

ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487

INTERIM REPORT
2024/25

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 SIX MONTHS ENDED 31 DECEMBER 2024

UNAUDITED INTERIM RESULTS

The unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2024, together with the unaudited comparative figures for the corresponding periods in 2023, are as follows:

		Six months ended 31 December 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
	Notes		
Revenue	3	142,095	115,360
Costs of sales/services		(103,004)	(69,175)
Gross profit		39,091	46,185
Other income	4	167	56
Other (losses) gains, net	4	(148)	30
Reversal of/(provision for) allowance for expected credit loss on trade receivables		147	(1,354)
Share-based payment expenses		–	(3,331)
Selling and administrative expenses		(31,060)	(27,654)
Selling and administrative staff costs		(16,129)	(18,819)
Finance costs	5	(2,345)	(1,543)
Loss before taxation	6	(10,277)	(6,430)
Income tax expense	7	(16)	(561)
Loss for the period		(10,293)	(6,991)
Other comprehensive (loss) income, after tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(157)	193
Total comprehensive loss for the period, net of tax		(10,450)	(6,798)
Loss for the period attributable to:			
– Owners of the Company		(7,912)	(4,998)
– Non-controlling interest		(2,381)	(1,993)
		(10,293)	(6,991)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	25,546	25,979
Goodwill	11	902	901
		26,448	26,880
Current assets			
Inventories	12	52,762	61,932
Trade receivables	13	12,847	22,980
Other receivables, deposits and prepayments	13	25,917	27,663
Contract assets	14	4,711	2,755
Cash and cash equivalents	15	49,921	44,053
		146,158	159,383
Current liabilities			
Trade and other payables	16	21,821	20,584
Contract liabilities	14	10,253	4,774
Lease liabilities	17	1,545	1,557
Borrowings	18	52,044	60,613
Income tax payable		391	1,214
		86,054	88,742
Net current assets		60,104	70,641
Total assets less current liabilities		86,552	97,521
Non-current liabilities			
Lease liabilities	17	1,927	1,939
Borrowings	18	17,109	17,613
Deferred tax liabilities	19	34	37
		19,070	19,589
Net assets		67,482	77,932

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		As at 31 December 2024	As at 30 June 2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
EQUITY			
Share capital	20	8,999	8,999
Reserves		67,515	77,839
Equity attributable to the owners of the Company		76,514	86,838
Non-controlling interest		(9,032)	(8,906)
Total equity		67,482	77,932

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

	Attributable to the owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Shares held under share award scheme RMB'000	Merger reserve RMB'000 (Note i)	Translation reserve RMB'000	Share option and share award reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total RMB'000
Balance at 1 July 2024 (Audited)	8,999	116,979	-	2,572	5,379	7,409	(54,500)	86,838	(8,906)	77,932
Total comprehensive loss for the period:										
Loss for the period	-	-	-	-	-	-	(7,912)	(7,912)	(2,381)	(10,293)
Other comprehensive income for the period	-	-	-	-	(165)	-	-	(165)	8	(157)
Transactions with owners, recognised directly in equity										
Changes in the proportion held by non-controlling interests, acquisition of NCI by owners, recognised directly in equity	-	-	-	-	(1)	-	(2,246)	(2,247)	2,247	-
Balance at 31 December 2024 (Unaudited)	8,999	116,979	-	2,572	5,213	7,409	(64,658)	76,514	(9,032)	67,482



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Attributable to the owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Shares held under share award scheme RMB'000	Merger reserve RMB'000 (Note i)	Translation reserve RMB'000	Share option and share award reserves RMB'000	Retained profits/(accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total RMB'000
Balance at 1 July 2023 (Audited)	7,665	86,282	(210)	2,572	5,536	7,870	(29,979)	79,736	(2,266)	77,470
Total comprehensive loss for the period:										
Loss for the period	-	-	-	-	-	-	(4,998)	(4,998)	(1,993)	(6,991)
Other comprehensive income for the period	-	-	-	-	242	-	-	242	(49)	193
Transactions with owners, recognised directly in equity										
Issuance of new shares from placing of share (Note 20)	1,334	25,338	-	-	-	-	-	26,672	-	26,672
Recognition of equity-settled share-based payments in relation to share options	-	-	-	-	-	523	-	523	-	523
Recognition of equity-settled share-based payments in relation to share award	-	-	-	-	-	2,808	-	2,808	-	2,808
Lapse of share options	-	-	-	-	-	(160)	160	-	-	-
Balance at 31 December 2023 (Unaudited)	8,999	111,620	(210)	2,572	5,778	11,041	(34,817)	104,983	(4,308)	100,675

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 2024 ("RELEVANT PERIOD")

	Six months ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before taxation	(10,277)	(6,430)
Adjustments for:		
Depreciation of property, plant and equipment	1,313	1,936
Loss on disposal of property, plant and equipment	33	–
Unrealised foreign exchange loss (gain)	115	(33)
Employee share option vesting	–	3,331
(Reversal of) provision for allowance for expected credit loss on trade receivable	(147)	1,354
Reversal of inventory obsolescence	(403)	(26)
Interest income	(111)	(4)
Finance costs	2,345	1,543
Operating cash flows before movements in working capital	(7,132)	1,671
Movements in working capital:		
Decrease (increase) in trade receivables	10,280	(9,749)
Decrease (increase) in other receivables, deposits and prepayments	1,745	(2,045)
(Increase) decrease in contract assets	(1,956)	2,309
Decrease in inventories	9,573	19,211
Increase (decrease) in contract liabilities	5,479	(4,424)
(Decrease) increase in trade and other payables	(2,595)	7,609
Cash generated from operations	15,394	14,582
Interest received	111	4
Income tax paid	(842)	(438)
Net cash generated from operating activities	14,663	14,148

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024 ("RELEVANT PERIOD")

	Six months ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from investing activity		
Purchase of property, plant and equipment	(13)	(67)
Net cash used in investing activity	(13)	(67)
Cash flows from financing activities		
Net proceeds from issuance of shares upon placing	–	26,672
Repayment of leases liabilities – principal	(935)	(1,476)
Repayment of leases liabilities – interest	(84)	(189)
Advance from a director of the Company	8,228	2,536
Repayment to a director of the Company	(4,498)	(2,525)
Proceeds from borrowings	96,860	–
Repayment of borrowings	(105,932)	(36,788)
Interest paid on bank and other borrowings	(2,261)	(1,354)
Net cash used in financing activities	(8,622)	(13,124)
Net increase in cash and cash equivalents	6,028	957
Cash and cash equivalents at beginning of the period	44,053	46,097
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(160)	229
Cash and cash equivalents at end of the period represented by bank balances and cash	49,921	47,283

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 Windward 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 principal place of business of the Company in Hong Kong is Suite 4302, 43/F., Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong. The principal place of business in Singapore is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The shares of the Company (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 Renminbi (“**RMB**”), unless otherwise stated. All values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements are approved by the board of Directors (the “**Board**”) on 26 February 2025.

2. BASIS OF PREPARATION AND APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

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 2024 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:

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:

IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosure	1 January 2027
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026

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 of networking, sound and communication systems; (2) provision of integrated services of networking, sound and communication systems, includes installation and customisation of networking, sound and communication systems and technical support services; and (3) e-commerce operation. The Group's operations are mainly derived from Singapore and the PRC during the six months ended 31 December 2024 and 2023.

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

- a) Sale and provision of integrated services of networking, sound and communication systems, which includes points (1) and (2) as mentioned above; and
- b) E-commerce operation, which mainly includes sales of consumer products on e-commerce platforms.

Segment (loss)/profit represents the (loss incurred)/profit earned by each segment without allocation of certain administration costs, directors' emoluments, other income, other (losses)/gain, share-based payment expenses, finance costs and income tax expenses. 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 six months ended 31 December 2024 and 2023:

	Six months ended 31 December 2024			Six months ended 31 December 2023		
	Sale and provision of integrated services of networking, sound and communication systems	E-commerce operation	Total	communication systems	E-commerce operation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	37,622	104,473	142,095	41,038	74,322	115,360
Inter-segment revenue	-	-	-	-	-	-
Revenue	37,622	104,473	142,095	41,038	74,322	115,360
Timing of revenue recognition						
At a point in time	26,890	104,473	131,363	36,979	74,322	111,301
Over time	10,732	-	10,732	4,059	-	4,059
	37,622	104,473	142,095	41,038	74,322	115,360
Segment results	1,954	(5,441)	(3,487)	12,627	(9,554)	3,073
Other income			167			56
Other (losses) gain, net			(148)			30
Share-based payment expenses			-			(3,331)
Unallocated expenses			(4,464)			(4,715)
Finance costs			(2,345)			(1,543)
Income tax expense			(16)			(561)
Loss for the period			(10,293)			(6,991)
Segment results include:						
Provision for allowance for expected credit loss of trade receivables	398	(251)	147	(1,160)	(194)	(1,354)
Depreciation	(470)	(843)	(1,313)	(493)	(1,443)	(1,936)



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>At a point in time:</i>		
Sale of networking, sound and communication systems	26,890	36,979
E-commerce	104,473	74,322
<i>Over time:</i>		
Integrated networking, sound and communication systems	10,732	4,059
	142,095	115,360

Information about the Major Customers

During the Relevant Period and for the six months ended 31 December 2023, external customers contributing over 10% of total revenue of the Group are as follows:

	Six months ended 31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer I	74,973	37,628

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Segment assets		
Sale and provision of integrated services of networking, sound and communication systems in Singapore	81,993	79,785
Sale and provision of integrated services of networking, sound and communication systems in the PRC	13,074	8,012
E-commerce operation	75,293	97,742
Total segment assets	170,360	185,539
Unallocated corporate assets		
– Right-of-use assets	911	–
– Deposits and other receivables	843	191
– Cash and cash equivalents	492	533
Total assets	172,606	186,263
Segment liabilities		
Sale and provision of integrated services of networking, sound and communication systems in Singapore	(10,945)	(10,474)
Sale and provision of integrated services of networking, sound and communication systems in the PRC	(9,556)	(4,235)
E-commerce operation	(80,285)	(92,579)
Total segment liabilities	(100,786)	(107,288)
Unallocated corporate liabilities		
– Other payables	(4,338)	(1,043)
Total liabilities	(105,124)	(108,331)



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 non-current deposits, are detailed below:

a) *Revenue from external customers*

	Six months ended 31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Singapore	20,490	21,148
The PRC	119,693	93,530
Others	1,912	682
	142,095	115,360

b) *Non-current assets*

	As at 31 December 2024	As at 30 June 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Singapore	22,027	22,475
The PRC	3,334	3,991
Others	1,087	414
	26,448	26,880

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME AND OTHER (LOSSES) GAINS, NET

	Six months ended 31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	29	20
Interest income	111	4
Others	27	32
	167	56
Net foreign exchange (loss)/gain	(115)	33
Loss on disposal of plant, property, and equipment	(33)	–
Others	–	(3)
	(148)	30

5. FINANCE COSTS

	Six months ended 31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Interest on:</i>		
Bank and other borrowings	2,261	1,354
Lease liabilities	84	189
	2,345	1,543



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. LOSS BEFORE TAXATION

Loss before income tax is arrived at after charging:

	Six months ended 31 December	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Expense relating to short-term leases	229	198
Depreciation of property, plant and equipment	1,313	1,936
Directors' remuneration	5,407	5,088
– Share-based payment expenses for directors	–	1,019
Other staff costs		
– Salaries, wages and other benefit	13,999	14,647
– Share-based payment expenses for staff	–	2,254
– Defined contribution plans, including retirement benefits	1,304	4,061
– Foreign worker levy and skill development levy	434	555
Total staff costs (inclusive of Directors' remuneration) (Note a)	21,144	27,624
Cost of materials recognised as costs of sales/services	95,341	63,073
Subcontractor costs recognised as costs of sales/services	3,051	569
Share-based payment expenses for external consultant	–	58

Note:

- For the Relevant Period, staff costs of approximately RMB5,016,000 (period ended 31 December 2023: approximately RMB5,533,000) 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 2023: 17%) and the PRC enterprise income tax has been provided at the rate of 25% (six months ended 31 December 2023: 25%). A breakdown of the income tax expenses is as follows:

	Six months ended 31 December 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax expense		
– Singapore corporate income tax	(155)	567
– PRC corporate income tax	174	–
Deferred tax	(3)	(6)
	16	561

8. LOSSES PER SHARE

	Six months ended 31 December 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period attributable to owners of the Company	(7,912)	(4,998)
Weighted average number of ordinary shares (Note)	1,046,628,000	928,059,435
Basic and diluted losses per share (RMB cents per share)	(0.76)	(0.53)

Note: 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.

The computation of diluted loss per share for the period ended 31 December 2024 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share (31 December 2023: Same). The computation of diluted loss per share during the period ended 31 December 2024 also did not assume the exercise of the share award because the issuance of shares in relation to the share award scheme has antilutive effect to the basic loss per share. The resulting number of shares issued and held by the trustee during the year is not included in the weighted average number of ordinary shares as the denominator for calculating basic loss per share for the period ended 31 December 2024. Therefore, the amount of diluted loss per share is the same as the amount of basic loss per share during the periods ended 31 December 2024 and 2023.

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 Relevant Period (six months ended 31 December 2023: nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Relevant Period, the Group acquired equipment amounting to approximately RMB13,000 (six months ended 31 December 2023: RMB67,000).

	Computers RMB'000	Office equipment RMB'000	Furniture, fixtures and fittings RMB'000	Motor vehicles RMB'000	Leasehold land and property RMB'000	Right- of-use assets RMB'000	Total RMB'000
Cost:							
At 1 July 2023	784	339	950	1,429	26,482	9,010	38,994
Disposal	(78)	–	–	–	–	(948)	(1,026)
Written off	–	–	–	–	–	(2,098)	(2,098)
Additions	91	23	54	–	–	–	168
Exchange realignment	–	–	(1)	(3)	(14)	–	(18)
At 30 June 2024 and 1 July 2024	797	362	1,003	1,426	26,468	5,964	36,020
Additions	13	–	–	–	–	911	924
Disposal	(40)	–	–	–	–	–	(40)
Written off	–	–	–	–	–	(890)	(890)
Exchange differences	4	–	–	14	(33)	–	(15)
At 31 December 2024	774	362	1,003	1,440	26,435	5,985	35,999
Accumulated depreciation:							
At 1 July 2023	708	318	911	863	4,050	1,255	8,105
Depreciation for the year	114	7	31	148	467	3,023	3,790
Disposal	(78)	–	–	–	–	(948)	(1,026)
Written off	–	–	–	–	–	(828)	(828)
Exchange realignment	(2)	3	3	(2)	(2)	–	–
At 30 June 2024 and 1 July 2024	742	328	945	1,009	4,515	2,502	10,041
Depreciation for the period	23	8	15	60	236	971	1,313
Disposal	(7)	–	–	–	–	–	(7)
Written off	–	–	–	–	–	(890)	(890)
Exchange differences	1	(2)	1	4	(8)	–	(4)
At 31 December 2024	759	334	961	1,073	4,743	2,583	10,453
Carrying amount:							
At 31 December 2024	15	28	42	367	21,692	3,402	25,546
At 30 June 2024	55	34	58	417	21,953	3,462	25,979

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. GOODWILL

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Cost:		
At the beginning of the period/year	901	901
Exchange realignment	1	–
At the end of the period/year	902	901

12. INVENTORIES

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Finished goods	52,762	61,932

During the Relevant Period, provision of slow-moving and obsolescence inventories of approximately RMB403,000 (30 June 2024: approximately RMB26,000 of provision for stock obsolescence was written back). This was recognised 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 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Trade receivables, gross	13,694	23,972
Less: Allowance for ECL	(847)	(992)
Trade receivables, net	12,847	22,980
Deposits (Note)	2,824	2,884
Prepayments	17,850	20,151
Other receivables	2,831	4,402
Advances to staff	2,412	226
	25,917	27,663
Less: amount classified as non-current – rental deposits on lease agreement expiring after one year (Note)	–	–
Current portion	25,917	27,663

Note: As at 31 December 2024, the deposits balance mainly consist of deposits paid for lease agreements in the PRC and Hong Kong and deposits paid to online platform providers to become merchants of e-shop or e-channel (30 June 2024: same).

During the six months ended 31 December 2024, the Group granted credit terms to its customers in the segment of sale and provision of integrated services of networking, sound and communication systems typically between 30 to 180 days (30 June 2024: 30 to 180 days). For the e-commerce operation, no credit term (30 June 2024: nil) is granted to individual customers and relevant trading or settlement platform for online sale, while the Group generally grants credit terms ranging from 15 to 180 days (30 June 2024: 15 to 180 days) to those corporate customers with good credit records. The Group does not charge interest nor hold any collateral over these balances.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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

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

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

31 December 2024 (Unaudited)	Group Trade receivables – days past due						Total RMB'000
	Not yet past due	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Effective ECL rate	1%	1%	1%	7%	26%	98%	
Trade receivables, gross	6,620	3,277	2,442	403	257	695	13,694
Lifetime ECL	(33)	(17)	(24)	(28)	(67)	(678)	(847)
							12,847

30 June 2024 (Audited)	Group Trade receivables – days past due						Total RMB'000
	Not yet past due	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Effective ECL rate	1%	1%	1%	7%	26%	98%	
Trade receivables, gross	16,533	3,233	1,690	588	1,613	315	23,972
Lifetime ECL	(159)	(48)	(15)	(40)	(421)	(309)	(992)
							22,980

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 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Balance as at 1 July 2024 and 2023	992	486
(Reversal of)/provision for allowance for ECL on trade receivables	(147)	507
Exchange realignment	2	(1)
Balance as at 31 December 2024 and 30 June 2024	847	992

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Contract assets		
Retention receivables	4,711	2,755
Contract liabilities		
Advance billing to customer	10,253	4,774

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. BANK BALANCES AND CASH

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Bank balances and cash <i>(Note)</i>	49,921	44,053

Note: 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 2024, there was approximately RMB5,866,000 (30 June 2024: RMB3,275,000) denominated in RMB and deposited with banks in the PRC. RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Trade payables (<i>Note</i>)	10,027	11,701
Other taxes payable	1,132	685
Accrued operating expenses	1,743	5,627
Accrued payroll costs	4,265	2,571
Other payables	4,654	–
	21,821	20,584

Note:

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (30 June 2024: 30 to 60 days) or payable upon delivery (30 June 2024: Same).

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 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Within 30 days	6,370	6,617
31 days to 90 days	1,201	3,614
91 days to 180 days	914	647
Over 180 days	1,542	823
	10,027	11,701

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. LEASE LIABILITIES

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Lease liabilities payable:		
– Within one year	1,731	1,697
– Within a period of more than one year but not exceeding two years	1,655	1,140
– Within a period of more than two years but not exceeding five years	296	887
	3,682	3,724
Less: Future finance charges	(210)	(228)
Total lease liabilities	3,472	3,496
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	(1,545)	(1,557)
Amounts due for settlement after twelve months from the end of the reporting period (show under non-current liabilities)	1,927	1,939



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. LEASE LIABILITIES (CONTINUED)

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

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Depreciation expense of right-of-use assets (Note 10)	971	3,023
Interest expenses on lease liabilities (Note 5)	84	334
Expense relating to short-term leases	229	425
	1,284	3,782
	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Within financing cash flow – fixed payments	1,019	3,302
Within operating cash flow – expenses relating to short-term lease	229	425
Total cash outflow for leases	1,248	3,727

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. BORROWINGS

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Bank borrowings – Secured (<i>Note (a)</i>)	30,039	22,965
Bank borrowings – Unsecured (<i>Note (b)</i>)	10,352	4,400
Other borrowings (<i>Note (c)</i>)	28,762	50,861
	69,153	78,226
Carrying amount repayable within 1 year	52,044	60,613
Carrying amount repayable over 1 year but within 2 years	15,566	12,701
Carrying amount repayable over 2 years but within 5 years	1,543	4,912
	69,153	78,226
Less: Amount due within 1 year (shown under current liabilities)	(52,044)	(60,613)
Amount shown under non-current liabilities	17,109	17,613



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. BORROWINGS (CONTINUED)

Notes:

As at 31 December 2024, the balances include:

- (a) Two secured bank borrowings with carrying amounts of RMB11,783,000 (30 June 2024: RMB11,893,000) in aggregate which was interest bearing at 3.85% (30 June 2024: 3.85%) per annum and repayable in May 2026 (30 June 2024: May 2026). These borrowings were guaranteed by Mr. Cao's spouse and a residential property of Mr. Cao (30 June 2024: Same).

A secured term loan with carrying amount of approximately S\$647,000 (equivalent to approximately RMB3,461,000) (30 June 2024: S\$732,000 (equivalent to approximately RMB3,924,000)) which bear floating interest rates with weighted average effective interest rate at 2.88% (30 June 2024: 2.88%) per annum. The borrowing was secured by the Group's leasehold land and property with carrying amount of approximately RMB21,692,000 (30 June 2024: RMB21,953,000) (Note 10) and corporate guarantee provided by the Company (30 June 2024: Same). The loan has a term of 15 years which is repayable by instalment and the final maturity date of the loan will be due on 11 June 2028.

A secured bank borrowing with carrying amount of approximately RMB7,247,000 (30 June 2024: RMB2,973,000) with interest rate at 3.85% (30 June 2024: 3.75%) per annum and repayable in July 2026. The borrowing is guaranteed by a PRC financing guarantee company, an independent third party of the Company.

A secured bank borrowing with carrying amount of approximately RMB4,500,000 with interest rate at 3.90% per annum and repayable in June 2025. The borrowing is guaranteed by a PRC financing guarantee company, an independent third party of the Company.

A secured bank borrowing with carrying amount of approximately RMB2,948,000 with interest rate at 2.05% per annum and repayable in June 2025. The borrowing is guaranteed by a PRC financing guarantee company, an independent third party of the Company.

A secured bank borrowing with carrying amount of RMB100,000 (30 June 2024: RMB175,000) with interest rate at 7.92% per annum and repayable in August 2025. The borrowing is guaranteed by a director of a subsidiary of the Company.

As 30 June 2024, a secured bank borrowing with carrying amount of RMB1,000,000 with interest rate at 4.15% per annum was fully repaid. The borrowing is guaranteed by a director of a subsidiary of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. BORROWINGS (CONTINUED)

Notes: (Continued)

As at 31 December 2024, the balances include: (Continued)

- (b) As at 31 December 2024, balance represents four (30 June 2024: two) unsecured bank borrowings which bear interest at a range from 2.35% to 7.92% (30 June 2024: 2.05% and 3.55%) per annum and repayable in March 2025, July 2025 and September 2025, respectively.
- (c) The Group entered into a receivable transfer arrangement (the “**Arrangement**”) with three (30 June 2024: three) financial institutions in the PRC to transfer existing or future trade receivables of a customer with full recourse to the financial institution for financing purpose. In the event of default by the customer, the Group is obliged to pay the financial institution the amount in default. The proceeds of the Arrangement were included in borrowings as asset-backed financing until the trade debts were collected or the Group settled any losses suffered by the financial institution. As at 31 December 2024, carrying amount of proceeds received under the Arrangement is amounting to approximately RMB26,763,000 (30 June 2024: RMB48,861,000) which bear interest at a range from 6.8% to 9.0% (30 June 2024: 8.5% to 9.0%) per annum. As at 31 December 2024, the amount of existing or future trade receivables pledged under the Arrangement is amounting to approximately RMB26,763,000 (30 June 2024: RMB48,861,000).

Other borrowings also include one (30 June 2024: one) unsecured other borrowing with carrying amount of RMB2,000,000 (30 June 2024: RMB2,000,000) with interest rate of 8.0% (30 June 2024: 8.0%) per annum and repayable in March 2025.

19. DEFERRED TAX LIABILITIES

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Balance as at 1 July 2024 and 1 July 2023	37	41
Credited to profit or loss for the period:		
Reversal of deferred taxes liabilities	(3)	(4)
Balance as at 31 December 2024 and 30 June 2024	34	37

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	Amount RMB'000
Ordinary shares of HK\$0.01 each			
Authorised share capital:			
At 1 July 2023, 30 June 2024, 1 July 2024 and 31 December 2024	1,500,000,000	15,000	13,631
	Number of shares	Amount RMB'000	
Issued and paid-up:			
At 1 July 2023	904,000,000	7,665	
Insurance of shares upon placing, net of transaction costs <i>(Note)</i>	142,628,000	1,334	
At 30 June 2024, 1 July 2024 and 31 December 2024	1,046,628,000	8,999	

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

Note:

On 31 October 2023, the Company completed the placing of 142,628,000 placing shares (the “**Placing**”) representing approximately 13.63% of the enlarged issued share capital of the Company as at the date of this report. The gross and net proceeds (after deducting the placing commission and other related expenses) from the Placing are amounted to HK\$28.8 million (equivalent to approximately RMB26.7 million) and HK\$28.2 million (equivalent to approximately RMB26.4 million), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT OF BUSINESS AND PROSPECTS

Our principal businesses are:

- (i) 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**”); and
- (ii) sale and provision of integrated services of networking, sound and communication systems and alert alarm system services (including the sale of networking, sound and communication systems, provision of integrated services of networking, sound and communication systems and alert alarm system services) to customers in Singapore, Malaysia and the PRC (the “**NSC segment**”).

For the six months ended 31 December 2024, (the “**Relevant Period**”), the Group recorded a net loss of approximately RMB10.3 million as compared to a net loss of approximately RMB7.0 million for the six months ended 31 December 2023. The Directors are of the view that the increase in net loss was primarily caused by (i) the decrease in gross profit earned from the expansion in business operations of the Group’s EC segment during the Relevant Period; (ii) the business expansion and operations of the Group’s EC segment in the PRC led to an increase in selling and administrative expenses during the Relevant Period.

OUTLOOK

Outlook of E-commerce in the People’s Republic of China (the “PRC”)

Overview of China’s Brand E-commerce Service Market

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

As at the date of this report, the Company continued to optimise categories and brands of e-commerce operation services, forming a service brand group with small appliance as the main category. Currently, brands and products that the Company is operating and has newly added include domestically and internationally renowned brands, such as Philips water purifier, Philips audio and video products, ASUS, FOTILE, ECOVACS, SUPOR, Yunjing and Changhong.

In terms of brand expansion, the Company will continue to enhance our service brands. We aim to achieve breakthroughs in category segmentation and keep expanding matured and renowned brands at home and abroad in order to ensure sustained and sound development of our business in addition to the consolidation of existing cooperative brands.

In terms of channel expansion, the JD.com platform will still be the key operation channel of the Company. The Company will strengthen its close collaboration with various industry sectors of JD.com while also maintain partnerships with other e-commerce platforms such as Tmall, Taobao and Pinduoduo. In addition, the Company will also enhance the establishment of its online distribution system through the online channels so as to increase sales of its service brands.

MANAGEMENT DISCUSSION AND ANALYSIS

Regarding the establishment of operation systems, based on the service categories and brand features, we will continue to consolidate our teams by enhancing the structure of the front office, middle office and back office, and continuously boost operational capability and efficiency of our teams through talent recruitment, internal training and elimination mechanism.

In addition, the Company has established its operation service team in Malaysia and plans to expand its e-commerce operation services in Southeast Asia. With its Malaysia business mainly relying on e-commerce SaaS System of Youzan, the Company will provide e-commerce systems to offline merchants, as well as construction and maintenance services to online merchants in Malaysia, thereby helping millions of Malaysia offline merchants to achieve online operation. The Company will also build localized online shopping mall, GOODNET, in Malaysia to offer comprehensive service of online traffic introduction and online operation for merchants on the basis of serving extensive base of merchants.

Leveraging on extensive experience of e-commerce operation from mainland China and localized operation team resources, we believe that our e-commerce operation services in Malaysia will become a new growth driver of the Company.

Outlook of sale and provision of integrated services of networking, sound and communication systems solutions industry in Singapore and Malaysia

As a developed country with an aging population, Singapore continues to face challenges such as the deepening impact of chronic disease and increasing utilisation of medical infrastructure. Being one of the countries in the Association of South East Asian Nation with the highest per capita healthcare expenditure, the Singapore's Ministry of Health anticipates Singapore's national health expenditure will increase to S\$43 billion by 2030. Therefore, we continue to monitor the public and private healthcare infrastructure plans in existing markets and participate in requests for proposal in both private and public tenders.



MANAGEMENT DISCUSSION AND ANALYSIS

We continue to look for opportunities to collaborate with potential and existing customers to expand our sales pipeline through the introduction of cloud-based network solutions, and enhance both wired and wireless communication systems within healthcare institutions. During the Year, we expanded our product offerings to include medical beds and continue to explore potential integrations within our strong business network in Singapore.

We stand ready and are committed to serving our clients in the education, private healthcare and public housing sectors. Through iterative and constructive feedback from our stakeholders, we continue to create value for our clients through constant innovation and integration with existing or new systems to formulate the relevant solution to address the end-users' needs.

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

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

In the face of macroeconomic challenges such as looming recession risks and higher interest rates, we believe that with our healthy level of project and maintenance pipeline, we are poised to continue to create and share value amongst the stakeholders in our industry chain by building mutually beneficial relationships.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

In February 2023, the Chinese government promulgated the “Plan for the Overall Layout of Building a Digital China”, which pointed out that building a digital China is an important engine for promoting Chinese-style modernization in the digital age. The plan stipulates that the construction of digital China will be carried out in accordance with the “2522” overall framework. The promulgation of this plan by the Chinese government will surely lead to the development of China’s digital economy.

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

The Company continues to cultivate in the Chinese railway industry and has built strong influence within the sector. During the reporting period, the Company has secured more than ten railway network system integration projects, including high-speed rail projects both domestically and internationally such as the Jakarta-Bandung High-Speed Railway, the Sichuan-Tibet Railway, and the East Coast Rail Link (ECRL) in Malaysia. The Company will also continue to consolidate its position in the railway industry, further explore new potential, and expand its project portfolio.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased to approximately RMB142.1 million for the Relevant Period by approximately RMB26.7 million or 23.2%, from approximately RMB115.4 million for the six months ended 31 December 2023. This was principally due to the increased revenue contribution from higher sales and transaction volumes in EC segment for the Relevant Period.

Costs of sales/services

Our costs of sales/services increased to approximately RMB103.0 million for the Relevant Period by approximately RMB33.8 million or 48.9%, from approximately RMB69.2 million for the six months ended 31 December 2023. The increase in costs was substantially due to the increases in materials and inventories delivered to customers in the PRC which were in line with the increase in revenues from EC segment in the PRC during the Relevant Period.

Gross profit

Our gross profit decreased to approximately RMB39.1 million for the Relevant Period by approximately RMB7.1 million or 15.4%, from approximately RMB46.2 million for the six months ended 31 December 2023. The decrease in gross profit was largely due to higher material costs incurred from vendors in our EC Segment during the Relevant Period. The Group's gross profit margin decreased from 40.0% for the six months ended 31 December 2023 to 27.5% for the Relevant Period. The decrease in gross profit margin was mainly due to lower prices for sales to customers with in our EC segment during the Relevant Period.

Other (losses) gains, net

During the Relevant Period, other losses recorded the amount of approximately RMB148 thousands, net decreased by approximately RMB178 thousands or 593.3%, from other gains of approximately RMB30 thousands for the six months ended 31 December 2023. The increase of losses was mainly attributable to increase of foreign exchange losses on the operations in Singapore during the Relevant Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and administrative expenses

The selling and administrative expenses increased by approximately RMB3.4 million or 12.3% from approximately RMB27.7 million for the period ended 31 December 2023 to approximately RMB31.1 million for the Relevant Period. The significant increase was mainly due to the increase of approximately RMB3.4 million in administrative costs related to the expansion and growth of the operations of the Group's EC segment in the PRC.

Selling and administrative staff costs

Payroll expenses decreased by approximately RMB2.7 million or 14.3%, from approximately RMB18.8 million for the period ended 31 December 2023, to approximately RMB16.1 million for the Relevant Period. The decrease was mainly attributed to (i) the decrease in operational and administrative payroll expenses incurred to maintain the expansion of our NSC segment in the PRC in which contributing an decrease of approximately RMB3.0 million; and slightly offset by an (ii) increased in payroll costs of approximately RMB0.3 million related to Group's NSC segment in Singapore and Malaysia due to the hiring of sales personnel.

Finance costs

Our finance costs increased to approximately RMB2.3 million for the Relevant Period, by approximately RMB0.8 million or 52.0%, from approximately RMB1.5 million for the six months ended 31 December 2023. The increase was mainly due to the increase in borrowings to fund the purchase of material and goods within the EC segment in the PRC during the Relevant Period.

Income tax expense

Our income tax expense decreased to approximately RMB16 thousands for the Relevant Period, by approximately RMB0.5 million or 97.1%, from approximately RMB0.6 million for the six months ended 31 December 2023. The decrease was primarily due to a decrease in taxable profits in the Group's NSC segment in Singapore for the Relevant Period.



MANAGEMENT DISCUSSION AND ANALYSIS

Loss and other comprehensive loss for the period attributable to the 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 RMB7.9 million as compared to a net loss for the period attributable to owners of the Company of approximately RMB5.0 million for the six months ended 31 December 2023. The increase in loss was mainly attributable to the decrease of gross profit earned from the expansion in business operations of the Group's EC segment for the Relevant Period.

Interim dividends

The Board does not recommend the payment of an interim dividend for the Relevant Period (six months ended 31 December 2023: 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 2024, 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**”), the supplemental announcement issued on 31 July 2020 (the “**Supplemental Announcement**”), and the announcement in relation to further change in use of net proceeds issued on 6 September 2023 as follows:

Description	Amount designated in the Prospectus HK\$ million	Net movement designated in the announcement dated on 6 September 2023 HK\$ million (Note)	Revised allocation of the total net proceeds as at 31 December 2024 HK\$ million	Actual use of proceeds as at 31 December 2024 HK\$ million	Unutilised amount as at 31 December 2024 HK\$ million	% utilised as at 31 December 2024 %	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	1.5	2.9	1.4	1.5	48.3%	30 June 2026
Expand and train our sales and marketing, technical and support workforce	11.6	9.0	20.6	16.0	4.6	77.7%	30 June 2026
Purchase transportation vehicles	3.0	Nil	3.0	1.0	2.0	33.3%	30 June 2026
Setting up of a new sales office in Singapore	10.0	(8.0)	2.0	1.0	1.0	50.0%	30 June 2026
Partial repayment of bank loan	10.0	Nil	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	Nil	2.0	2.0	Nil	100.0%	N/A
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	(2.5)	Nil	Nil	Nil	0.0%	N/A
General working capital and general corporate purposes	3.5	Nil	3.5	3.5	Nil	100.0%	N/A
Grand total	44.0	Nil	44.0	34.9	9.1	79.3%	

Note:

Net movement amount is calculated as the revised use of remaining balance of the unutilized net proceeds minus the unutilized amount of net proceeds as stated in the announcement of the Company dated 6 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 31 December 2024:

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 Considered the current project tender Sought more opportunities to conduct new trade shows to further reach out to potential customers in healthcare industry in Singapore
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> Staff cost for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs Staff cost for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and taking into account potential increase in wage level, and the associated staff accommodation costs To provide internal and external trainings and workshops to our sales and technical staff 	<ul style="list-style-type: none"> New headcount of 8 engineers and 25 technicians were recruited as at 31 December 2024 New headcount of 2 sales and marketing executives, 1 marketing manager and 1 sales manager were recruited as at 31 December 2024 Provided internal and external trainings and workshops to our technical staff In the process to seek suitable candidates to the remaining positions

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Purchase transportation vehicles	<ul style="list-style-type: none"> • Purchase of three van 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 of two vans for maintenance operations and, transportation of relevant equipment and/or labour • Considered and monitored Group's current project portfolio but postponed the purchase of two vans due to current different project requirements
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 current observed industry customers' requirements and the property prices in Singapore were surged up higher than expected which the Group requires additional time to identify the suitable premises in order to meet the Group's financial budget • The Group revised the use of net proceeds for renovation of new sales office space
Partial repayment of bank loan	<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 workload	<ul style="list-style-type: none"> • Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workload 	<ul style="list-style-type: none"> • Considered and monitored the Group's project portfolio and considered adverse impacts on Singapore economy, the unutilized amount were reallocated to other categories



MANAGEMENT DISCUSSION AND ANALYSIS

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.

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

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

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

The net proceeds raised from the placing of new shares under General Mandate first announced on 6 October 2023 and completed on 31 October 2023 (the “Placing”) amounted to approximately HK\$28.2 million.

	HK\$ million	Approximate percentage of allocation
(i) Expand its suite of integrated service and systems	8.5	30.0%
(ii) Develop new markets in Asia	5.6	20.0%
(iii) Repay certain outstanding indebtedness of the Group	8.5	30.0%
(iv) General working capital of the Group	5.6	20.0%
Total	28.2	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Actual use of proceeds as at 31/12/2024		% utilised as at 31 December 2024	Expected timeline to fully utilise the unutilised amount (Note)
HK\$ million			
(i)	Expand its suite of integrated service and systems	8.5	100.0%
(ii)	Develop new markets in Asia	1.2	21.4%
(iii)	Repay certain outstanding indebtedness of the Group	8.5	100.0%
(iv)	General working capital of the Group	5.6	100.0%
Total		23.8	84.4%

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



DISCLOSURE OF INTERESTS

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 2024, 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 as at 31 December 2024
Mr. Cao Chunmeng	Beneficial owner	117,372,000	11.21%
Mr. Qiu Yingming	Beneficial owner	43,042,000	4.11%
Mr. Yuan Shuangshun ¹	Beneficial owner/ Interest of spouse	5,086,000	0.49%
Mr. Han Bing	Beneficial owner	1,000,000	0.10%

Note:

1. Ms. Zeng Xiu Hua, the spouse of Mr. Yuan Shuangshun, holds 1,420,000 ordinary shares of the Company. By virtue of the SFO, Mr. Yuan Shuangshun is deemed to be interested in the 1,420,000 ordinary shares.

DISCLOSURE OF INTERESTS

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 assuming all the share options granted under the Share Option Scheme were exercised as at	31 December 2024
			31 December 2024	31 December 2024
Mr. Yuan Shuangshun	Beneficial owner	8,000,000	0.76%	0.73%
Mr. Han Bing	Beneficial owner	8,000,000	0.76%	0.73%
Mr. Yan Xiaotian	Beneficial owner	800,000	0.08%	0.07%
Mr. Tang Chi Wai	Beneficial owner	800,000	0.08%	0.07%

Save as disclosed above, as at 31 December 2024, 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

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

As at 31 December 2024, 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 as at 31 December 2024
Lux Aeterna Global Fund SPC	Beneficial owner	65,300,000	6.24%

Save as disclosed above, as at 31 December 2024, 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.

OTHER INFORMATION

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at the date of this report, the Company's issued capital was 1,046,628,000 Shares of HK\$0.01 each.

As at 31 December 2024, the Group had total assets of approximately RMB172.6 million, total liabilities and shareholders' equity of approximately RMB105.1 million and RMB67.5 million, respectively.

The Group's current ratio as at 31 December 2024 was approximately 1.7 times compared to 1.8 times as at 30 June 2024. The current ratio decreased slightly due to better strategic management of inventory and working capital flow in the NSC segment in the PRC. The gearing ratio for the Group as at 31 December 2024 was 102.5% (30 June 2024: 100.4%). 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%.

As at 31 December 2024, the Group's indebtedness comprised bank borrowing and lease liabilities in Renminbi of approximately RMB69.2 million and RMB3.5 million, respectively (30 June 2024: RMB78.2 million and RMB3.5 million, respectively).

There was no change in capital structure of the Company as at 31 December 2024 since the date of publication of the annual report of the Company for the year ended 30 June 2024 ("**2024 Annual Report**").

There has been no material change to the capital management policy of the Company since the date of publication of 2024 Annual Report.

The Group was not exposed to material fluctuations in exchange rates and did not make any foreign exchange related hedges for the Relevant Period.

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.



OTHER INFORMATION

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Relevant Period, the Group did not have any material acquisitions or disposals of subsidiaries and associates.

CAPITAL EXPENDITURE

Total capital expenditure for the Relevant Period was approximately RMB13,000, which was used to purchase property, plant and equipment.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2024 (30 June 2024: nil).

COMMITMENTS

As at 31 December 2024, the Group did not have any capital commitments (30 June 2024: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the total number of employees of the Group was 132 (31 December 2023: 146) and the Directors' emoluments incurred during the Relevant Period were approximately RMB5.4 million (six months ended 31 December 2023: approximately RMB5.1 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.

OTHER INFORMATION

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

In addition, the Company has conditionally adopted a share option scheme (the **"Share Option Scheme"**) on 14 December 2017 and a share award scheme (the **"Share Award Scheme"**) on 18 February 2021 so as to motivate, attract and retain the right employees. The Board has resolved to terminate the Share Award Scheme with effect from 16 May 2024 (for details, please refer to the announcement of the Company dated 16 May 2024).

EVENTS AFTER REPORTING PERIOD

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 during the Relevant Period.



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 2024, options to subscribe for an aggregate of 53,100,000 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	Vesting period	At 1 July 2024	Granted during the period	Lapsed/ Forfeited during the period	At 31 December 2024
Directors								
Mr. Yuan Shuangshun	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	2,400,000	-	-	2,400,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	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	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	N/A	2,400,000	-	-	2,400,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	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	2nd anniversary of the date of grant	3,200,000	-	-	3,200,000
Sub-total					8,000,000	-	-	8,000,000

OTHER INFORMATION

Name and category of participants	Date of grant	Exercise price per option	Exercise period	Vesting period	At 1 July 2024	Granted during the period	Lapsed/ Forfeited during the period	At 31 December 2024
Mr. Yan Xiaotian	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	240,000	-	-	240,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	240,000	-	-	240,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	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	N/A	240,000	-	-	240,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	240,000	-	-	240,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	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	N/A	10,710,000	-	(60,000)	10,650,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	10,710,000	-	(60,000)	10,650,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	14,280,000	-	(80,000)	14,200,000
Sub-total					35,700,000	-	(200,000)	35,500,000
External consultant Mr. Liugingwang	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	300,000	-	(300,000)	-
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	300,000	-	(300,000)	-
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	400,000	-	(400,000)	-
Sub-total					1,000,000	-	(1,000,000)	-
Total					54,300,000	-	(1,200,000)	53,100,000

Share options were lapsed due to employee resignations. As of the date of this report, no share options were exercised.

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.

OTHER INFORMATION

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.

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

A consideration of HK\$1 (approximately RMB0.93) 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.

OTHER INFORMATION

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 highest 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
	65,300,000

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

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

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



OTHER INFORMATION

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\$	As at 1 July 2024	Number of share options		As at 31 December 2024
			Granted during the Relevant Period	Lapsed/ forfeited during the Relevant Period	
31 December 2021					
– Directors	0.5	17,600,000	–	–	17,600,000
– Employees	0.5	35,700,000	–	(200,000)	35,500,000
– External consultant	0.5	1,000,000	–	(1,000,000)	–
		54,300,000	–	(1,200,000)	53,100,000
Grant date	Exercise price per share option HK\$	As at 1 July 2023	Number of share options		As at 30 June 2024
			Granted during the year	Lapsed/ forfeited during the year	
31 December 2021					
– Directors	0.5	17,600,000	–	–	17,600,000
– Employees	0.5	38,900,000	–	(3,200,000)	35,700,000
– External consultant	0.5	1,000,000	–	–	1,000,000
		57,500,000	–	(3,200,000)	54,300,000

At 31 December 2024, the weighted average remaining contractual life of these outstanding share options was approximately 2.0 years (30 June 2024: 2.5 years), with a weighted average exercise price of HK\$0.50 (30 June 2024: HK\$0.50) per share option. At 31 December 2024, the number of exercisable share options was 53,100,000 (30 June 2024: 54,300,000). The weighted average share price per share from the date of the share options granted to 31 December 2024 was HK\$0.18.

1,200,000 share options were lapsed due to termination of employment during the Relevant Period.

OTHER INFORMATION

Exercisable at the end of the Period

During the Relevant Period, no share options were granted, vested, exercised or cancelled.

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.

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



OTHER INFORMATION

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 period ended 31 December 2023, share-based payment expense of approximately RMB3,331,000 for the share option scheme was recognised in the unaudited condensed consolidated profit or loss with a corresponding credit in share-based payment reserve.

None of the share options (30 June 2024: 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.

SHARE AWARD SCHEME

On 18 February 2021, the Company adopted the share award scheme (the **"Share Award Scheme"**), in which details are set out in the announcements of the Company dated 18 February 2021 and 9 March 2021. The purpose of the Share Award Scheme is to recognise the contributions by Selected Participants 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. 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.

OTHER INFORMATION

The Company granted an aggregate of 24,000,000 Awarded Shares to 16 selected participants (“**Selected Participants**”) pursuant to the terms of the Share Award Scheme at Nil consideration. The Awarded Shares represented approximately 2.29% of the enlarged issued share capital of the Company as at the date of completion of the issuance of Awarded Shares. On the issuance date, the trustee held such Awarded Shares on trust for the 16 selected participants and would transfer the respective proportions to each of them at nil consideration upon vesting and settlement of their respective Awarded Shares. Accordingly, no fund was raised from the allotment and issue of the Awarded Shares. The details are set out in the announcement of the Company dated 29 March 2023.

The administrative procedures in connection with the transfer of the Award Shares from the trustee to the respective grantees (the “**Grantees**”) had been completed on 16 May 2024. After completion of the transfer of the Award Shares to the Grantees, the Board has resolved to terminate the Share Award Scheme with effect from 16 May 2024 in order to reduce administrative cost. The details are set out in the announcement of the Company dated 16 May 2024.

None of the Selected Participants is a director, chief executive or substantial shareholder of Company or their respective associates or otherwise a connected person of the Company. The grant of Awarded Shares would not result in the Awarded Shares issued and to be issued to each individual Selected Participant in respect of all awards granted to such person in the 12-month period up to and including the date of grant in aggregate to exceed 1% of the shares in issue.

Under the Share Award Scheme, the Selected Participants are required to be continuously employed by the Group during the one-year vesting period and there is no performance target attached to the Awards granted to the Selected Participants. No Awarded Shares were granted, vested, cancelled or lapsed under the Share Award Scheme during the Relevant Period.

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 C1 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.



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.

By order of the Board

ISP Global Limited

Cao Chunmeng

Chairman and Executive Director

Hong Kong, 26 February 2025

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, the non-executive Director is Mr. Qiu Yingming 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 Information” 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.