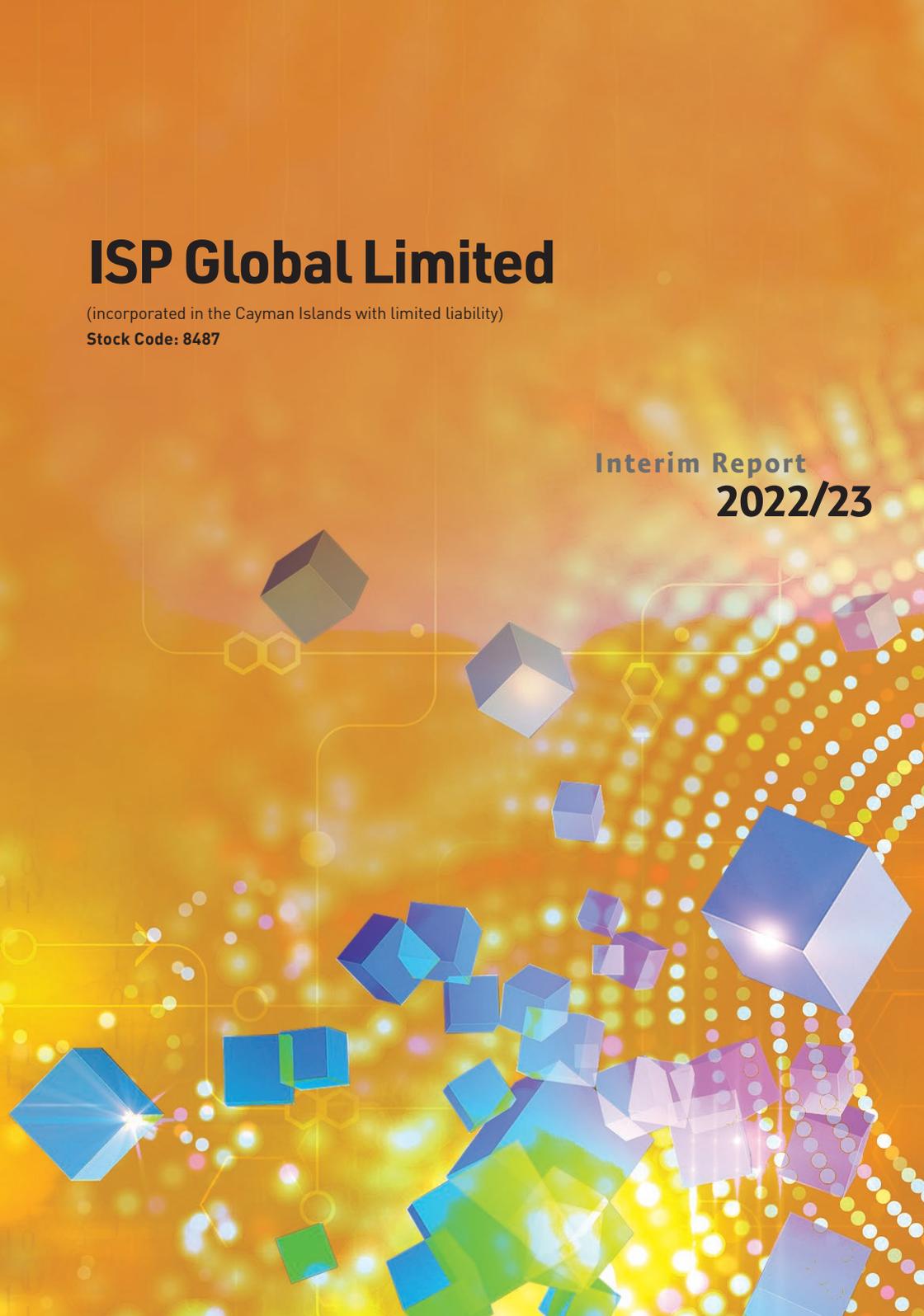


ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487

Interim Report
2022/23

The background of the cover is a vibrant, abstract composition. It features a warm color palette of oranges, yellows, and golds. Scattered throughout are numerous 3D cubes in various colors, including shades of blue, green, purple, and grey. These cubes appear to be floating or falling, with some showing bright highlights and lens flare effects. The background is also filled with a dense field of small, glowing bokeh lights in white, yellow, and pink, creating a sense of depth and energy. Faint, thin lines and hexagonal shapes are also visible, suggesting a network or data structure.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This report, for which the directors (the “**Directors**”) of ISP Global Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 DECEMBER 2022

UNAUDITED INTERIM RESULTS

The unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 31 December 2022, together with the unaudited comparative figures for the corresponding periods in 2021, are as follows:

	Notes	Three months ended 31 December		Six months ended 31 December	
		2022	2021	2022	2021
		S\$ (Unaudited)	S\$ (Unaudited)	S\$ (Unaudited)	S\$ (Unaudited)
Revenue	3	11,125,794	7,231,657	19,252,637	12,010,945
Costs of sales/services		(7,361,275)	(5,347,354)	(13,478,668)	(8,774,771)
Gross profit		3,764,519	1,884,303	5,773,969	3,236,174
Other income	4	54,992	26,303	176,218	63,911
Other losses, net	4	(589,834)	(56,537)	(580,246)	(241,484)
Share-based payment expenses		(165,394)	–	(328,867)	–
Administrative expenses		(2,053,739)	(895,180)	(3,583,736)	(1,596,113)
Administrative staff costs		(1,587,591)	(1,225,033)	(3,018,994)	(2,228,745)
Finance costs	5	(131,679)	(47,814)	(224,986)	(80,447)
Loss before taxation	6	(708,726)	(313,958)	(1,786,642)	(846,704)
Income tax expense	7	(157,640)	(105,094)	(178,782)	(149,025)
Loss for the period		(866,366)	(419,052)	(1,965,424)	(995,729)
Other comprehensive income, after tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		345,482	130,804	42,597	156,968
Total comprehensive loss for the period		(520,884)	(288,248)	(1,922,827)	(838,761)
Loss for the period attributable to:					
– Owners of the Company		(990,527)	(331,066)	(2,174,792)	(825,399)
– Non-controlling interest		124,161	(87,986)	209,368	(170,330)
		(866,366)	(419,052)	(1,965,424)	(995,729)

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 DECEMBER 2022

	Three months		Six months	
	ended 31 December		ended 31 December	
	2022	2021	2022	2021
<i>Notes</i>	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<hr/>				
Total comprehensive (loss) income				
for the period attributable to:				
- Owners of the Company	(641,712)	(200,521)	(2,139,109)	(669,282)
- Non-controlling interest	120,828	(87,727)	216,282	(169,479)
	(520,884)	(288,248)	(1,922,827)	(838,761)
<hr/>				
Losses per share				
Basic and diluted (S\$ cents)	<i>8</i>	(0.11)	(0.04)	(0.25)
				(0.09)
<hr/>				

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	5,825,170	6,315,119
Goodwill	11	175,013	186,848
Deposits	13	98,426	86,749
		6,098,609	6,588,716
Current assets			
Inventories	12	13,217,054	8,219,698
Trade receivables	13	6,978,481	7,637,128
Other receivables, deposits and prepayments	13	11,151,105	4,104,322
Contract assets	14	104,445	84,460
Pledged bank deposits, bank balances and cash	15	8,616,439	8,661,969
		40,067,524	28,707,577
Current liabilities			
Trade and other payables	16	17,361,590	6,968,084
Contract liabilities	14	682,444	227,145
Lease liabilities	17	469,992	665,477
Borrowings	18	7,412,037	5,062,385
Income tax payable		284,608	389,064
		26,210,671	13,312,155
Net current assets		13,856,853	15,395,422
Total assets less current liabilities		19,955,462	21,984,138
Non-current liabilities			
Lease liabilities	17	979,315	1,330,125
Borrowings	18	817,898	902,370
Deferred tax liabilities	19	10,208	9,641
		1,807,421	2,242,136
Net assets		18,148,041	19,742,002

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022



		As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
EQUITY			
Share capital	<i>20</i>	1,513,382	1,513,382
Reserves		16,569,174	18,379,417
<hr/>			
Equity attributable to the owners of the Company		18,082,556	19,892,799
Non-controlling interest		65,485	(150,797)
<hr/>			
Total equity		18,148,041	19,742,002

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Attributable to the owners of the Company								Non-controlling interest \$	Total \$
	Share capital \$	Share premium \$	Merger reserve \$ <i>(Note i)</i>	Translation reserves \$	Share Option Reserve \$	Accumulated profits \$	Sub-total \$			
Balance at 1 July 2022 (Audited)	1,513,382	17,672,286	524,983	(115,495)	916,866	(619,223)	19,892,799	(150,797)	19,742,002	
Total comprehensive loss for the period										
Loss for the period	-	-	-	-	-	(2,174,792)	(2,174,792)	209,368	(1,965,424)	
Other comprehensive income for the period	-	-	-	35,683	-	-	35,683	6,914	42,597	
Total	-	-	-	35,683	-	(2,174,792)	(2,139,109)	216,282	(1,922,827)	
Transactions with owners, recognised directly in equity										
Grant of share options to employees	-	-	-	-	328,866	-	328,866	-	328,866	
Forfeiture of share options	-	-	-	-	(49,496)	49,496	-	-	-	
Balance at 31 December 2022 (Unaudited)	1,513,382	17,672,286	524,983	(79,812)	1,196,236	(2,744,519)	18,082,556	65,485	18,148,041	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Attributable to the owners of the Company							
	Share capital S\$	Share premium S\$	Merger reserve S\$ (Note i)	Translation reserves S\$	Accumulated profits S\$	Sub-total S\$	Non-controlling interest S\$	Total S\$
Balance at 1 July 2021 (Audited)	1,372,630	8,593,078	524,983	(2,215)	3,969,296	14,457,772	108,948	14,566,720
Total comprehensive income (loss) for the period								
Loss for the period	-	-	-	-	(825,399)	(825,399)	(170,330)	(995,729)
Other comprehensive income for the period	-	-	-	156,117	-	156,117	851	156,968
Total	-	-	-	156,117	(825,399)	(669,282)	(169,479)	(838,761)
Transactions with owners, recognised directly in equity								
Issuance of new shares in a placing	140,752	9,079,208	-	-	-	9,219,960	-	9,219,960
Non-controlling interest, arising from acquisition of a subsidiary representing transactions with owners, recognised directly in equity	-	-	-	-	-	-	84,884	84,884
Balance at 31 December 2021 (Unaudited)	1,513,382	17,672,286	524,983	153,902	3,143,897	23,008,450	24,353	23,032,803

Note:

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 ("RELEVANT PERIOD")

	Six months ended 31 December	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before taxation	(1,786,642)	(846,704)
Adjustments for:		
Depreciation of property, plant and equipment	494,195	423,021
Loss on disposal of property, plant and equipment	303	1,644
Unrealised foreign exchange loss	500,317	222,654
Employee share option vesting	328,866	–
Impairment losses, net of reversals, on financial assets and other items subject to expected credit losses	79,707	17,176
Interest income	(2,614)	(5,784)
Finance costs	224,986	80,447
Operating cash flows before movements in working capital	(160,882)	(107,546)
Movements in working capital:		
Decrease (increase) in trade receivables	578,940	(4,111,506)
(Increase) decrease in other receivables, deposits and prepayments	(7,058,460)	989,280
(Increase) decrease in contract assets	(19,985)	12,417
Increase in inventories	(4,997,356)	(1,928,802)
Increase in contract liabilities	455,299	73,898
Increase in trade and other payables	10,905,615	1,483,151
Cash used in operations	(296,829)	(3,589,108)
Interest received	2,614	5,784
Income tax paid	(283,671)	(75,358)
Net cash used in operating activities	(576,886)	(3,658,682)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 ("RELEVANT PERIOD")

	Six months ended 31 December	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash flows from investing activity		
Purchase of property, plant and equipment	(113,746)	(12,612)
Net cash used in investing activity	(113,746)	(12,612)
Cash flows from financing activities		
Net proceeds from issuance of shares upon placing	–	9,219,960
Capital contribution from non-controlling interests	–	84,884
Uplift of pledged bank deposit	206,947	–
Proceeds from borrowings	2,347,743	–
Repayment of leases liabilities – principal	(398,152)	(411,117)
Repayment of leases liabilities – interest	(45,995)	–
Repayment to a third party	(854,551)	(4,218,670)
Advance from a director of the Company	118,697	–
Repayment to a director of the Company	(124,068)	–
Repayment of borrowings	(82,563)	(83,528)
Interest paid on bank and other borrowings	(178,991)	(10,119)
Net cash generated from financing activities	989,067	4,581,410
Net increase in cash and cash equivalents	298,435	910,116
Cash and cash equivalents at beginning of the period	8,455,022	11,176,664
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(137,018)	(155,240)
Cash and cash equivalents at end of the period represented by bank balances and cash	8,616,439	11,931,540

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ISP Global Limited (the “**Company**”) was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is Winward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”) on 8 September 2017. The head office and the principal place of business in Hong Kong registered was Room 2607, 26th Floor, The Center, 99 Queen’s Road, Central, Hong Kong. The head office and principal place of business of the Company in Hong Kong is changed to Suite 4302, 43/F., Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong with the effect from 6 January 2023. The principal place of business in Singapore is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The shares of the Company (the “**Shares**”) have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 16 January 2018.

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

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

The unaudited condensed consolidated financial statements are approved by the board of Directors (the “**Board**”) on 13 February 2023.

2. BASIS OF PREPARATION AND APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

New and amendments to IFRSs in issue but not yet effective

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

		Effective for annual reporting period beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Interpretation 5 (2021)	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration to which the Group expects to be entitled to from (1) sale and provision of integrated services of networking, sound and communication systems (including the sale of networking, sound and communication systems, and integrated services of networking, sound and communication systems) (the “**NSC segment**”); and (2) e-commerce operation (including digital marketing services, online agency operation services, online retailing and distribution services) (the “**EC segment**”). The Group’s operations are mainly derived from Singapore and the PRC during the six months ended 31 December 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 CODM reviews revenue by nature of revenue. The Group’s operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group’s operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results for the Relevant Period:

	Three months ended 31 December 2022			Six months ended 31 December 2022		
	Sale and provision of integrated services of networking, sound and communication systems S\$	E-commerce operation S\$	Total S\$	Sale and provision of integrated services of networking, sound and communication systems S\$	E-commerce operation S\$	Total S\$
Gross segment revenue	4,020,743	7,105,051	11,125,794	6,602,033	12,650,604	19,252,637
Inter-segment revenue	-	-	-	-	-	-
Revenue	4,020,743	7,105,051	11,125,794	6,602,033	12,650,604	19,252,637
Timing of revenue recognition						
At a point in time	1,733,630	7,105,051	8,838,681	3,060,186	12,650,604	15,710,790
Over time	2,287,113	-	2,287,113	3,541,847	-	3,541,847
	4,020,743	7,105,051	11,125,794	6,602,033	12,650,604	19,252,637
Segment results	600,583	241,726	842,309	484,790	(113,300)	371,490
Other income			54,992			176,218
Other losses, net			(598,902)			(500,539)
Depreciation			(67,243)			(134,485)
Unallocated expenses			(808,203)			(1,474,340)
Finance costs			(131,679)			(224,986)
Income tax expense			(157,640)			(178,782)
Loss for the period			(866,366)			(1,965,424)
Segment results include:						
(Provision for) reverse of allowance for expected credit loss of trade receivables	(85,158)	94,226	9,068	(78,830)	(877)	(79,707)
Depreciation	(33,486)	(141,825)	(175,311)	(66,920)	(292,790)	(359,710)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results for the six months ended 31 December 2021:

	Three months ended 31 December 2021			Six months ended 31 December 2021		
	Sale and provision of integrated services of networking, sound and communication systems	E-commerce operation	Total	Sale and provision of integrated services of networking, sound and communication systems	E-commerce operation	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Gross segment revenue	6,709,886	521,771	7,231,657	8,556,354	3,454,591	12,010,945
Inter-segment revenue	-	-	-	-	-	-
Revenue	6,709,886	521,771	7,231,657	8,556,354	3,454,591	12,010,945
Timing of revenue recognition						
At a point in time	2,454,208	521,771	2,975,979	4,068,428	3,454,591	7,523,019
Over time	4,255,678	-	4,255,678	4,487,926	-	4,487,926
	6,709,886	521,771	7,231,657	8,556,354	3,454,591	12,010,945
Segment results	(26,690)	319,791	293,101	325,776	205,392	531,168
Other income			26,303			63,911
Other losses, net			(118,184)			(224,308)
Depreciation			(67,681)			(135,764)
Unallocated expenses			(399,683)			(1,001,264)
Finance costs			(47,814)			(80,447)
Income tax expense			(105,094)			(149,025)
Loss for the period			(419,052)			(995,729)
Segment results include:						
Reversal of (provision for) allowance for expected credit loss of trade receivables	4,852	(56,795)	(51,943)	(1,990)	15,186	13,196
Depreciation	(34,151)	(109,646)	(143,797)	(33,908)	(109,750)	(143,658)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Three months ended 31 December		Six months ended 31 December	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
<i>At a point in time:</i>				
Sale of networking, sound and Communication Systems	1,733,630	2,454,208	3,060,186	4,068,428
E-commerce	7,105,051	521,771	12,650,604	3,454,591
<i>Over time:</i>				
Integrated networking, sound and Communication Systems	2,287,113	4,255,678	3,541,847	4,487,926
	11,125,794	7,231,657	19,252,637	12,010,945

Information about the Major Customers

During the Relevant Period and for the six months ended 31 December 2021, external customers contributing over 10% of total revenue of the Group are as follows:

	Six months ended 31 December	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Customer I [^]	–	2,532,353
Customer II [^]	–	1,560,672
Customer III ^{^^}	9,179,847	–

[^] For the six months ended 31 December 2022, the corresponding revenue from that customer did not amount to more than 10% of total Group revenue for the period.

^{^^} For the six months ended 31 December 2021, the corresponding revenue from that customer did not amount to more than 10% of total Group revenue for the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Unaudited)
Segment assets		
Sale and provision of integrated services of networking, sound and communication systems	21,169,648	16,625,507
E-commerce operation	24,601,493	18,072,212
Total segment assets	45,771,141	34,697,719
Unallocated corporate assets		
– Property, plant and equipment	44,829	179,313
– Deposits and other receivables	152,228	98,288
– Bank balance and cash	197,935	320,973
Total assets	46,166,133	35,296,293
Segment liabilities		
Sale and provision of integrated services of networking, sound and communication systems	7,720,743	3,182,659
E-commerce operation	20,072,582	12,047,719
Total segment liabilities	27,793,325	15,230,378
Unallocated corporate liabilities		
– Other payables	224,767	172,411
– Lease liabilities	–	151,502
Total liabilities	28,018,092	15,554,291

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

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

a) Revenue from external customers

	Three months		Six months	
	ended 31 December	2021	ended 31 December	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Singapore	2,369,480	2,232,423	3,823,599	4,077,897
China	8,722,029	4,999,231	15,375,037	7,932,051
Others	34,285	3	54,001	997
	11,125,794	7,231,657	19,252,637	12,010,945

b) Non-current assets

	As at	As at
	31 December	30 June
	2022	2022
	S\$	S\$
	(Unaudited)	(Audited)
Singapore	4,308,085	4,327,147
China	1,683,736	1,995,506
Others	106,788	179,314
	6,098,609	6,501,967

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME AND OTHER LOSSES, NET

	Three months ended 31 December		Six months ended 31 December	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government grants	(30)	15,957	6,656	49,482
Interest income	542	3,524	2,614	5,784
Others	54,480	6,822	166,948	8,645
	54,992	26,303	176,218	63,911
Net foreign exchange loss	(598,269)	(118,169)	(500,317)	(222,654)
Reversal of (provision for) allowance for expected credit losses ("ECL") on trade receivables	9,068	61,647	(79,707)	(17,176)
Loss on disposal of property, plant and equipment	(303)	(5)	(303)	(1,644)
Others	(330)	(10)	81	(10)
	(589,834)	(56,537)	(580,246)	(241,484)

5. FINANCE COSTS

	Three months ended 31 December		Six months ended 31 December	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Interest on:</i>				
Bank and other borrowings	116,720	4,944	178,991	10,119
Lease liabilities	21,113	25,992	45,995	53,450
Other payables	(6,154)	16,878	-	16,878
	131,679	47,814	224,986	80,447

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



6. LOSS BEFORE TAXATION

Loss before income tax is arrived at after charging:

	Three months ended 31 December		Six months ended 31 December	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Depreciation of property, plant and equipment	242,554	211,378	494,195	423,021
Directors' remuneration	438,108	301,639	869,333	603,298
Other staff costs				
– Salaries, wages and other benefit	1,549,443	1,291,747	2,993,989	2,303,778
– Defined contribution plans, including retirement benefits	105,187	7,432	245,499	30,821
– Foreign worker levy and skill development levy	50,059	14,349	99,578	56,010
Total staff costs (inclusive of Directors' remuneration) (Note a)	2,142,797	1,615,167	4,208,399	2,993,907
Cost of materials recognised as costs of sales/services	5,306,498	4,835,985	10,775,561	7,773,347
Subcontractor costs recognised as costs of sales/services	34,799	121,236	48,931	236,262

Notes:

- a. For the Relevant Period, staff costs of S\$1,189,406 (period ended 31 December 2021: S\$765,162) is included in costs of sales/services.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

For the Relevant Period, Singapore corporate income tax has been provided at the rate of 17% (six months ended 31 December 2021: 17%) and the PRC enterprise income tax has been provided at the rate of 25% (six months ended 31 December 2021: 25%). A breakdown of the income tax expenses is as follows:

	Three months ended 31 December		Six months ended 31 December	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax expense				
– Singapore corporate income tax	152,322	106,253	165,907	148,836
– PRC corporate income tax	3,530	8	12,308	974
Deferred tax	1,788	(1,167)	567	(785)
	157,640	105,094	178,782	149,025

8. LOSSES PER SHARE

	Three months ended 31 December		Six months ended 31 December	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	(990,527)	(331,066)	(2,174,792)	(825,399)
Weighted average number of ordinary shares ('000) (Note (a))	880,000	872,174	880,000	872,174
Basic and diluted losses per share (S\$ cents per share)	(0.11)	(0.04)	(0.25)	(0.09)

Note:

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

Diluted losses per share is the same as the basic losses per share because the Group has no dilutive securities that are convertible into shares during the Relevant Period and for the six months ended 31 December 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the six months ended 31 December 2022 (six months ended 31 December 2021: nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group acquired equipment amounting to approximately S\$113,746 (six months ended 31 December 2021: S\$39,893).

	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 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 and 1 July 2022	104,862	62,316	168,704	174,461	4,938,600	-	2,835,756	8,284,699
Additions	15,512	-	3,805	94,429	-	-	-	113,746
Disposal	(13,275)	-	-	-	-	-	-	(13,275)
Exchange differences	(451)	(2,141)	-	-	-	-	(148,143)	(150,735)
At 31 December 2022	106,648	60,175	172,509	268,890	4,938,600	-	2,687,613	8,234,435
Accumulated depreciation:								
At 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 and 1 July 2022	93,510	58,466	168,374	128,030	668,163	-	853,037	1,969,580
Disposal	(12,972)	-	-	-	-	-	-	(12,972)
Depreciation for the year	12,289	466	501	15,978	43,576	-	421,385	494,195
Exchange differences	(1,962)	(109)	(3)	(41)	-	-	(39,423)	(41,538)
At 31 December 2022	90,865	58,823	168,872	143,967	711,739	-	1,234,999	2,409,265
Carrying amount:								
At 31 December 2022	15,783	1,352	3,637	124,923	4,226,861	-	1,452,614	5,825,170
At 30 June 2022	11,352	3,850	330	46,431	4,270,437	-	1,982,719	6,315,119

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

11. GOODWILL

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Cost:		
At the beginning of the period	186,848	187,342
Exchange realignment	(11,835)	(494)
At the end of the period	175,013	186,848

12. INVENTORIES

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Finished goods	13,217,054	8,219,698

During the Relevant Period, there were no expenses (2022: S\$481) recognized for written down inventories to net realizable value. This was recognized in cost of sales /services.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

As of the end of the reporting period, the aging analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Trade receivables, gross	7,301,091	7,882,681
Less: Allowance for ECL	(322,610)	(245,553)
Trade receivables, net	6,978,481	7,637,128
Deposits	1,236,641	657,693
Prepayments	8,731,034	2,420,527
Other receivables	777,976	1,059,056
Advances to staffs	503,880	53,795
	11,249,531	4,191,071
Less: amount classified as non-current – rental deposits on lease agreement expiring after one year (<i>Note a</i>)	(98,426)	(86,749)
Current portion	11,151,105	4,104,322

Note a: Deposits mainly consist of deposits paid for lease agreements in the PRC and Hong Kong, to suppliers of consumer products, and to e-commerce online platforms for operating online stores or for channel memberships.

The Group grants credit terms to customers typically between 30 to 90 days (30 June 2021: 30 to 90 days) from the invoice date for trade receivables. The Group does not charge interest nor hold any collateral over these balances.

The 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 debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

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

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

December 31, 2022 (Unaudited)	Group Trade receivables – days past due						Total \$
	Not yet past due	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
	\$	\$	\$	\$	\$	\$	
Effective ECL rate	0%	0%	5%	21%	49%	100%	
Trade receivables, gross	4,050,378	1,839,942	795,100	212,473	329,452	73,746	7,301,091
Lifetime ECL	-	-	(42,814)	(44,619)	(161,431)	(73,746)	(322,610)
							6,978,481

June 30, 2022 (Audited)	Group Trade receivables – days past due						Total \$
	Not yet past due	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
	\$	\$	\$	\$	\$	\$	
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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	Lifetime ECL – credit-impaired	
	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Balance as at 1 July 2022 and 2021	245,553	32,794
Provision for allowances, net	79,707	215,886
Exchange realignment	(2,650)	(3,127)
Balance as at end of period	322,610	245,553

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Contract assets		
Retention receivables	104,445	84,460
Contract liabilities		
Advance billing to customer	682,444	227,145

Contract Assets

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

Contract Liabilities

Contract liabilities are arising from sale and provision of integrated services of networking, sound and communication systems business. The Group typically receives a deposit from customers when they sign the contracts with the Group.

15. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Bank balances and cash <i>(Note a)</i>	8,616,439	8,455,022
Pledged bank deposits <i>(Note b)</i>	–	206,947
	8,616,439	8,661,969

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 31 December 2022, there was S\$1,054,372 (2022: S\$655,436) 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% per annum at 30 June 2022 and the balance was fully released in July 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Trade payables	16,403,844	5,113,372
Retention payables	–	26,500
Goods and services tax payable	193,348	99,904
Value added tax payable	62,339	–
Accrued operating expenses	169,560	455,480
Accrued payroll costs	475,836	356,243
Amounts due to a third party (<i>Note a</i>)	–	854,551
Amount due to a director of the Company (<i>Note b</i>)	56,663	62,034
	17,361,590	6,968,084

Notes:

- a. As at 30 June 2022, the balance represented short-term advances from an independent third party for the purpose of financing the initial working capital of e-commerce operation before the Group reallocated foreign financial resource into the PRC. The advances are unsecured, interest bearing at 6% per annum and repayable within one year from the drawdown dates.
- b. As at 31 December 2022 and 30 June 2022, the amount due to a director of the Company, Mr. Cao, which is unsecured, non-interest bearing and repayable on demand.

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (30 June 2022: 30 to 60 days) or payable upon delivery.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES (CONTINUED)

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

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Within 30 days	5,809,301	4,564,986
31 days to 90 days	8,529,315	12,093
91 days to 180 days	1,854,926	186,921
Over 180 days	210,302	349,372
	16,403,844	5,113,372

17. LEASE LIABILITIES

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Lease liabilities payable:		
– Within one year	587,181	753,067
– Within a period of more than one year but not exceeding two years	683,569	1,068,808
– Within a period of more than two years but not exceeding five years	341,330	358,585
	1,612,080	2,180,460
Less: Future finance charges	(162,773)	(184,858)
	1,449,307	1,995,602
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	(469,992)	(665,477)
	979,315	1,330,125
Amounts due for settlement after twelve months from the end of the reporting period (show under non-current liabilities)	979,315	1,330,125

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



17. LEASE LIABILITIES (CONTINUED)

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

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Depreciation expense of right-of-use assets <i>(Note 10)</i>	421,385	704,069
Interest expenses on lease liabilities <i>(Note 5)</i>	45,995	101,034
Expense relating to short-term leases	39,837	129,636
	507,217	934,739

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Within financing cash flow – fixed payments	444,147	717,311
Within operating cash flow – expenses relating to short-term lease	39,837	129,636
Total cash outflow for leases	483,984	846,947

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. BORROWINGS

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
Bank borrowings – Secured (<i>Notes (a) and (b)</i>)	3,317,308	3,560,552
Bank borrowing – Unsecured (<i>Note (c)</i>)	554,864	207,690
Other borrowings (<i>Note (d)</i>)	4,357,763	2,196,513
	8,229,935	5,964,755
Carrying amount repayable within 1 year	7,412,037	5,062,385
Carrying amount repayable over 1 year but within 2 years	168,020	170,174
Carrying amount repayable over 2 years but within 5 years	547,780	531,268
Carrying amount repayable over 5 years	102,098	200,928
	8,229,935	5,964,755
Less: Amount due within 1 year (shown under current liabilities)	(7,412,037)	(5,062,385)
Amount shown under non-current liabilities	817,898	902,370

As at 31 December 2022, the balances include:

- (a) Two secured bank borrowings with carrying amount of RMB12,000,000 (equivalent to S\$2,331,600) (30 June 2022: RMB12,000,000 (equivalent to S\$2,492,280)) 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\$817,898 (30 June 2022: S\$1,068,272) which bear floating interest rates with weighted average effective interest rate at 1.68% (30 June 2022: 1.68%) per annum during the year ended 31 December 2022. The borrowing was secured by the Group's leasehold land and property with carrying amount of S\$4,226,861 (30 June 2022: S\$4,270,437) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



18. BORROWINGS (CONTINUED)

- (c) Two unsecured bank borrowing with carrying amount of RMB12,855,708 (equivalent to S\$554,864) (30 June 2022: RMB1,000,000 (equivalent to S\$207,690)) which was interest bearing at 4.05% (30 June 2022: 4.05%) 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 period ended 31 December 2022, interest was charged at a range from 9.00% to 14.50% (30 June 2022: from 9.00% to 14.5%) per annum on the proceeds received from the financial institution until the day the borrowings are repaid.

19. DEFERRED TAX LIABILITIES

	As at 31 December 2022 S\$ (Unaudited)	As at 30 June 2022 S\$ (Audited)
At the beginning of the period/year on 1 July 2022 and 2021	9,641	9,664
Debited/(credited) to profit or loss for the period: Provision for (reversal of) deferred taxes liabilities	567	(23)
As at the end of the period/year	10,208	9,641

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE CAPITAL

	The Company Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised share capital:		
At 1 July 2021, 30 June 2022, 1 July 2022 and 31 December 2022	1,500,000,000	15,000
	Number of shares	Amount S\$
Issued and paid-up:		
At 1 July 2021	800,000,000	1,372,630
Issuance of shares upon placing, net of transaction costs	80,000,000	140,752
At 30 June 2022, 1 July 2022 and 31 December 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.

MANAGEMENT DISCUSSION AND ANALYSIS



DEVELOPMENT OF BUSINESS AND PROSPECTS

Our principal businesses are:

- (i) provision of networking, sound and communication systems and alert alarm system services (including the sale of networking, sound and communication systems, integrated services of networking, sound and communication systems and alert alarm system services) to customers in Singapore, Malaysia and the PRC (the “**NSC segment**”); and
- (ii) provision of brand e-commerce operation services (digital marketing services, online agency operation services, online retailing and distribution services) in the PRC (the “**EC segment**”).

For the six months ended 31 December 2022 (the “**Relevant Period**”), the Group recorded a net loss of approximately S\$2.0 million as compared to a net loss of approximately S\$1.0 million for the six months ended 31 December 2021. The Directors are of the view that the net loss was primarily caused by the increase in administrative costs and payroll expenses incurred as part of business expansion and operations in the Group’s NSC segment and EC segment in the PRC for the Relevant Period. The impact of the increase in revenue recorded by the Company during the Relevant Period was offset by the impact of the increase in expenses as incurred by the business expansion of the EC segment in the PRC during the Relevant Period.

OUTLOOK

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

The 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, accounting for a large proportion of the Group’s businesses. We have cumulatively cooperated with renowned brands at home and abroad, such as Changyu, Philips, ASUS, Shunxin, Moutai Chun, LightAir, Renlogik, BISSELL, THERASCIENCE, CHANGHONG, TCL, Junlebao, Xiaogou, Faw Toyota and Under Armour. Based on the close cooperation with various brands as suggested, our digital marketing and online retailing under the e-commerce operation business have achieved rapid development.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 operators such as Youzan through the introduction of strategic partners which have ample private domain traffic. As at the date of this report, cooperations with the partners such as China Comfort Tourism and Ctrip have been progressing smoothly. The Company will also strive to invest and create new business growth engines in private domain traffic operation; (4) promote and continue to expand the scale of cross-regional businesses in an orderly manner on the foundations of THERASCIENCE and BISSELL, two cross-regional cooperative brands; and (5) explore live streaming e-commerce business for offering e-commerce operation services across all channels to brands. During the Revalent Period, the Company has started cooperations with Philips, ASUS and Under Armour on live streaming and live streaming marketing.

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 China and the rest of the world gradually step out of the pandemic and return to normal. And as a solid foundation of e-commerce operation businesses has been laid, we are cautiously optimistic that the e-commerce operation business will witness rapid growth in the next half year.

Ramping up network system integration and core IT service portfolios in NSC segment in the PRC

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

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 research report published by IDC in June 2022, it is forecast that the Chinese government’s total investment in digital economy during the 14th Five-Year Plan period will reach RMB15-20 trillion, with the government and large and medium state-owned enterprises accounting for 70% of digital transformation spending.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

During the Relevant Period, we obtained various projects of networking system integration in the railway industry, which has become a key driver of the Group's business. As railway has become an important industry in respect of China's infrastructure construction, railway construction is also an industry where the Group endeavours to deepen and expand the business of networking system integration.

With China's railway construction going global, the Group will actively shape and gain an image and reputation of "an overseas networking system integrator serving the railway industry", and constantly follow the pace and needs of our customers to develop its overseas networking system integration projects in the railway industry. Meanwhile, the Group will strive to improve its profitability through provision of high quality and client focused services with the aim to creating a win-win situation with the Group's customers.

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

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 serving 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

FINANCIAL REVIEW

Revenue

During the Relevant Period, the Group's revenue amounted to approximately S\$19.3 million, which had increased by approximately S\$7.3 million, or 60.3%, from approximately S\$12.0 million for the six months ended 31 December 2021. This was principally due to better revenue performance throughout the Group, where the increase in revenues of approximately (i) S\$9.2 million by the Group's EC segment in the PRC; but was offset by decreases in revenues of approximately (ii) S\$0.9 million by the Group's NSC segment in the PRC; and (iii) S\$1.0 million in the Group's NSC segment in Singapore. Revenue growth was primarily driven by satisfaction of contractual obligations to two of the Group's customers in the PRC.

Gross profit and gross profit margin

The Group's gross profit increased by approximately S\$2.6 million, or 78.4%, from approximately S\$3.2 million for the six months ended 31 December 2021, to approximately S\$5.8 million for the Relevant Period. The increase can be mainly attributed to growth in sales in the Group's EC segment in the PRC. In addition, the Group's gross profit margin increased from 26.9% for the six months ended 31 December 2021, to 30.0% for the Relevant Period. The increase in the Group's gross profit margin was primarily due to lower material purchase costs and higher gross margins of the NSC segment in Singapore and EC Segment in PRC.

Other income and other losses, net

Other income and other losses, net increased by approximately S\$226 thousand, or 1.27%, from a net loss of approximately S\$178 thousand for the six months ended 31 December 2021, to a net loss of approximately S\$404 thousand for the Relevant Period. The increase was mainly attributed to the increase in foreign exchange losses from settlement of trade expenses held in currencies other than S\$, such as CNY, US\$ and HK\$, which had appreciated against the S\$ during the Relevant Period. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

MANAGEMENT DISCUSSION AND ANALYSIS



Administrative expenses

Our administrative expenses increased by approximately S\$2.0 million or 1.25 times, from approximately S\$1.6 million for the six months ended 31 December 2021, to approximately S\$3.6 million for the Relevant Period. The increase was primarily due to an increase of administrative costs related to operation expansion and growth in the Group's NSC segment and EC segment in the PRC.

Administrative staff costs

Payroll expenses increased by approximately S\$0.8 million or 35.5%, from approximately S\$2.2 million for the six months ended 31 December 2021, to approximately S\$3.0 million for the Relevant Period. The increase was primarily due to an increase of payroll headcount related to operation expansion and growth in the Group's NSC segment and EC segment in the PRC.

Finance costs

Our finance costs increased from approximately S\$80 thousand for the six months ended 31 December 2021 to approximately S\$225 thousand for the Relevant Period due to the interest accrued and paid on higher principal amounts of bank borrowings in the PRC during the Relevant Period.

Loss for the period attributable to owners of the Company

For the Relevant Period, the Group recorded a net loss for the period attributable to owners of the Company of approximately S\$2.2 million as compared to a net loss for the period attributable to owners of the Company of approximately S\$0.8 million for the six months ended 31 December 2021. The Directors are of the view that the net loss was primarily due to the increase administrative costs and administrative staff costs incurred as part of business expansion and operations in the Group's NSC segment and EC segment in the PRC for the Relevant Period. The impact of the increase in revenue recorded by the Company during the Relevant Period was offset by the increase in expenses as incurred by the business expansion of the EC segment in the PRC during the Relevant Period.

Interim dividends

The Directors do not recommend the payment of an interim dividend for the Relevant Period (six months ended 31 December 2021: S\$ nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

Up to 31 December 2022, the net proceeds raised from the listing of shares of the Company were utilised in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the “**Prospectus**”), and the supplemental announcement issued on 31 July 2020 (the “**Supplemental Announcement**”) as follows:

Description	Amount designated in the Prospectus	Actual use of proceeds as at 31/12/2022	Unutilised amount as at 31/12/2022	% utilised as at 31/12/2022	Expected date to fully utilise the unutilised amount
	HK\$M	HK\$M	HK\$M	% utilised	
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.8	0.6	57.1%	30/06/24 ¹
Expand and train our sales and marketing, technical and support workforce	11.6	11.6	Nil	100%	N/A
Purchase transportation vehicles	3.0	1.0	2.0	33.3%	30/06/23
Setting up of a new sales office in Singapore	10.0	–	10.0	0.0%	30/06/24 ²
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	1.0	1.0	50.0%	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	27.9	16.1	63.4%	

Notes:

- As at the date of this report, there were net proceeds raised for strengthening our marketing efforts in the sound and communication industry in Singapore, which was planned to be fully utilised by 31 December 2022 as set forth in the Supplemental Announcement. Given the adverse impact on the Singapore economy as a result of the outbreak of COVID-19 and the Company has been maintaining and improving our corporate websites using internal resources to develop and improve outreach to potential stakeholders, it is expected that the unutilised proceeds will be utilised on or before 30 June 2024.
- As at the date of this report, approximately HK\$10.0 million allocated for purchasing new sales office has not been utilised by the Group, which was planned to be fully utilised by 30 June 2022 as set forth in the Supplemental Announcement. The Company has been looking for a suitable office for the Group’s long-term use but the property prices in Singapore continued rising past our expectation. The Group requires more time to identify the suitable premises in order to meet the Group’s financial budget. It is expected that the unutilised proceeds will be utilised on or before 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 31 December 2022:

Purpose	Implementation Plan	Actual implementation activities
Strengthen our marketing efforts in the sound and communication industry in Singapore	<ul style="list-style-type: none"> Implement corporate branding and identity for our sound and communication services solution operations in Singapore which includes printing of marketing materials and advertisement Maintain and improve our corporate websites by the external consultant for customised website development Participate in industry trade show(s) 	<ul style="list-style-type: none"> Maintained and improved our corporate websites, by using in-house resources to develop and maintain the Group's website instead of engaging external website designers Maintained and updated our corporate websites by external consultant
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> Staff costs for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs Staff costs for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and the associated staff accommodation costs Staff costs for retaining the approximately one marketing manager, four engineers and 15 technicians to be recruited by July 2019, and the associated staff accommodation costs To provide internal and external trainings and workshops to our sales and technical staff 	<ul style="list-style-type: none"> New headcount of approximately six engineers and 25 technicians were recruited by December 2022 New headcount of approximately two sales and marketing executives were recruited by December 2022 Provided internal and external trainings and workshops to our technical staff In the process of seeking suitable candidates to the remaining positions Staff costs for retaining the aforesaid headcount, taking into account increases in wage level, and associated staff accommodation and training costs
Purchase transportation vehicles	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Purchased three vans for maintenance, operations and transportation of relevant equipment and/or labour Considered and monitored the Group's current project portfolio but postponed the purchase of lorry due to current different project requirements

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Setting up a new sales office in Singapore	<ul style="list-style-type: none"> Purchase of one new property to be used by our sales and contract department and act as a demonstration facility for our sound and communication systems 	<ul style="list-style-type: none"> Considered and monitored the Group's project tenders and plan was postponed due to the latest observation of industry customers' requirements and the property prices in Singapore were surged up higher than expected which the Group requires additional time to identify the suitable premises in order to meet the Group's financial budget
Partial repayment of bank loan	<ul style="list-style-type: none"> Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore 	<ul style="list-style-type: none"> The mortgage loan was partially repaid on 11 July 2018
Expansion of our sound and communication services solution business	<ul style="list-style-type: none"> To explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore, particularly larger scale projects which may be required for the provision of performance bonds. 	<ul style="list-style-type: none"> Postponed due to performance bond not required in recent awarded tenders to the Group In the process of exploring large scale potential projects which requires the provision of performance bonds
Take steps to obtain higher grade level under our current mechanical and electrical workhead	<ul style="list-style-type: none"> Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workhead 	<ul style="list-style-type: none"> Considered and monitored the Group's project portfolio and postponed to April 2023 The Group is currently accumulating the necessary track record requirement

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

Whilst the Group are expanding its business in the EC segment, the Board confirms that there is no material change in the NSC segment business nature of the Group as set out in the Prospectus and the Group continues being invited for tender and being awarded projects from its customers during the Relevant Period and therefore considers that the delay in use of proceeds and business expansion do not have any material adverse impacts on the operation of the Group.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2022, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO), or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of Directors	Capacity/Nature of interest	Number of Shares held/interested	Approximate percentage of shareholding in the Company
Mr. Cao Chunmeng	Beneficial owner	101,140,000	11.49%
Mr. Yuan Shuangshun ¹	Beneficial owner/ Interest of spouse	3,544,000	0.40%
Mr. Han Bing	Beneficial owner	1,000,000	0.11%

Note:

1. Ms. Zeng Xiu Hua, the spouse of Mr. Yuan Shuangshun, holds 544,000 ordinary shares of the Company. By virtue of the SFO, Mr. Yuan Shuangshun is deemed to be interested in the 544,000 ordinary shares.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Long position in underlying shares or equity derivatives of the Company

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

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2022, so far as is known to the Directors, the following person (other than Directors or chief executive of the Company) had or were deemed or taken to have interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

Long position in ordinary shares of the Company

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

Save as disclosed above, as at 31 December 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 "**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**" above, had any interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2022, the Group had total assets of approximately S\$46.1 million, total liabilities and shareholders' equity of approximately S\$28.0 million and S\$18.1 million, respectively. The Group's current ratio as at 31 December 2022 was approximately 1.5 times compared to 2.2 times as at 30 June 2022. The decrease in current ratio was primarily due to increase in the trade and other payables and borrowings as at 31 December 2022 due to business expansion of e-commerce operation segment in the PRC.

The gearing ratio for the Group as at 31 December 2022 was 45.3% (30 June 2022: 30.2%). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

TREASURY POLICY

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

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

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in Singapore Dollar and Chinese Yuan which are the functional and presentation currency of the Group. Significant fluctuations in unrealised foreign exchange losses observed in the Relevant Period amounted to approximately S\$0.5 million due to the monies held in currencies other than Singapore Dollar, such as in United States Dollar, Hong Kong Dollar, and Chinese Yuan.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION



CAPITAL EXPENDITURE

Total capital expenditure for the Relevant Period was approximately S\$113,746, which was used to purchase property, plant and equipment.

CONTINGENT LIABILITIES

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

COMMITMENTS

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the total number of employees of the Group was 149 (31 December 2021: 116) and the Directors' emoluments incurred during the Relevant Period were approximately S\$0.9 million (six months ended 31 December 2021: approximately S\$0.6 million).

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

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

EVENTS AFTER REPORTING PERIOD

On 3 January 2023, Haohui Industry Limited, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the “**Lease Agreement**”) with an independent third party in respect of the leasing of the office premises (the “**Premise**”) for a term of twenty-four (24) months commencing on 3 January 2023. The Group shall recognize a right-of-use asset in respect of the Lease Agreement upon the commencement of the lease term thereunder, which is measured at the present value of the total rent payable during the term of the Lease Agreement, discounted using an incremental borrowing rate of 6.9%. The value of such right-of-use asset to be recognized by the Company upon commencement of the term of the Lease Agreement was approximately HK\$1.0 million (approximately S\$164,000).

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

NO CHANGE IN INFORMATION OF DIRECTORS

There was no change in the information of Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors, Directors confirmed that the Company has maintained a sufficient amount of public float for its shares of the Company as required under the GEM Listing Rules.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

COMPETITION AND CONFLICT OF INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SHARE OPTION SCHEME

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

As at 31 December 2022, options to subscribe for an aggregate of 59,700,000 shares of the Company granted to Directors, certain employees and external consultant pursuant to the Share Option Scheme remained outstanding, details of which were as follows:

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

Notes:

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION



Particulars of the Share Option Scheme are set out below:

Purpose of the Share Option Scheme

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

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

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

Maximum entitlement of each participant under the Share Option Scheme

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

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

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

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

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

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

Basis of determining the exercise price

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

Remaining life of the Share Option Scheme

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

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

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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.

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

Grant date	Exercise price per share option HK\$	Equivalent to S\$	As at 1 July 2022	Granted during the Relevant Period	Lapsed/ forfeited during the Relevant Period	As at 31 December 2022
31 December 2021						
- Directors	0.30	0.05	18,400,000	-	(800,000)	17,600,000
- Employees	0.30	0.05	44,700,000	-	(3,600,000)	41,100,000
- External consultant	0.30	0.05	1,000,000	-	-	1,000,000
			64,100,000	-	(4,400,000)	59,700,000

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 2022
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 consultant	0.30	0.05	-	1,000,000	-	1,000,000
			-	65,300,000	(1,200,000)	64,100,000

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

At 31 December 2022, the weighted average remaining contractual life of these outstanding share options was approximately 4.0 years (30 June 2022: 4.5 years), with a weighted average exercise price of HK\$0.30 (equivalent to S\$0.05) (30 June 2022: HK\$0.30) per share option. At 31 December 2022, the number of exercisable share options was 35,820,000 (30 June 2022: 19,230,000). The weighted average share price per share from the date of the share options granted to 31 December 2022 was HK\$0.25 (equivalent to S\$0.04).

4,400,000 share options were lapsed due to termination of employment during the year ended 30 June 2022. As result, share option reserve of S\$49,496 was reclassified to accumulated losses during the year ended 30 June 2022.

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

Exercisable at the end of the Period

During the Relevant Period, no share option were granted.

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

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

During the year ended 30 June 2022, the Group granted 1,000,000 share options to external consultant. The options will entitle the grantee to subscribe for a total of 1,000,000 new shares at an exercise price of HK\$0.30 (equivalent to S\$0.05) per share.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

**Share options
granted on
31 December 2021**

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

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

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

During the Relevant Period, share-based payment expense of S\$328,867 (30 June 2022: S\$931,440) for the share option scheme was recognised in the consolidated profit or loss with a corresponding credit in share-based payment reserve.

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

SHARE AWARD SCHEME

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

No shares of the Company were held by the trustee of the share award scheme as at 31 December 2022 and 30 June 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules on 14 December 2017 and revised on 11 January 2019 (the “**Audit Committee**”). The primary duties of the audit committee include, among others, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the Group’s financial statements, annual report and accounts, half-year report, and quarterly report and significant financial reporting judgements contained therein; and (c) reviewing the financial control, internal control and risk management systems of the Group. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Tang Chi Wai, Mr. Yan Xiaotian and Mr. Zheng Xiaorong. Mr. Tang Chi Wai is the chairman of the Audit Committee.

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

Unless otherwise specified in this report and for the purpose of illustration only, S\$ is translated into HK\$ at the rate of S\$1 = HK\$5.85. No representation is made that any amounts in S\$ have been or could be converted at the above rate of at any other rates or at all.

By order of the Board
ISP Global Limited
Cao Chunmeng
Chairman and Executive Director

Hong Kong, 13 February 2023

As at the date of this report, the executive Directors are Mr. Cao Chunmeng, Mr. Han Bing, Mr. Yuan Shuangshun, Mr. Mong Kean Yeow and Ms. Choon Shew Lang, and the independent non-executive Directors are Mr. Zheng Xiaorong, Mr. Yan Xiaotian and Mr. Tang Chi Wai.

This report will remain on the “Latest Listed Company Announcements” page of the stock Exchange website at <http://www.hkexnews.hk> for at least 7 days from the date of its posting. This report will also be published on the Company’s website at www.ispg.hk.