2021, the balance included other payables and short-term advances from independent third parties for initial cost of new segment in the PRC, which are unsecured, non-interest bearing and repayable on demand. All these advances had been fully settled during the year ended 30 June 2022.

20. BORROWINGS

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

As at 30 June 2022, the balances include:

(a) Two secured bank borrowings with carrying amount of RMB12,000,000 (equivalent to S$2,492,280) (2021: Nil) in aggregate which was interest bearing at 4.00% per annum and repayable in June 2023. These borrowings were guaranteed by Mr. Cao's spouse and a residential property of Mr. Cao.

(b) A secured term loan with carrying amount of S$1,068,272 (2021: S$1,236,087) which bear floating interest rates with weighted average effective interest rate at 1.68% (2021: 1.68%) per annum during the year ended 30 June 2022. The borrowing was secured by the Group's leasehold land and property with carrying amount of S$4,270,437 (2021: S$4,357,588) (Note 13) and corporate guarantee provided by the Company. The term loan is for 15 years and is repaid by instalment and the final maturity date of the loan will be on 11 June 2028.

(c) An unsecured bank borrowing with carrying amount of RMB1,000,000 (equivalent to S$207,690) (2021: Nil) which was interest bearing at 4.05% (2021: Nil) per annum and repayable in June 2023.

(d) During the year ended 30 June 2022, the Group entered into a receivable transfer arrangement (the "**Arrangement**") with a financial institution in the PRC to transfer existing or future trade receivables of a customer with full recourse to the financial institution for financing purpose. In the event of default by the customer, the Group is obliged to pay the financial institution the amount in default. The proceeds of the Arrangement were included in borrowings as asset-backed financing until the trade debts were collected or the Group settled any losses suffered by the financial institution. During the year, interest was charged at a range from 9.00% to 14.50% (2021: Nil) per annum on the proceeds received from the financial institution until the day the borrowings are repaid.

21. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation S$
At 1 July 2020	62,327
Credited to consolidated profit or loss (Note 8)	(52,663)
At 30 June 2021 and 1 July 2021	9,664
Credited to consolidated profit or loss (Note 8)	(23)
At 30 June 2022	**9,641**

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

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

22. SHARE CAPITAL

	The Company	
	Number of shares	**Amount HK$'000**
Ordinary shares of HK$0.01 each		
Authorised share capital:		
At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	**1,500,000,000**	**15,000**

	Number of shares	Amount S$
Issued and paid-up:		
At 1 July 2020, 30 June 2021, 1 July 2021	800,000,000	1,372,630
Issuance of shares upon placing, net of transaction costs (Note)	80,000,000	140,752
At 30 June 2022	**880,000,000**	**1,513,382**

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

22. SHARE CAPITAL (continued)

Note:

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

23. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of these financial statements.

(a) Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilised for future bonus issue.

(b) Merger reserve

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.

(c) Translation reserve

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserves are dealt with in accordance with the accounting policies set out in Note 3.

(d) Share option reserve

Cumulative expenses recognised on the granting of share options over the vesting period.

24. EQUITY-SETTLED SHARE-BASED PAYMENTS

(a) Share option scheme

Pursuant to a resolution passed by the Company's shareholders at annual general meeting held on 14 December 2017, the Company adopted a share option scheme (the "**Share Option Scheme**").

Particulars of the Share Option Scheme are set out bellows:

Purpose of the Share Option Scheme

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

24. EQUITY-SETTLED SHARE-BASED PAYMENTS (continued)

(a) Share option scheme (continued)

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.

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

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

Maximum entitlement of each participant under the Share Option Scheme

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

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

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

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

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

24. EQUITY-SETTLED SHARE-BASED PAYMENTS (continued)

(a) *Share option scheme* (continued)

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.

Basis of determining the exercise price

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

Remaining life of the Share Option Scheme

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

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

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

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

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

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

24. EQUITY-SETTLED SHARE-BASED PAYMENTS (continued)

(a) *Share option scheme* (continued)

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

			Number of share options			
Grant date	**Exercise price per share option HK$**	**Equivalent to S$**	**As at 1 July 2021**	**Granted during the year**	**Lapsed/ forfeited during the year**	**As at 30 June 22**
31 December 2021						
– Directors	0.30	0.05	–	18,400,000	–	18,400,000
– Employees	0.30	0.05	–	45,900,000	(1,200,000)	44,700,000
– External consultants	0.30	0.05	–	1,000,000	–	1,000,000
			–	65,300,000	(1,200,000)	64,100,000

At 30 June 2022, the weighted average remaining contractual life of these outstanding share options was approximately 4.5 years (2021: Nil years), with a weighted average exercise price of HK$0.30 (equivalent to S$0.05) (2021: Nil) per share option. At 30 June 2022, the number of exercisable share options was 19,230,000 (2021: Nil). The weighted average share price per share from the date of the share options granted to 30 June 2022 was HK$0.21 (equivalent to S$0.04).

1,200,000 (2021: Nil) share options were lapsed due to termination of employment during the year ended 30 June 2022. As result, share option reserve of S$14,574 (2021: Nil) was reclassified to accumulated losses during the year ended 30 June 2022. An independent non-executive director of the Company, Dr. Cai Rongxin resigned on 1 July 2022 and his 800,000 share options were lapsed accordingly.

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

Exercisable at the end of the year

During the year ended 30 June 2021, no share option has been granted since its adoption on 14 December 2017.

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

Certain external consultants were engaged to advise on legal advisory and the business expansion through strategic development in e-commerce, etc. In the opinion of the directors of the Company, the fair value of services cannot be measured reliably and the Group should measure the services rendered the external consultants by reference to the fair value of share options granted.

The Group granted 1,000,000 share options to external consultants. The options will entitle the grantee to subscribe for a total of 1,000,000 new shares at an exercise price of HK$0.30 (equivalent to S$0.05) per share.

24. EQUITY-SETTLED SHARE-BASED PAYMENTS (continued)

(a) *Share option scheme* (continued)

Exercisable at the end of the year (continued)

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

	Share options granted on 31 December 2021
Expected volatility	100.38%
Expected option life	5 years
Expected dividend yield	0.00%
Annual risk-free interest rate	1.11%
Fair value	HK$10,300,000
Fair value – first tranche	HK$0.1382
– second tranche	HK$0.1550
– third tranche	HK$0.1740

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

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

During the year ended 30 June 2022, share-based payment expense of S$931,440 (2021: Nil) for the share option scheme was recognised in the consolidated profit or loss with a corresponding credit in share option reserve.

None of the share options (2021: Nil) were exercised during the year ended 30 June 2022. At the time when the share options are subsequently exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium.

24. EQUITY-SETTLED SHARE-BASED PAYMENTS (continued)

(b) 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 shares of the Company were purchased by the trustee of the share award scheme pursuant to the terms of the trust deed of the share award scheme (2021: Nil). No share award has been granted, vested, lapsed and cancelled during the year (2021: Nil).

No shares of the Company were held by the trustee of the share award scheme as at 30 June 2022 and 2021.

25. RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund ("**CPF**") Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For the years ended 30 June 2021 and 2022, 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$152,686 (2021: S$116,483) for the year ended 30 June 2022 represent contributions paid to the retirement benefits scheme by the Group in Singapore.

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.

25. RETIREMENT BENEFIT PLAN (continued)

The total costs charged to consolidated profit or loss amounting to S$303,631 (2021: S$47,378) for the year ended 30 June 2022 represent contributions paid to the defined contribution retirement benefit plan by the Group in the PRC.

The Group also participates in the Employees' Provident Fund in Malaysia and Mandatory Provident Fund in Hong Kong, which are defined contribution retirement plans, when employees have rendered service entitling them to the contributions.

The total costs charged to the consolidated profit or loss amounting to S$4,203 (2021: S$5,577) and S$9,103 (2021: S$2,057) for the year ended 30 June 2022 represent contributions paid to the retirement benefits scheme by the Group in Malaysia and Hong Kong, respectively.

Save for the aforementioned, the Group did not participate in any other pension schemes.

26. 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 years presented were as follows:

	2022	2021
	S$	S$
Short term benefits	**2,018,048**	1,051,782
Share-based payments	**286,586**	–
Post-employment benefits	**104,694**	41,365
Total compensation	**2,409,328**	1,093,147

27. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2022 are set out below.

Name of subsidiary	Place of incorporation/ operation	Registered/ Issued capital	Effective interest and voting rights held		Principal activities
			2021	2020	
Directly held:					
Holy Ark Limited	The BVI	1,050 ordinary shares of United States Dollars ("**US$**") 1,050	**100%**	100%	Investment holding
Guo Du Industrial Limited(b)	The BVI	100 ordinary shares of US$100	**100%**	100%	Investment holding
Indirectly held:					
ISPL Pte. Ltd.	Singapore	525 ordinary shares of S$525,000	**100%**	100%	Sale of sound and communication systems, provision of integrated services of sound and communication systems, and provision of alert alarm system services
ISPL Sdn. Bhd.	Malaysia	50,000 ordinary shares of MYR50,000	**100%**	100%	Sale of sound and communication systems, provision of integrated services of sound and communication systems
ISPL Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	Investment holding
上海蒙莊信息技術有限公司	The PRC	Registered capital of RMB1,000,000	**100%**	100%	Dormant
Haohui Industry Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	Investment holding
灝輝（深圳）商業顧問有限公司[(d)]	The PRC	Registered capital of HK$80,000,000	**100%**	100%	Investment holding
中網雲鏈（深圳）科技有限公司 (formerly known as團多多（深圳）網絡科技有限公司)[(d)] (Note 28)	The PRC	Registered capital of RMB10,000,000	**100%**	100%	E-commerce operation
北京嘉信灝輝網絡科技有限公司[(b), (e) & (f)]	The PRC	Registered capital of RMB5,000,000	**100%**	51%	E-commerce operation
上海格洛博森供應鏈管理有限公司[(d)] (Note 28)	The PRC	Registered capital of RMB1,875,000	**100%**	100%	E-commerce operation
愛思普（北京）信息科技有限公司[(b)]	The PRC	Registered capital of RMB6,000,000	**100%**	100%	E-commerce operation

27. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Registered/ Issued capital	Effective interest and voting rights held 2021	2020	Principal activities
中網雲鏈(北京)科技有限公司[d] (Note 28)	The PRC	Registered capital of RMB30,000,000	100%	100%	Sale and provision of integrated services of networking systems
藕丁科技(上海)有限公司[a] & [f]	The PRC	Registered capital of RMB1,000,000	60%	–	E-commerce operation
甘肅絲路藕丁數字科技有限公司[a] & [f]	The PRC	Registered capital of RMB1,000,000	36%	–	E-commerce operation
Easy Success International Holdings Limited[a] & [f]	The BVI	1,000 ordinary shares of US$1,000	55%	–	Investment holding
Global Sourcing Holding Limited[a]	Hong Kong	10,000 ordinary shares of HK$10,000	55%	–	Investment holding
北京里奧貝通科技有限公司[c] (Note 28)	The PRC	Registered capital of RMB5,000,000	55%	–	E-commerce operation
Express Triumph Limited[c]	Hong Kong	10,000 ordinary shares of HK$10,000	55%	–	Dormant
Haojia Enterprise Limited[a] & [f]	The BVI	1,000 ordinary shares of US$1,000	60%	–	Investment holding
Haojia Development Limited[a]	Hong Kong	10,000 ordinary shares of HK$10,000	60%	–	Investment holding
北京灝成科技有限公司[a]	The PRC	Registered capital of RMB2,000,000	60%	–	Investment holding
北京趕挑科技有限公司 (Formerly known as 北京浩洋財計諮詢服務有限公司) [a]	The PRC	Registered capital of RMB2,000,000	60%	–	E-commerce operation

27. PARTICULARS OF SUBSIDIARIES (continued)

Notes:

(a) These subsidiaries were incorporated during the year ended 30 June 2022.

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

(c) These subsidiaries were acquired from independent and independent third parties during the year ended 30 June 2022.

(d) These subsidiaries were acquired from independent and independent third parties during the year ended 30 June 2021.

(e) During the year ended 30 June 2022, the Group acquired the remaining 49% interest in 北京嘉信灝輝網絡科技有限公司 from non-controlling interest, increase its continuing interests from 51% to 100%. The net consideration for the acquisition amounted to RMB490,000 (equivalent to S$108,948) paid in cash. An amount of RMB490,000 (equivalent to S$108,948) (being the proportionate share of the carrying amount of the net assets of 北京嘉信灝輝網絡科技有限公司) has been transferred from non-controlling interests.

(f) During the year ended 30 June 2022, the non-controlling shareholders of 藕丁科技（上海）有限公司, Easy Success International Holdings Limited and Haojia Enterprise Limited (2021: 北京嘉信灝輝網絡科技有限公司) have made capital contribution amounting to S$84,281, S$80,547 and S$539 (2021: S$99,559), respectively.

None of the subsidiaries had issued any debt securities as at 30 June 2022 and 2021.

28. ACQUISITION OF SUBSIDIARIES

For the year ended 30 June 2022

A partially-owned subsidiary of the Company entered into an ownership transfer agreement with an independent third party on 11 April 2022 to acquire entire equity interest of 北京里奧貝通科技有限公司 (the "**2022 Beijing Acquisition**") at Nil consideration. As at 11 April 2022, 北京里奧貝通科技有限公司 did not have any assets, liabilities nor capital injection from former shareholder. The 2022 Beijing Acquisition was completed on 11 April 2022. The directors of the Company considered that the 2022 Beijing Acquisition allows the Group to explore a new income steam, diversify the Group's business segments of e-commerce operation by entering into the PRC market and engage in the business of e-commerce operation in the PRC which can improve the Group's revenue and results.

The acquired business contributed revenue of S$37,293 and net loss of S$197,278 for the period from 11 April 2022 to 30 June 2022. If the acquisition had occurred on 1 July 2021, pro forma consolidated revenue and pro forma consolidated loss of the Group for the year ended 30 June 2022 would have been S$20,161,834 and S$4,924,067 respectively.

28. ACQUISITION OF SUBSIDIARIES (continued)

For the year ended 30 June 2021

(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 e-commerce operation 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 e-commerce operation by entering into the PRC market and engage in the business of e-commerce operation 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 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. If the acquisition had occurred on 1 July 2020, pro forma consolidated revenue and pro forma consolidated loss of the Group for the year ended 30 June 2021 would have been S$10,210,264 and S$618,919 respectively.

28. ACQUISITION OF SUBSIDIARIES (continued)

For the year ended 30 June 2021 (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 e-commerce operation 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 e-commerce operation by entering into the PRC market and engage in the business of e-commerce operation 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 expenses)	17,323

Notes:

(i) Goodwill was arisen from a number of factors including the expected fast growing of e-commerce operation 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 23 March 2021 to 30 June 2021. If the acquisition had occurred on 1 July 2020, pro forma consolidated revenue and pro forma consolidated loss of the Group for the year ended 30 June 2021 would have been S$10,140,774 and S$495,413 respectively.

28. ACQUISITION OF SUBSIDIARIES (continued)

For the year ended 30 June 2021 (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.

中網雲鏈(北京)科技有限公司 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 e-commerce operation 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 expenses)	15,197

The acquired business contributed revenue of S$225,329 and net profit of S$39,124 for the period from 6 May 2021 to 30 June 2021. If the acquisition had occurred on 1 July 2020, pro forma consolidated revenue and pro forma consolidated loss of the Group for the year ended 30 June 2021 would have been S$11,354,747 and S$141,387 respectively.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES AND MAJOR NON-CASH TRANSACTIONS

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)	Lease liabilities S$ (Note 13)	Amount due to third parties and a director of the Company S$ (Note 19)
At 1 July 2020	1,400,771	–	–
Changes from financing cash flows:			
Repayment of borrowings	(164,684)	–	–
Repayment of leases liabilities – principal	–	(185,463)	–
Repayment of leases liabilities – interest	–	(20,932)	–
Advanced from third parties	–	–	6,107,040
Interest paid on bank borrowings	(23,043)	–	–
Advance from a director of the Company	–	–	–
Total changes from financing cash flows	(187,727)	(206,395)	6,107,040
Other changes:			
Interest on lease liabilities (Note 7)	–	20,932	–
Interest on bank borrowings (Note 7)	23,043	–	–
Interest on other payables (Note 7)	–	–	182,053
Addition of new lease (Note 13)	–	2,488,579	–
Exchange realignment	–	–	–
Total other changes	23,043	2,509,511	182,053
At 30 June 2021	1,236,087	2,303,116	6,289,093

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES AND MAJOR NON-CASH TRANSACTIONS (continued)

	Bank and other borrowings S$ (Note 20)	Lease liabilities S$ (Note 13)	Amount due to third parties and a director of the Company S$ (Note 19)
At 1 July 2021	1,236,087	2,303,116	6,289,093
Changes from financing cash flows:			
Repayment to third parties	–	–	(5,163,793)
Repayment to a director of the Company	–	–	(360,408)
Repayment of borrowings	(370,525)	–	–
Repayment of leases liabilities – principal	–	(616,277)	–
Repayment of leases liabilities – interest	–	(101,034)	–
Proceeds from borrowings	5,170,157	–	–
Interest paid on bank borrowings	(24,326)	–	–
Total changes from financing cash flows	4,775,306	(717,311)	(5,524,201)
Other changes:			
Interest on lease liabilities (Note 7)	–	101,034	–
Interest on bank and other borrowings (Note 7)	24,326	–	–
Interest on other payables (Note 7)	–	–	101,638
Addition of new lease (Note 13)	–	347,177	–
Rent concession in relation to COVID-19 (Note 6)	–	(37,497)	–
Exchange realignment	(70,964)	(917)	50,055
Total other changes	(46,638)	409,797	151,693
At 30 June 2022	**5,964,755**	**1,995,602**	**916,585**

During the year ended 30 June 2022, The Group has entered into several lease agreements for office premises with amount of S$347,177 (2021: S$2,488,579) and the same amounts of lease liabilities were recognised.

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

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

	2022 S$	2021 S$
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	**179,314**	449,740
Investment in a subsidiary	**6,352,637**	6,352,637
Amounts due from subsidiaries	**10,071,433**	–
	16,603,384	6,802,377
Current assets		
Amounts due from subsidiaries	**1,297,704**	4,393,522
Other receivables and deposits	**145,046**	151,142
Bank balances and cash	**75,906**	138,820
	1,518,656	4,683,484
Current liabilities		
Other payables	**150,656**	194,408
Lease liabilities	**151,502**	276,172
	302,158	470,580
Net current assets	**1,216,498**	4,212,904
Total assets less current liabilities	**17,819,882**	11,015,281
Non-current liabilities		
Lease liabilities	**–**	153,856
Net assets	**17,819,882**	10,861,425
EQUITY		
Capital and reserves		
Share capital	**1,513,382**	1,372,630
Reserves	**16,306,500**	9,488,795
Total equity	**17,819,882**	10,861,425

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

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

	Share premium S$	Share options reserve S$	Accumulated losses S$	Total S$
At 1 July 2020	14,945,578	–	(4,227,137)	10,718,441
Loss and total comprehensive loss for the year	–	–	(1,229,646)	(1,229,646)
At 30 June 2021 and 1 July 2021	14,945,578	–	(5,456,783)	9,488,795
Issuance of shares upon placing, net of transaction costs	9,079,208	–	–	9,079,208
Recognition of equity-settled share-based payments	–	931,440	–	931,440
Lapse of share option	–	(14,574)	14,574	–
Loss and total comprehensive loss for the year	–	–	(3,192,943)	(3,192,943)
At 30 June 2022	**24,024,786**	**916,866**	**(8,635,152)**	**16,306,500**

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes lease liabilities and borrowings as disclosed in Notes 13 and 20, net of bank balances and cash and equity attributable to the 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.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2022	2021
	S$	S$
Financial assets at amortised cost		
Trade receivables	**7,637,128**	3,772,946
Other receivables and deposits (Note a)	**842,284**	603,976
Pledged bank deposits, bank balances and cash	**8,661,969**	11,176,664
	17,141,381	15,553,586
Financial liabilities at amortised cost		
Trade and other payables (Note b)	**6,868,180**	7,668,134
Lease liabilities	**1,995,602**	2,303,116
Borrowings	**5,964,755**	1,236,087
	14,828,537	11,207,337

Notes:

(a) The amount excludes VAT recoverable.

(b) The amount excludes GST payable.

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, deposits, 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.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(a) Market risk

Interest rate risk

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

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

Sensitivity analysis

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

Variable-rate borrowings

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's loss before income tax for the year ended 30 June 2022 would increase/decrease by approximately S$5,800 (2021: S$6,700).

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 before income tax for the year ended 30 June 2022 would decrease/increase by approximately S$1,900 (2021: S$1,500).

(b) Currency risk

Certain bank balances (Note 18) and trade payables (Note 19) are denominated in US$, HK$ or Malaysian Ringgit ("**MYR**") other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

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

32. 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	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
US$	**138,877**	1,638,349	**304,376**	258,536
HK$	**275,956**	149,212	**231,501**	141,277
MYR	**55,653**	10,705	**373**	311

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 before income tax by S$16,550 for the year ended 30 June 2022 (2021: loss before income tax would decrease/increase by S$137,990).

No sensitivity analyses on the change of S$ against the MYR and of S$ against the HK$ are prepared as the impact to the consolidated 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.

(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's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The carrying amounts of the financial assets represent the maximum exposure to credit risk.

The Group monitored the receivable balances in an ongoing basis and the Group's exposed to bad debts is not significant.

Included in financial assets as at 30 June 2022 as a component of bank balances is S$655,436 (2021: S$703,520), placed in six (2021: six) banks in the PRC, S$265,321 (2021: S$138,820), placed in a bank in Hong Kong and S$55,653 (2021: S$60,705), placed in a bank in Malaysia. The remaining bank deposits and balances of S$7,685,559 (2021: S$10,273,619) are placed in four (2021: four) reputable banks in Singapore. All these counterparties have been assessed by management to be financially sound.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

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.

At the end of the reporting period, 41% (2021: 44%) and 74% (2021: 61%) of the gross trade receivables was due from the Group's largest customers and the five largest customers 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.

32. 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

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

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

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$	Loss allowance S$	Net carrying amount S$
At 30 June 2022						
Trade receivables	**16**	**Performing (Note (i))**	**Lifetime ECL (Simplified approach)**	**7,882,681**	**(245,553)**	**7,637,128**
Deposits	**16**	**Performing**	**12-month ECL**	**657,693**	**–**	**657,693**
Advances to staffs	**16**	**Performing**	**12-month ECL**	**53,795**	**–**	**53,795**
Other receivables (excluding VAT recoverable)	**16**	**Performing (Note (ii))**	**12-month ECL**	**130,796**	**–**	**130,796**
Contract assets	**17**	**Performing (Note (i))**	**Lifetime ECL (Simplified approach)**	**84,460**	**–**	**84,460**
Bank balances and cash	**18**	**Performing**	**12-month ECL**	**8,455,022**	**–**	**8,455,022**
Pledged bank deposits	**18**	**Performing**	**12-month ECL**	**206,947**	**–**	**206,947**
					(245,553)	
At 30 June 2021						
Trade receivables	16	Performing (Note (i))	Lifetime ECL (Simplified approach)	3,805,740	(32,794)	3,772,946
Deposits	16	Performing	12-month ECL	492,239	–	492,239
Advances to staffs	16	Performing	12-month ECL	58,630	–	58,630
Other receivables	16	Performing (Note (ii))	12-month ECL	53,107	–	53,107
Contract assets	17	Performing (Note (i))	Lifetime ECL (Simplified approach)	32,319	–	32,319
Bank balances and cash	18	Performing	12-month ECL	10,969,717	–	10,969,717
Pledged bank deposits	18	Performing	12-month ECL	206,947	–	206,947
					(32,794)	

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

Notes:

(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 ECL 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 2022 and 2021.

(ii) For other receivables and deposits, 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 and deposits.

(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.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows 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 flow

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

The Group

	Weighted average effective interest	On demand or within 3 months	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 2022								
Non-interest bearing								
Trade and other payables	**N/A**	**6,013,629**	**–**	**–**	**–**	**–**	**6,013,629**	**6,013,629**
Interest bearing								
Amount due to a third party	**6.00**	**854,551**	**–**	**–**	**–**	**–**	**854,551**	**854,551**
Lease liabilities	**5.21**	**247,123**	**247,123**	**258,821**	**1,068,807**	**358,586**	**2,180,460**	**1,995,602**
Borrowings	**7.32**	**197,774**	**2,237,459**	**2,846,704**	**817,104**	**208,095**	**6,307,136**	**5,964,755**
		7,313,077	**2,484,582**	**3,105,525**	**1,885,911**	**566,681**	**15,355,776**	**14,828,537**
As at 30 June 2021								
Non-interest bearing								
Trade and other payables	N/A	2,865,854	–	–	–	–	2,865,854	2,865,854
Interest bearing								
Amount due to a third party	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	1,236,087
		3,115,141	5,150,107	435,668	2,674,198	430,288	11,805,402	11,207,337

(e) Fair value

As at 30 June 2022 and 2021, all financial instruments measured at amortised costs are carried at amounts not materially different from their fair value

33. OPERATING LEASE COMMITMENTS

As at 30 June 2022 and 2021, lease commitments for the Group for short-term leases are as follows:

	2022	2021
	S$	S$
Within one year	**126,465**	115,112

SUMMARY FINANCIAL INFORMATION

	2022 S$	2021 S$	2020 S$	2019 S$	2018 S$
Revenue	**20,161,834**	10,129,704	6,695,314	8,616,802	9,081,860
Costs of sales/services	**(15,791,972)**	(6,317,258)	(4,037,116)	(5,881,472)	(5,843,773)
Gross profit	**4,369,862**	3,812,446	2,658,198	2,735,330	3,238,087
Other income	**159,540**	430,856	261,782	120,391	48,463
Administrative expenses	**(8,608,559)**	(4,337,959)	(2,536,242)	(2,705,452)	(1,894,603)
Other gains and losses	**(231,818)**	5,166	106,276	234,532	121,907
Listing expenses	**–**	–	–	–	(2,665,816)
Finance costs	**(226,998)**	(226,028)	(35,427)	(38,771)	(77,660)
(Loss)/profit before income tax	**(4,537,973)**	(315,519)	574,587	346,030	(1,229,622)
Income tax expense	**(386,094)**	(123,543)	(170,365)	(244,478)	(411,931)
(Loss)/profit for the year	**(4,924,067)**	(439,062)	284,222	101,552	(1,641,553)
Other comprehensive (loss)/income					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	**(108,470)**	(248)	419	97	–
Other comprehensive (loss)/income for the year, net of income tax	**(108,470)**	(248)	419	97	–
Total comprehensive (loss)/income for the year	**(5,032,537)**	(439,310)	284,641	101,649	(1,641,553)
ASSETS					
Non-current assets					
Property, plant and equipment	**6,315,119**	6,785,823	4,817,053	5,316,804	5,818,811
Goodwill	**186,848**	187,342	–	–	–
Pledged bank deposits	**–**	–	206,947	206,947	206,947
Deposits	**86,749**	261,512	–	–	–
Total non-current assets	**6,588,716**	7,234,677	5,024,000	5,523,751	6,025,758
Current assets					
Inventories	**8,219,698**	1,542,102	547,592	174,294	5,130
Trade receivables	**7,637,128**	3,772,946	1,434,658	1,744,662	2,115,645
Other receivables, deposits and prepayments	**4,104,322**	2,536,785	181,631	122,513	163,704
Amounts due from customers for contract works	**–**	–	–	–	72,905
Contract assets	**84,460**	32,319	40,415	126,040	–
Contract costs	**–**	–	–	36,000	–
Pledged bank deposits, bank balances and cash	**8,661,969**	11,176,664	10,022,877	9,675,472	11,187,116
Total current assets	**28,707,577**	19,060,816	12,227,173	11,878,981	13,544,500
Total assets	**35,296,293**	26,295,493	17,251,173	17,402,732	19,570,258

SUMMARY FINANCIAL INFORMATION

	2022	2021	2020	2019	2018
	S$	S$	S$	S$	S$
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	**6,968,084**	7,759,143	548,673	794,028	1,034,158
Lease liabilities	**665,477**	647,596	–	–	–
Borrowings	**5,062,385**	167,815	169,453	156,999	89,137
Income tax payable	**389,064**	199,605	277,919	237,905	331,207
Contract liabilities	**227,145**	221,158	55,012	57,723	–
Total current liabilities	**13,312,155**	8,995,317	1,051,057	1,246,655	1,454,502
Non-current liabilities					
Lease liabilities	**1,330,125**	1,655,520	–	–	–
Borrowings	**902,370**	1,068,272	1,231,318	1,400,812	3,250,042
Deferred tax liabilities	**9,641**	9,664	62,327	133,435	191,471
Total non-current liabilities	**2,242,136**	2,733,456	1,293,645	1,534,247	3,441,513
Equity					
Share capital	**1,513,382**	1,372,630	1,372,630	1,372,630	1,372,630
Reserves	**18,379,417**	13,085,142	13,533,841	13,249,200	13,301,613
Total equity attributable to the owners of the Company	**19,892,799**	14,457,772	14,906,471	14,621,830	14,674,243
Non-controlling interest	**(150,797)**	108,948	–	–	–
Total equity	**19,742,002**	14,566,720	14,906,471	14,621,830	14,674,243
Total liabilities and equity	**35,296,293**	26,295,493	17,251,173	17,402,732	19,570,258