

ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487

Interim Report

2021/22

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 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2021

UNAUDITED INTERIM RESULTS

The unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 31 December 2021, together with the unaudited comparative figures for the corresponding periods in 2020, are as follows:

		Three months		Six months	
		ended 31 December		ended 31 December	
		2021	2020	2021	2020
	<i>Notes</i>	S\$	S\$	S\$	S\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	7,231,657	3,532,502	12,010,945	4,581,675
Costs of sales/services		(5,347,354)	(2,614,539)	(8,774,771)	(3,163,344)
Gross profit		1,884,303	917,963	3,236,174	1,418,331
Other income	4	26,303	129,580	63,911	248,436
Administrative expenses		(2,120,213)	(856,894)	(3,824,858)	(1,450,612)
Other gains and losses	4	(56,537)	(48,585)	(241,484)	(220,883)
Share of loss in associates		-	(15,958)	-	(15,958)
Finance costs	5	(47,814)	(5,624)	(80,447)	(12,286)
(Loss) profit before taxation	6	(313,958)	120,482	(846,704)	(32,972)
Income tax (expense) recovered	7	(105,094)	(13,742)	(149,025)	44,159
(Loss) profit for the period		(419,052)	106,740	(995,729)	11,187

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2021

	Three months ended 31 December		Six months ended 31 December	
	2021	2020	2021	2020
<i>Notes</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive income, after tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	130,804	7,666	156,968	6,575
Total comprehensive income for the period	(288,248)	114,406	(838,761)	17,762
(Loss) profit for the period attributable to:				
Owners of the Company	(331,066)	52,737	(825,399)	(42,816)
Non-Controlling Interest	(87,986)	54,003	(170,330)	54,003
(Loss) profit for the period	(419,052)	106,740	(995,729)	11,187

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2021

	Three months ended 31 December		Six months ended 31 December	
	2021	2020	2021	2020
<i>Notes</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total comprehensive (loss) income for the period attributable to:				
Owners of the Company	(200,521)	61,261	(669,282)	(35,383)
Non-Controlling Interest	(87,727)	53,145	(169,479)	53,145
	(288,248)	114,406	(838,761)	17,762
(Losses) earnings per share				
Basic and diluted				
(S\$ cents per share)	8	(0.04)	0.01	(0.09)
		(0.01)	(0.01)	(0.01)

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December 2021	As at 30 June 2021
	<i>Notes</i>	S\$ (Unaudited)	S\$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	6,405,670	6,785,823
Non-current deposits		214,894	261,512
Goodwill on consolidation	13	190,843	187,342
Total non-current assets		6,811,407	7,234,677
Current assets			
Inventories		3,470,904	1,542,102
Trade receivables	11	7,867,276	3,772,946
Other receivables, deposits and prepayments	11	1,594,123	2,536,785
Contract assets	12	19,902	32,319
Bank balances and cash	14	11,931,540	11,176,664
Total current assets		24,883,745	19,060,816
Total assets		31,695,152	26,295,493

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	15	4,949,257	7,759,144
Contract liabilities	12	295,056	221,158
Lease liabilities	10	668,203	647,596
Borrowings due within one year	16	160,003	167,815
Income tax payable		274,057	199,605
		6,346,576	8,995,318
Non-current liabilities			
Lease liabilities	10	1,314,339	1,655,520
Borrowings due after one year	16	992,555	1,068,271
Deferred tax liabilities	17	8,879	9,664
		2,315,773	2,733,455
Capital and reserves			
Share capital	18	1,513,382	1,372,630
Reserves		21,495,068	13,085,142
Non-controlling interest		24,353	108,948
		23,032,803	14,566,720
Total liabilities and equity		31,695,152	26,295,493

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

For the six months ended 31 December 2020

	Attributable to equity shareholders of the Company					Equity attributable to owners of the company S\$	Non-Controlling Interest S\$	Total S\$
	Share capital S\$	Share premium S\$	Merger reserve S\$ <i>(Note i)</i>	Translation reserves S\$	Accumulated profits S\$			
Balance at 1 July 2020 (Audited)	1,372,630	8,593,078	524,983	516	4,415,264	14,906,471	-	14,906,471
Total comprehensive income (loss) for the period								
Profit (loss) for the period	-	-	-	-	(42,816)	(42,816)	54,003	11,187
Other comprehensive income (loss) for the period	-	-	-	7,433	-	7,433	(858)	6,575
Total	-	-	-	7,433	(42,816)	(35,383)	53,145	17,762
Non-controlling interest, arising from acquisition of a subsidiary representing transactions with owners, recognised directly in equity	-	-	-	-	-	-	99,556	99,556
Balance at 31 December 2020 (Unaudited)	1,372,630	8,593,078	524,983	7,949	4,372,448	14,871,088	152,701	15,023,789

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 2021

	Six months ended 31 December	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Operating activities		
Loss before taxation	(846,704)	(35,383)
Adjustments for:		
Share of losses of associates	–	15,958
Depreciation of property, plant and equipment	423,021	266,410
Loss on write-off of property, plant and equipment	1,644	–
Unrealised foreign exchange loss	222,654	45,376
Impairment losses, net of reversals, on financial assets and other items subject to ECL	17,176	41,058
Interest income	(5,784)	(6,430)
Finance costs	80,446	12,286
Operating cash flows before movements in working capital	(107,547)	339,275
Movements in working capital		
Increase in trade receivables	(4,111,506)	(921,949)
Decrease (increase) in other receivables, deposits and prepayments	989,280	(2,731,205)
Decrease (increase) in contract assets	12,417	(3,560)
Increase in inventories	(1,928,802)	(1,656,023)
Increase in contract liabilities	73,898	614
Increase in trade and other payables	1,483,152	5,398,193
Cash (used in) generated from operations	(3,589,108)	425,345
Interest received	5,784	6,430
Income tax paid	(75,358)	(83,977)
Net cash (used in) generated from operating activities	(3,658,682)	347,798

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2021

	Six months ended 31 December	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Investing activities		
Acquisition of property, plant and equipment	(12,612)	(48,342)
Additions to investment in associates	-	(188,570)
Net cash used in investing activities	(12,612)	(236,912)
Financing activities		
Proceeds from placing of new shares	9,219,960	-
Issuance of shares of subsidiaries to non-controlling interest	84,884	-
Repayment of leases	(411,117)	-
Repayment to a third party	(4,218,670)	-
Repayment of borrowings	(83,528)	(81,794)
Interest paid	(10,119)	(12,286)
Net cash generated from (used in) financing activities	4,581,410	(94,080)
Net increase in cash and cash equivalents	910,116	16,806
Cash and cash equivalents at beginning of the period	11,176,664	10,022,877
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(155,240)	(195,712)
Cash and cash equivalents at end of the period represented by bank balances and cash	11,931,540	9,843,971

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ISP Global Limited (the “**Company**”) was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is Winward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”) on 8 September 2017. The head office and the principal place of business in Hong Kong registered is Room 2607, 26th Floor, The Center, 99 Queen’s Road, Central, Hong Kong. The principal place of business in Singapore is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The shares of the Company (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 sound and communication systems and related services, provision of integrated services of network and communication systems, provision of alert alarm system services in Singapore, and e-commerce services and operations for sales of consumer products to external customers in the People’s Republic of China (“**PRC**”).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (Cont'd)

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

The unaudited condensed consolidated financial statements are approved by the board of Directors (the “Board”) on 28 January 2022.

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

For the purpose of preparing and presenting the unaudited condensed consolidated financial statement for the reporting period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 July 2021 throughout the reporting period. At the date of issuance of this report, the Group has not applied the following new IFRSs, amendments to IFRSs, amendments to International Accounting Standards (“IASs”), and the new interpretations that have been issued but are not yet effective:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (1) sale of sound and communication systems and related services ("**Sale of Sound and Communication Systems and Related Services**"), (2) provision of integrated services of network and communication systems ("**Integrated Services of Network and Communication Systems**"), (3) provision of alert alarm system services ("**Alert Alarm System Services**") to external customers, and (4) e-commerce service and operations for sale of consumer products ("**E-commerce**").

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. Sale of Sound and Communication Systems and Related Services, Integrated Services of Network and Communication Systems and Alert Alarm System Services and Sale of Consumer Products. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has two operating segments:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

- a) Sale and services of network and communication systems segment (“**NCS segment**”), which includes the Sale of Sound and Communication Systems and Related Services, Integrated Services of Network and Communication Systems and Alert Alarm System Services;
- b) Sales of consumer products segment (“**CP segment**”) mainly includes sales of consumer products on e-commerce platforms with individual customers and through offline trading channels with corporate customers in the PRC.

The CODM assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of other income, other gain and losses, finance costs and of corporate expenses from the operating segments.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results for the Relevant Period:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results for the 6 months ended 31 December 2020:

	Three months ended 31 December 2020			Six months ended 31 December 2020		
	Sale and services of network and communication systems S\$	Sale of consumer products S\$	Total S\$	Sale and services of network and communication systems S\$	Sale of consumer products S\$	Total S\$
Gross segment revenue	1,345,050	2,187,452	3,532,502	2,394,223	2,187,452	4,581,675
Inter-segment revenue	-	-	-	-	-	-
Revenue	1,345,050	2,187,452	3,532,502	2,394,223	2,187,452	4,581,675
Timing of revenue recognition						
At a point in time	1,126,164	2,187,452	3,313,616	1,846,451	2,187,452	4,033,903
Over time	218,886	-	218,886	547,772	-	547,772
	1,345,050	2,187,452	3,532,502	2,394,223	2,187,452	4,581,675
Segment results	(84,770)	121,859	37,089	65,613	121,859	187,472
Other income			129,580			248,436
Other gains and losses			(107,424)			(179,826)
Depreciation			(618)			(1,520)
Unallocated expenses			67,479			(275,248)
Finance costs			(5,624)			(12,286)
Income tax expense			(13,742)			44,159
Loss for the year			106,740			11,187
Segment results include:						
Allowance for expected credit loss of trade receivables	58,838	-	58,838	(41,058)	-	(41,058)
Depreciation	(132,722)	(403)	(133,125)	(219,397)	(403)	(219,800)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

	Three months ended 31 December		Six months ended 31 December	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

At a point in time:

Sale of Sound and Communication Systems and Related Services	2,454,208	1,126,164	4,068,428	1,846,451
E-commerce	521,771	2,187,452	3,454,591	2,187,452

Over time:

Integrated Services of Network and Communication Systems	4,255,678	-	4,487,926	110,000
Alert Alarm System Services	-	218,886	-	437,772
	7,231,657	3,532,502	12,010,945	4,581,675

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Information about the Major Customers

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

	Six months ended 31 December	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Customer I	2,532,353 [^]	— [^]
Customer II	1,560,672 [^]	— [^]

[^] For the six months ended 31 December 2020, the corresponding revenue from that customer did not amount to more than 10% of total Group revenue for the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Unaudited)
Segment assets		
Sale and services of network and communication systems	15,057,274	17,136,790
Sale of consumer products	15,974,721	8,349,136
Total segment assets	31,031,995	25,485,926
Unallocated corporate assets		
– Property, plant and equipment	314,382	452,601
– Deposits and other receivables	139,243	157,440
– Bank balance and cash	209,532	199,526
Total assets	31,695,152	26,295,493

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities (Cont'd)

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Unaudited)
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Segment liabilities

Sale and services of network and communication systems	2,342,704	2,636,599
Sale of consumer products	5,959,774	8,465,342
Total segment liabilities	8,302,478	11,101,941
Unallocated corporate assets		
– Other payables	80,337	196,804
– Lease liabilities	279,534	430,028
Total liabilities	8,662,349	11,728,773

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Geographical information

The Group revenue from customers and information about its specified non-current assets, comprising property, plant and equipment, goodwill on consolidation, and interest in an associate, by geographical location are detailed below.

a) Revenue from external customers

	Three months ended 31 December		Six months ended 31 December	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Singapore	2,232,423	1,345,050	4,077,897	2,394,223
China	4,999,231	2,187,452	7,932,051	2,187,452
Others	3	-	997	-
	7,231,657	3,532,502	12,010,945	4,581,675

b) Non-current assets

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Unaudited)
Singapore	4,380,430	4,438,331
China	1,990,339	2,216,043
Malaysia	440,638	580,303
	6,811,407	7,234,677

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 31 December		Six months ended 31 December	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government grants	15,957	128,012	49,482	242,006
Interest income	3,524	1,568	5,784	6,430
Others	6,822	-	8,645	-
	26,303	129,580	63,911	248,436
Net foreign exchange loss	(118,169)	(79,928)	(222,654)	(179,825)
Loss reversed (recognised) on expected credit losses ("ECL") on trade receivables	61,647	31,343	(17,176)	(41,058)
Loss on write-off of property, plant and equipment	(5)	-	(1,644)	-
Others	(10)	-	(10)	-
	(56,537)	(48,585)	(241,484)	(220,883)

5. FINANCE COSTS

	Three months ended 31 December		Six months ended 31 December	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Interest on:</i>				
Bank borrowings	4,944	5,624	10,119	12,286
Lease liabilities	25,992	-	53,450	-
Other payables	16,878	-	16,878	-
	47,814	5,624	80,447	12,286

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. (LOSS) PROFIT BEFORE TAXATION

Loss (profit) before income tax is arrived at after charging/
(crediting):

	Three months		Six months	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment (<i>Note a</i>)	211,378	133,741	423,021	266,410
Directors' remuneration	301,639	234,660	603,298	442,530
Other staff costs				
– Salaries, wages and other benefit	1,291,747	469,507	2,303,778	860,131
– Defined contribution plans, including retirement benefits	7,432	22,231	30,821	42,433
– Foreign worker levy and skill development levy	14,349	40,002	56,010	44,495
Total staff costs (inclusive of Directors' remuneration) (<i>Note b</i>)	1,615,167	766,400	2,993,907	1,389,589
Cost of materials recognised as costs of sales/services	4,835,985	2,150,627	7,773,347	2,279,495
Subcontractor costs recognised as costs of sales/services	121,236	24,036	236,262	68,396

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. (LOSS) PROFIT BEFORE TAXATION (Cont'd)

Notes:

- a. For the Relevant Period, no depreciation (period ended 31 December 2020: S\$198,149) is included in costs of sales/services.
- b. For the Relevant Period, staff costs of S\$765,162 (period ended 31 December 2020: S\$617,305) is included in costs of sales/services.

7. INCOME TAX EXPENSE (RECOVERED)

Singapore corporate income tax has been provided at the rate of 17% (six months ended 31 December 2020: 17%). Singapore corporate income tax has been provided at the rate of 17%. The People's Republic of China ("PRC") corporate income tax has been provided at the rate of 25%. A breakdown of the income tax expenses is as follows:

	Three months ended 31 December		Six months ended 31 December	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax expense (recovered)				
– Singapore corporate income tax	106,253	21,714	148,836	(22,166)
Current tax – PRC corporate income tax	8	5,836	974	5,836
Deferred tax	(1,167)	(13,808)	(785)	(27,829)
	105,094	13,742	149,025	(44,159)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. (LOSSES) EARNINGS PER SHARE FOR THE PERIOD

	Three months ended 31 December		Six months ended 31 December	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to owners of the Company	(331,066)	52,737	(825,399)	(42,816)
Weighted average number of ordinary shares ('000) (Note (a))	872,174	800,000	872,174	800,000
Basic and diluted (losses) earnings per share (S\$ cents per share)	(0.04)	0.01	(0.09)	(0.01)

Note:

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

The diluted (losses) earnings per share is equal to the basic (losses) earnings per share as there were no dilutive potential ordinary shares in issue during the respective periods.

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, the Group acquired equipment amounting to approximately S\$39,893 (six months ended 31 December 2020: S\$48,342).

	Computers	Office equipment	Furniture, fixtures and fittings	Motor vehicles	Leasehold land and property	Alert alarm systems	Right-of-use assets	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost:								
At 1 July 2020	53,296	63,913	168,264	134,962	4,938,600	2,752,307	-	8,111,342
Acquisition of subsidiaries	18,188	-	-	-	-	-	-	18,188
Additions	12,172	5,682	-	39,499	-	-	2,488,579	2,545,932
At 30 June 2021	83,656	69,595	168,264	174,461	4,938,600	2,752,307	2,488,579	10,675,462
Additions	12,172	-	440	-	-	-	-	12,612
Write-off	-	(10,052)	-	-	-	(2,752,307)	-	(2,762,359)
Exchange differences	240	-	-	-	-	-	37,093	37,333
At 31 December 2021	96,068	59,543	168,704	174,461	4,938,600	-	2,525,672	7,963,048
Accumulated depreciation:								
At 1 July 2020	44,774	58,520	164,817	77,230	493,860	2,455,088	-	3,294,289
Depreciation for the year	22,064	2,611	2,433	26,883	87,152	297,219	156,189	594,551
Exchange differences	(937)	1,124	-	-	-	-	612	799
At 30 June 2021	65,901	62,255	167,250	104,113	581,012	2,752,307	156,801	3,889,639
Write-off	-	(8,760)	-	-	-	(2,752,307)	-	(2,761,067)
Depreciation for the year	14,208	740	1,050	14,539	43,576	-	348,908	423,021
Exchange differences	(75)	3,926	-	-	-	-	1,934	5,785
At 31 December 2021	80,034	58,161	168,300	118,652	624,588	-	507,643	1,557,378
Carrying amount:								
At 31 December 2021	16,034	1,382	404	55,809	4,314,012	-	2,018,029	6,405,670
At 30 June 2021	17,755	7,340	1,014	70,348	4,357,588	-	2,331,778	6,785,823

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group as a lessee

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group as a lessee (Cont'd)

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Lease liabilities		
As at beginning of the period	2,303,116	–
<i>Amortised cost</i>		
Additions – Right-of-use assets	–	2,488,579
Accretion of interest	53,450	20,932
Exchange differences	37,093	–
Payments during the year	(411,117)	(206,395)
As at the end of the period	1,982,542	2,303,116
Current	668,203	647,596
Non-current	1,314,339	1,655,520
Total lease liabilities	1,982,542	2,303,116

The following are the amounts recognised in the profit and loss:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. 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 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Trade receivables	7,923,443	3,805,740
Loss allowance	(56,167)	(32,794)
	7,867,276	3,772,946
Deposits	586,928	492,239
Prepayment	1,157,041	2,194,321
Advances to staff	47,359	56,630
Other receivables	17,689	53,107
	1,809,017	2,798,297
Less: amount classified as non-current (<i>Note a</i>)	(214,894)	(261,512)
Current portion of other receivables, deposits and prepayments	1,594,123	2,536,785

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

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

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

In 2021, the loss allowance for 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

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

December 31, 2021 (Unaudited)	Group						Total
	Not yet past due	Trade receivables – days past due					
		< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
ECL rate	-	-	-	-	21%	100%	
Estimated total gross							
carrying amount at default	1,122,554	4,722,603	707,907	1,180,947	169,143	20,289	7,923,443
Lifetime ECL	-	-	-	-	(35,878)	(20,289)	<u>(56,167)</u>
							<u>7,867,276</u>

June 30, 2021 (Audited)	Group						Total
	Not yet past due	Trade receivables – days past due					
		< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
ECL rate	-	-	-	-	21%	100%	
Estimated total gross							
carrying amount at default	2,445,498	766,702	443,890	75,724	52,039	21,887	3,805,740
Lifetime ECL	-	-	-	-	(10,907)	(21,887)	<u>(32,794)</u>
							<u>3,772,946</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

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

Group	Lifetime ECL – credit-impaired	
	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Balance as at 1 July 2021 and 2020	32,794	67,764
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	17,176	(34,970)
Foreign exchange movement	6,196	–
Balance as at end of period	56,166	32,794

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Contract assets		
Retention receivables	19,902	32,319
Contract liabilities		
Advance billing to customer	295,056	221,158

Contract Assets

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CONTRACT ASSETS AND CONTRACT LIABILITIES (Cont'd)

Contract Liabilities

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

The Group recognised revenue of S\$53,145 (30 June 2021: S\$221,158) which was included in the contract liability balance at the beginning of the period. There was no revenue recognised in the current reporting period relating to performance obligations which were satisfied in a prior year.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. GOODWILL ON CONSOLIDATION

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Cost:		
At the beginning of the period	187,342	–
Arising on acquisition of a subsidiary	–	187,342
Exchange differences	3,501	–
At the end of the period	190,843	187,342

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Pledged bank deposits (Note a)	206,947	206,947
Bank balances and cash (Note b)	11,724,593	10,969,717
	11,931,540	11,176,664
Less: Amounts classified as non-current	—	—
	11,931,540	11,176,664

Notes:

- a. The balances represent deposits placed to a bank for corresponding amounts of performance guarantee granted to the Group in favour of a customer with a maturity term of 36 months ending in April 2022. The balances carry interest rate of 0.65% (30 June 2021: 0.65%) per annum at 31 December 2021.
- b. Approximately S\$4,495,000 (30 June 2021: S\$1,098,000) included in bank balances carry interest rate of approximately 0.1% to 0.65% (30 June 2021: ranging from 0.1% to 0.65%) per annum at 31 December 2021. The remaining bank balances and cash are interest free.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Trade payables	4,012,511	664,762
Retention payables	26,500	26,500
Goods and Services Tax ("GST") payable	88,237	91,009
Accrued operating expenses	122,932	491,825
Accrued payroll costs	115,467	195,954
Amounts due to a third party (<i>Note a</i>)	583,610	4,802,280
Amounts due to a director (<i>Note b</i>)	–	416,500
Others (<i>Note c</i>)	–	1,070,313
	4,949,257	7,759,143

Notes:

- a. Amount due to a third party represented short-term advances from an independent third party in the PRC for financing the initial working capital of sale of consumer products business before the Group reallocated foreign financial resource into the PRC. The advances were drawn by the Group during November 2020 to January 2021 with interest charges at 6% per annum payable on maturity date and repayable within one year from the drawdown date.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES (Cont'd)

Notes: (Cont'd)

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

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

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Within 30 days	3,514,192	309,332
31 days to 90 days	478,087	351,480
91 days to 180 days	16,450	–
Over 180 days	3,782	3,950
	4,012,511	664,762

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (30 June 2021: 30 to 60 days) or payable upon delivery.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. BORROWINGS

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
Bank loans – Secured	1,152,558	1,236,087
<i>Analysed as:</i>		
Carrying amount repayable within 1 year	160,003	167,815
Carrying amount repayable more than 1 year, but not exceeding 2 years	155,206	152,144
Carrying amount repayable more than 2 years, but not exceeding 5 years	530,656	708,393
Carrying amount repayable more than 5 years	306,693	207,735
	1,152,558	1,236,087
Less: Amount due within 1 year (shown under current liabilities)	(160,003)	(167,815)
Amount shown under non-current liabilities	992,555	1,068,272

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. BORROWINGS (Cont'd)

The loans were secured by the legal mortgage over the Group's leasehold land and property (Note 10) with corporate guarantee provided by the Company. The loans bear floating interest rates with weighted average effective interest rate at 1.68% (30 June 2021: 1.75%) per annum as at 31 December 2021.

17. DEFERRED TAX LIABILITIES

	As at 31 December 2021 S\$ (Unaudited)	As at 30 June 2021 S\$ (Audited)
As at period beginning		
1 July 2021, 2020	9,664	62,327
Credited to profit or loss for the period:		
Accelerated tax depreciation	(785)	(52,663)
As at period end	8,879	9,664

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

18. SHARE CAPITAL

Note	Company					
	As at 31 December 2021	As at 30 June 2021	As at 31 December 2021	As at 30 June 2021	As at 31 December 2021	As at 30 June 2021
	Number of shares <i>'000,000</i>	<i>'000,000</i>	Par Value <i>HK\$</i>	<i>HK\$</i>	Share Capital <i>HK\$'000</i> <i>HK\$'000</i>	

**Authorised share capital
of the Company**

As at beginning of the year and as
at end of the period/year

	1,500	1,500	0.01	0.01	15,000	15,000
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	Company			
	As at 31 December 2021	As at 30 June 2021	As at 31 December 2021	As at 30 June 2021
	Number of shares		Share capital <i>HK\$</i>	<i>US\$</i>

**Issued and fully paid
share capital:**

At the beginning of the year	800,000,000	800,000,000	800,000,000	1,372,630
Issue of shares pursuant to the placing on 19 July 2021 (a)	80,000,000	–	80,000,000	140,752
As at the end of the period/year	880,000,000	800,000,000	880,000,000	1,513,382

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. SHARE CAPITAL (Cont'd)

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT OF BUSINESS AND PROSPECTS

The Group is principally engaged in the sales, installation and maintenance of network and communication system solutions, and alert alarm systems in Singapore and e-commerce services in China.

For the six months ended 31 December 2021 (the “**Relevant Period**”), the Group recorded a net loss of approximately S\$996 thousand as compared to a net profit of approximately S\$11 thousand for the same period in 2020. The Directors are of the view that the net loss recorded was mainly attributable to, among other things, (i) the increase of approximately S\$2.4 million, or 1.6 times, in administrative costs and expenses related to funding of business opportunities in the Group’s NCS segment and CP segment in China from approximately S\$1.5 million for the six months ended 31 December 2020 to approximately S\$3.8 million for the Relevant Period; and (ii) the decrease of approximately S\$0.2 million, or 74.3%, in other income due to the cessation of one-off pandemic government grants in Singapore during the Relevant Period. However, the negative impact of increasing losses was slightly offset by gross margin growth of approximately S\$1.8 million, or 1.3 times primarily driven by revenue growth in both the Group’s NCS segment and CP segment in China.

OUTLOOK

In light of recent revenue growth, the Group strives to continue its organic growth strategy and focus on building its operation in the geographical territories of China and South-East Asia.

MANAGEMENT DISCUSSION AND ANALYSIS

Dual pronged approach of revenue growth and cost controls within NCS segment in Singapore

In line with the Group's business continuity plan, the Group's NCS segment in Singapore is expected to resume delivering on contract obligations and serving our clients whose projects were previously delayed due to site closures or other extraordinary circumstances due to the intermittent novel coronavirus ("COVID-19") pandemic movement control lockdowns in Singapore. The Group optimised its cost structure through maintaining customer relationships in the Healthcare and Education sectors through contactless means, and increased our professional expertise through the hiring of employees with relevant experience. The Group adopted social distancing measures with an emphasis on increased workplace health and safety measures to ensure employee wellbeing and to prevent the spread of COVID-19 within the Group. The Group expects the abovementioned measures will continue to improve the Group's operation efficiency and business profitability.

Focus on project acquisition in NCS segment in China

The Group established a new operating team in mainland China to carry out relevant business, mainly through acquiring or merging with outstanding companies in the industry for the Group to quickly enter this new market. Beginning in April 2021, in a bid to diversify geographical revenue streams, the Group ventured into tenders and customer projects of NCS segment in China. With an experienced management team and relevant expertise, the Group's NCS segment in China is expected to lead revenue growth in the near term as a result of more contracts being awarded through tenders while the Group simultaneously satisfies existing contractual obligations over time.

MANAGEMENT DISCUSSION AND ANALYSIS

User outreach and channel expansion for the CP segment in China

With the introduction of antitrust laws in China in recent years, the Group believes there is an opportunity for new entrants to develop and compete against any existing large incumbents in the online retailing market. Specifically, the Group's focus on China's Business-to-Consumer ("**B2C**") e-commerce market is due to high growth rates in user base and increased penetration rates due to the switch towards consumers' online spending habit. In 2019, China's online retail market reached 10.6 trillion Chinese Yuan, representing a 16.5% year-on-year increase, and is considered to be a high-growth industry. Within the online retail market, the B2C e-commerce segment share increased 15.2% from 2018, to 78.0% in 2019. Accordingly, the e-commerce market also grew rapidly, reaching a market size of 563.5 billion Chinese Yuan in 2019 with a combined growth rate between 2016 to 2019 of 39.2%, and the market penetration rate of 10.5%. According to iResearch data, the total value of e-commerce industry is expected to be at 2.04 trillion Chinese Yuan, with a penetration rate increased to 13.7%. This is due to the mobility restrictions incurred by COVID-19 which has catalysed the need for brands to develop online e-commerce capabilities to augment the digital transformation of the brand, expand the brand outreach, and substitute the offline product distribution channels.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group established a new operating team in mainland China to carry out relevant business, mainly through (1) forming a new subsidiary company (wholly-owned or holding) to recruit outstanding e-commerce operation talent; and (2) acquiring or merging with outstanding companies in the industry for the Group to quickly enter this new market. In light of recent developments, the Group will continue to expand its business operation team, and work together with our clients, the brand owners, to provide valuable e-commerce operations services for our clients in order to increase their market penetration and share and thereby creating more value for the Group's shareholders.

FINANCIAL REVIEW

Revenue

During the Relevant Period, the Group's revenue amounted to approximately S\$12.0 million, which had increased by approximately S\$7.4 million, or 1.6 times, from approximately S\$4.5 million for the six months ended 31 December 2020. This was principally due to better revenue performance throughout the Group, where the increase in revenues of approximately (i) S\$4.7 million by the Group's NCS segment in China; (ii) S\$1.5 million by the Group's NCS segment in Singapore; and (iii) S\$1.2 million in the Group's CP segment in China. Revenue growth was primarily driven by satisfaction of contractual obligations to two of the Group's customers in China.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit increased by approximately S\$1.8 million, or 1.3 times, from approximately S\$1.4 million for the six months ended 31 December 2020, to approximately S\$3.2 million for the Relevant Period. The increase can be mainly attributed to growth in sales in the Group's NCS segment in China. However, the Group's gross profit margin decreased from 31.0% for the six months ended 31 December 2020, to 26.9% for the Relevant Period. The decrease in the Group's gross profit was primarily due to higher material purchase costs and lower gross margins of the NCS segment and CP segment in China.

Other income, gains and losses

Other income, gains and losses decreased by approximately S\$206 thousand, or 7.5 times, from a net gain of approximately S\$28 thousand for the six months ended 31 December 2020, to a net loss of approximately S\$178 thousand for the Relevant Period. The decrease was mainly attributed to the cessation of one-off governmental grant income from the Singapore government which aided enterprises to offset payroll costs of operating in the built environment in Singapore. This increase in foreign exchange losses from settlement of trade expenses held in currencies other than S\$, such as CNY, US\$ and HK\$, which had appreciated against the S\$ during the Relevant Period.

Administrative expenses

Administrative expenses increased by approximately S\$2.3 million or 1.6 times, from approximately S\$1.5 million for the six months ended 31 December 2020, to approximately S\$3.8 million for the Relevant Period. The increase was primarily due to an increase of payroll and administrative costs related to operation expansion and growth in the Group's NCS segment and CP segment in China.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs increased from approximately S\$12 thousand for the six months ended 31 December 2020 to approximately S\$80 thousand for the Relevant Period due to the interest imbued on lease payments for Right-of-use office premise leases and interest accrued on loan payables to a third party during the Relevant Period.

(Loss) profit attributable to the owners for the period

For Relevant Period, the Group recorded a net loss attributable to the owners of the Group of approximately S\$825 thousand as compared to a net loss attributable to the owners of the Group of approximately S\$43 thousand for the same period in 2020. The net loss recorded was mainly attributable to, among other things, (i) the increase of approximately S\$2.4 million, or 1.6 times, in administrative costs and expenses related to funding of business opportunities in the Group's NCS segment and CP segment in China from approximately S\$1.5 million for the six months ended 31 December 2020 to approximately S\$3.8 million for the Relevant Period; and (ii) the decrease of approximately S\$0.2 million, or 74.3%, in other income due to cessation of one-off pandemic government grants in Singapore before the Relevant Period. However, the negative impact of increasing losses was slightly offset by gross margin growth of approximately S\$1.8 million, or 1.3 times primarily driven by revenue growth in both the Group's NCS segment and CP segment in China.

Interim dividends

The Directors do not recommend the payment of an interim dividend for the Relevant Period (six months ended 31 December 2020: S\$ Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Use of proceeds from share offer and Comparison of business objectives with actual business progress

Up to 31 December 2021, the net proceeds raised from the listing of shares of the Company were utilised in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the “**Prospectus**”) and the supplemental announcement issued on 31 July 2020 (the “**Supplemental Announcement**”) as follows:

Description	Amount designated in the Prospectus <i>HK\$M</i>	Actual use of proceeds as at 31/12/21 <i>HK\$M</i>	Unutilised amount as at 31/12/21 <i>HK\$M</i>	% utilised as at 31/12/21 <i>% utilised</i>	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.5	0.9	35.7%	31/12/22
Expand and train our sales and marketing, technical and support workforce	11.6	9.1	2.5	78.4%	30/06/23
Purchase transportation vehicles	3.0	0.7	2.3	23.3%	30/06/23
Setting up of a new sales office in Singapore	10.0	–	10.0	0.0%	30/06/22
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	0.7	1.3	35.0%	30/06/23
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	–	2.5	0.0%	30/06/23
General working capital and general corporate purposes	3.5	3.5	Nil	100.0%	N/A
Grand total	44.0	24.5	19.5	55.7%	

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 31 December 2021:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> • Staff costs for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs • Staff costs for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and the associated staff accommodation costs • To provide internal and external trainings and workshops to our sales and technical staff 	<ul style="list-style-type: none"> • New headcount of approximately 8 technicians were recruited by June 2018 • New headcount of approximately 2 engineers and 9 technicians were recruited by June 2019 • New headcount of 1 engineer and 15 technicians were recruited by December 2021 • New headcount of approximately two sales and marketing executives were recruited by June 2019 • Provided internal and external trainings and workshops to our technical staff • In the process of seeking 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 vans for maintenance operations and, transportation of relevant equipment and/or labour • Purchase of two lorries for delivery and transportation of larger equipment and/or labour 	<ul style="list-style-type: none"> • Purchased one van for maintenance, operations and transportation of relevant equipment and/or labour • Considered and monitored the Group's current project portfolio but postponed the purchase of lorry due to current different project requirements
Setting up a new sales office in Singapore	<ul style="list-style-type: none"> • Purchase of one new property to be used by our sales and contract department and act as a demonstration facility for our sound and communication systems 	<ul style="list-style-type: none"> • Considered and monitored the Group's project tenders and plan was postponed due to the latest observation of industry customers' requirements and the property prices in Singapore were surged up higher than expected which the Group requires additional time to identify the suitable premises in order to meet the Group's financial budget

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Partial repayment of bank loan	<ul style="list-style-type: none"> Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore 	<ul style="list-style-type: none"> The mortgage loan was partially repaid on 11 July 2018
Expansion of our sound and communication services solution business	<ul style="list-style-type: none"> To explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore, particularly larger scale projects which may be required for the provision of performance bonds. 	<ul style="list-style-type: none"> Postponed due to performance bond not required in recent awarded tenders to the Group In the process of exploring large scale potential projects which requires the provision of performance bonds
Take steps to obtain higher grade level under our current mechanical and electrical workhead	<ul style="list-style-type: none"> Satisfy the minimum financial requirements for “L6” grade under our current mechanical and electrical workhead 	<ul style="list-style-type: none"> Considered and monitored the Group’s project portfolio and postponed to April 2023 The Group is currently accumulating the necessary track record requirement

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. As at the disclosures stated in the Supplemental Announcement, the expected timeline for fully utilise the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information available. Given the recent adverse impacts on Singapore economy as a results of the outbreak of COVID-19, it is expected that the unutilised proceeds will be utilised on or before 30 June 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

The net proceeds raised from the placing of shares first announced on 30 June 2021 and completed on 19 July 2021 (the “**Placing**”) amounted to approximately HK\$52,347,000.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Actual use of proceeds as at 31/12/21 (% utilised as at 31/12/21)	Sound and Communication Business in the PRC	System Servicing Solutions Business	E-Commerce Business in the PRC	Total	Expected timeline to fully utilise the unutilised amount (Note)
(i) Establish new team/ scale-up existing team by hiring additional technicians/ salespersons/ operating staff	1,715,830 (65.5%)	2,784,621 (53.2%)	7,072,217 (67.5%)	11,572,668 (63.1%)	30/06/2022
(ii) Purchase of inventories	- (-%)	- (-%)	10,474,000 (100%)	10,474,000 (100%)	30/11/2021
(iii) Purchase of machineries and equipment	- (-%)	10,474,000 (100%)	- (-%)	10,474,000 (66.7%)	30/06/2022
Sub-total	1,715,830 (21.8%)	13,258,621 (84.4%)	17,546,217 (83.8%)	32,520,668 (73.1%)	
(iv) General working capital and general corporate purposes				7,228,291 (92.0%)	31/01/2022
Total				39,748,959 (75.9%)	

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital structure, liquidity and financial resources

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

As at 31 December 2021, the Group had total assets of approximately S\$31.7 million, total liabilities and shareholders' equity of approximately S\$8.7 million and S\$23.0 million, respectively. The Group's current ratio as at 31 December 2021 was approximately 3.9 compared to 2.1 as at 30 June 2021. The significant increase in current ratio was primarily due to S\$9.2 million increase in cash in relation to the placing completed on 19 July 2021 which was offset by working capital usage for Consumer Product segment growth in China as at 31 December 2021.

The gearing ratio for the Group as at 31 December 2021 was 8.8% (30 June 2021: 9.4%). 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%.

Material acquisitions and disposals of subsidiaries and affiliated companies

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

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange exposure

The Group's transactions are mainly denominated in Singapore Dollar which is the functional and presentation currency of the Group. Significant fluctuations in unrealised foreign exchange losses observed in the Relevant Period amounted to approximately S\$0.22 million due to the monies held in currencies other than Singapore Dollar, such as in United States Dollar, Hong Kong Dollar, and Chinese Yuan.

Capital expenditure

Total capital expenditure for the Relevant Period was approximately S\$48,342, which was used to purchase property, plant and equipment.

Contingent liabilities

As at 31 December 2021, the Group had no significant contingent liabilities.

Commitments

As at 31 December 2021, the Group had no significant capital and operating lease commitments.

Employees and Remuneration Policy

As at 31 December 2021, the total number of employees of the Group was 116 (31 December 2020: 74) and the Directors' emoluments incurred during the Relevant Period were approximately S\$0.6 million (six months ended 31 December 2020: approximately S\$0.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group operates the retirement scheme for employees which is outlined in the Central Provident Fund Act, (Chapter 36 of Singapore). In addition, the Company has conditionally adopted a share option scheme, (the "**Share Option Scheme**") on 14 December 2017 so as to motivate, attract and retain the appropriate employees.

Events after reporting period

The Group had no other significant events which were subsequent to the end of the reporting period of this report.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2021, 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	Capacity/Nature	Number of	
		Shares held/ interested	Percentage of shareholding
Mr. Cao Chunmeng	Beneficial owner	82,542,000	9.38%

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Long position in underlying shares or equity derivatives of the Company

Name	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	
			Approximate percentage of shareholding in the Company	Share Option Scheme were exercised
Mr. Yuan Shuangshun	Beneficial owner	8,000,000	0.91%	0.85%
Mr. Han Bing	Beneficial owner	8,000,000	0.91%	0.85%
Dr. Cai Rongxin	Beneficial owner	800,000	0.09%	0.08%
Mr. Yan Xiaotian	Beneficial owner	800,000	0.09%	0.08%
Mr. Tang Chi Wai	Beneficial owner	800,000	0.09%	0.08%

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2021, 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	Number of Shares held/ interested	Percentage of shareholding
Yau Chong Wa	Beneficial owner; Interest held jointly with another person	122,100,000	13.88%
Yau Siu Yuk (spouse of Yau Chong Wa)	Beneficial owner; Interest held jointly with another person	122,100,000	13.88%
Li Chao	Beneficial owner	93,750,000	10.65%
Lux Aeterna Global Fund SPC	Beneficial owner	65,300,000	7.42%

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Save as disclosed above, as at 31 December 2021, so far as is known to the Directors or chief executive of the Company, no other persons, other than the Directors and chief executive of the Company whose interests are set out in the section “**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.

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.

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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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.

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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

	Date of grant	Exercise price per option	Exercise period	Vesting period	At 1 July 2021	Granted during the period	Exercised during the period	At 31 December 2021
Directors	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	-	5,520,000	-	5,520,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	-	5,520,000	-	5,520,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	-	7,360,000	-	7,360,000
Employees	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	-	13,770,000	-	13,770,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	-	13,770,000	-	13,770,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	-	18,360,000	-	18,360,000
Consultant	31.12.2021	HK\$0.5	31.12.2021 to 30.12.2026	N/A	-	300,000	-	300,000
	31.12.2021	HK\$0.5	31.12.2022 to 30.12.2026	1st anniversary of the date of grant	-	300,000	-	300,000
	31.12.2021	HK\$0.5	31.12.2023 to 30.12.2026	2nd anniversary of the date of grant	-	400,000	-	400,000
						65,300,000	-	65,300,000

Save as disclosed above, during the six months ended 31 December 2020, no share option has been granted, exercised, lapsed or cancelled.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

SHARE AWARD SCHEME

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

The unaudited interim results of the Company for the Relevant Period not been audited by the Company's independent auditors, but have been reviewed by the Audit Committee members who have provided advice and comments thereon.

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

By order of the Board
ISP Global Limited
Mong Kean Yeow
Chairman and executive Director

Hong Kong, 28 January 2022

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

This report will remain on the "Latest Listed Company Announcements" page of the GEM website at www.hkgem.com 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.