ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487

ANNUAL REPORT

2023/24

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cao Chunmeng (Chairman)
Mr. Han Bing (Chief Executive Officer)
Mr. Yuan Shuangshun
Mr. Mong Kean Yeow
Ms. Choon Shew Lang

NON-EXECUTIVE DIRECTOR

Mr. Qiu Yingming

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Chi Wai
Mr. Yan Xiaotian
Mr. Zheng Xiaorong

AUDIT COMMITTEE

Mr. Tang Chi Wai (Chairman)
Mr. Yan Xiaotian
Mr. Zheng Xiaorong

REMUNERATION COMMITTEE

Mr. Yan Xiaotian (Chairman)
Mr. Tang Chi Wai
Mr. Han Bing

NOMINATION COMMITTEE

Mr. Cao Chunmeng (Chairman)
Mr. Yan Xiaotian
Mr. Zheng Xiaorong

COMPANY SECRETARY

Mr. Chan Kwok Wai

AUTHORISED REPRESENTATIVES

Mr. Yuan Shuangshun (appointed on 15 January 2024)
Ms. Choon Shew Lang (resigned on 15 January 2024)
Mr. Chan Kwok Wai

REGISTERED OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Suite 4302, 43/F., Central Plaza, 18 Harbour Road,
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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

HONG KONG LEGAL ADVISER

Guantao & Chow Solicitors and Notaries
Suites 1801-03, 18/F
One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point, Hong Kong

AUDITOR

Moore CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
801-806, Silvercord, Tower 1
30 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL BANK

Industrial and Commercial Bank of China (Asia) Limited

COMPANY'S WEBSITE

www.ispg.hk

STOCK CODE

8487

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to present the annual report of ISP Global Limited for the year ended 30 June 2024 (the "**Year**").

OVERVIEW

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

The revenue of the Group increased from approximately RMB209.8 million for the year ended 30 June 2023 to approximately RMB218.6 million for the Year, representing an increase of approximately RMB8.8 million or 4.2%. Such significant increase was mainly due to the increase in revenue contribution from rapid growth of the e-commerce operation business of approximately RMB22.9 million for the Year compared with last financial year.

During the Year, the global economy continued to recover, but the Chinese market remained challenging. Although the Chinese consumer market showed signs of gradual revival, the pace was sluggish, and our business faced significant headwinds. In response to the complex external environment, the Group adopted a "prudent" strategy. On one hand, it consolidated the existing customer management system to ensure the operation fundamentals; on the other hand, it appropriately explores new business opportunities while continually stabilising the core operations, seeking new market opportunities amidst steady growth.

Business of e-commerce operation

In the face of a slow recovery in the Chinese consumer market, the business of e-commerce operation continued to optimise our customer ecosystem, sales channels, operation teams and systems. 1. The Group concentrated our service offerings on prominent domestic small appliance market, thereby establishing a competitive edge in niche markets. 2. The Group focused our sales channels on the JD.com platform, creating a channel operations advantage for the Group. 3. The Group continued to enhance our digital marketing services and strengthen its full-chain service capabilities for brand e-commerce operations, thereby forming team operation capability advantages. As of 30 June 2024, the Group's client roster included renowned domestic brands such as Philips Water Purifier, Philips Home Audio & Video, Meiling, Amoi, Ecovacs, Supor, Robam and Midea.

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

As a traditional business of the Group, such business in Singapore and mainland China operated in two distinct regions, each facing its own macroeconomic and market challenges. The Group ensured its stable development in the face of elevated global economic headwinds and uncertainty.

CHAIRMAN'S STATEMENT

We continue to maintain direct stakeholding relationships with institutions in both the education and healthcare sectors. In the face of highly competitive nature of the provision of network, sound and communication systems within the education sector, the Group intends to strategically focus on our clients in the healthcare sector in near term. The Group seeks to leverage our exclusive distributorships and expertise in the industry to offer integrated and innovative solutions in our tenders to help our clients boost nursing effectiveness and patient dignity. The Group is well-placed to provide innovative integrated sound and communication systems solutions in the support of evolving education and healthcare clients in Singapore, Malaysia, and Vietnam.

The business in the People's Republic of China (the "**PRC**") has operated in fields such as railway, finance and aviation for years, and possesses ample experience in offering integrated services for IT equipment and systems, IT technical services and operation and maintenance services to data hub facilities of large and medium-sized state-owned enterprises. During the Year, the Group has also secured various railway network system integration projects. The Group will continue to cultivate in the railway sector, enhancing our team's expansion and service capabilities to drive stable growth in this business.

For the Group, this year has been a year of refined operations. We firmly believe that, despite the uncertainties of the macro environment and market competition, our commitment to customer-centricity, coupled with continuous improvements in service capabilities and operation efficiency, will enable us to survive and thrive in the market.

APPRECIATION

On behalf of the Board, let me take this opportunity to extend our heartfelt gratitude to our shareholders, business partners, customers, and employees for your continuous support and contribution to the Group. We are committed to delivering value to all our stakeholders.

Cao Chunmeng
Chairman

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cao Chunmeng (曹春萌) (“**Mr. Cao**”), aged 52, is the chairman, an executive Director and one of our substantial shareholders of the Company. Mr. Cao was appointed as our non-executive Director on 22 January 2021 and was redesignated as an executive Director on 1 January 2022, and, appointed as the chairman of the Board (the “**Chairman**”), and chairman of the nomination committee of the Company (“**Nomination Committee**”) on 4 March 2022. He graduated from Shandong University in China with his bachelor’s degree in computer science in 1994 and he obtained the master degree in business administration from Peking University in 2006. Mr. Cao had worked for Shandong Branch of Industrial and Commercial Bank of China Limited, Jinan Xiande Technology Limited* (濟南先得科技有限公司), Fengyuanxin (China) Technology Limited* (豐元信 (中國) 科技有限公司), Zongheng Tiandi (Beijing) Information Technology Limited* (縱橫天地(北京)信息技術有限公司), Beikong Easycode (Beijing) Technology Limited* (北控易碼通 (北京) 科技有限公司) and Commercial Bank Rongtong (Beijing) Investment Consulting Limited* (商銀融通 (北京) 投資諮詢有限公司). Mr. Cao joined China Youzan Limited (formerly known as China Innovationpay Group Limited, a company which is listed on GEM of the Stock Exchange (stock code: 8083)) for the period from March 2011 to December 2021. Mr. Cao has been appointed as an executive director and chief executive officer of China Youzan Limited in July 2012 and he has been redesignated to become executive director and president of China Youzan Limited in May 2018 until his resignation. Mr. Cao has also been appointed as a director of Haier Consumer Finance Co., Ltd.* (海爾消費金融有限公司), one of the subsidiaries of Haier Group from December 2014 to December 2022. Mr. Cao has more than 20 years extensive management experiences in the financial information technology industry.

Ms. Choon Shew Lang (莊秀蘭) (“**Ms. Choon**”), aged 55, is our executive Director of our Company. Ms. Choon was appointed as a Director on 21 July 2017 and was redesignated as an executive Director on 14 December 2017. Ms. Choon is the co-founder of ISPL Pte Ltd (“**ISPL**”) and has been a director of that company since 22 July 2002. Ms. Choon is responsible for overseeing the sales and contract department and administrative and account department of our Group. Ms. Choon obtained a diploma in electronics and communication engineering from Singapore Polytechnic and was awarded the management diploma in sales and marketing from Temasek Polytechnic in May 1989 and August 1993 respectively.

Mr. Mong Kean Yeow (蒙景耀) (“**Mr. Mong**”), aged 56, is an executive Director. He was appointed as a Director on 21 July 2017 and was redesignated as an executive director on 14 December 2017. Mr. Mong also served as the Chairman and chairman of the Nomination Committee from 14 December 2017 to 31 December 2021. Mr. Mong is the co-founder of ISPL and has been a director of that company since 22 July 2002. Mr. Mong is responsible for the overall strategic planning and the daily operation of our Group including managing key customer relationship. Mr. Mong has approximately 19 years of experience in sound and communication industry. Mr. Mong was responsible for new business development and managed the project planning and implementation process. Mr. Mong obtained a diploma in electronics and communication from Singapore Polytechnic and a management diploma in sales and marketing from Temasek Polytechnic in May 1989 and August 1993 respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yuan Shuangshun (袁雙順) (“**Mr. Yuan**”), aged 53, was appointed as our independent non-executive Director on 1 August 2020 and was subsequently redesignated to an executive Director on 22 March 2021. He was appointed as the authorised representative on 15 January 2024. He obtained a master of economics from Guangdong Academy of Social Sciences (廣東省社會科學院研究生院) in 2002. Prior to joining the Company, Mr. Yuan has been the executive director of All Nation International Group Limited (formerly known as China All Nation International Holdings Group Limited and KSL Holdings Limited) (stock code: 8170, the shares of which is delisted on GEM on 19 July 2024) for the period from December 2017 to February 2021 and Mr. Yuan has been the vice president at Shenzhen Right & Sun Investment Holding Co. Ltd (深圳瑞華信投資有限責任公司) for more than 12 years. Mr. Yuan has extensive experiences in investment, private equity, corporate finance and capital markets.

Mr. Han Bing (韓冰) (“**Mr. Han**”), aged 52, is our executive Director and chief executive officer of our Company. Mr. Han was appointed as our executive Director on 1 September 2021. He is also a member of the remuneration committee of the Company (“**Remuneration Committee**”). He graduated from Southeast University in China with bachelor degree in communication engineering and industrial foreign trade in 1994. Mr. Han has over 21 years of extensive experiences in retails and supply chain management through his working experiences in worldwide well known conglomerates such as B&Q and IKEA. Mr. Han currently serves as a director of Global Sourcing Supply Chain Management (Shanghai) Co., Ltd. and Outing Technology (Shanghai) Co., Ltd, which are indirectly owned subsidiaries of the Group.

NON-EXECUTIVE DIRECTOR

Mr. Qiu Yingming (邱映明) (“**Mr. Qiu**”), aged 40, was appointed as our non-executive Director on 1 March 2023. He graduated from Universidad Católica San Antonio de Murcia in Spain with his bachelor’s degree in business administration in 2022 and University of Northampton in England with his bachelor’s degree in business and management in 2023 who specialises at executive leadership, strategic business management, business negotiation and economics. Prior joining to the Group, Mr. Qiu had gained about 5 years working experiences by being the President of Sky Pro Creation Limited (天寶恒通有限公司) and Shenzhen Cupid Beauty Technology Co., Ltd.* (深圳市丘比特美容科技有限公司), respectively. Mr. Qiu has been generally responsible for presiding over the management of the company comprehensively, formulating annual performance objectives and business development strategy for both companies while Mr. Qiu would also involve research and development and sales of beauty technology products in Shenzhen Cupid Beauty Technology Co., Ltd.* (深圳市丘比特美容科技有限公司).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zheng Xiaorong (鄭曉嶸) (“**Mr. Zheng**”), aged 40, was appointed as our independent non-executive Director and a member of each audit committee of the Company (“**Audit Committee**”) and Nomination Committee with effect from 1 July 2022. He holds a bachelor degree of commerce from the University of Auckland in 2011. Mr. Zheng has over 18 years of extensive experiences working in financial services and banking industry in New Zealand and Hong Kong with deep understanding of local and global financial markets and regulatory requirements. Mr. Zheng has been working in KVB Kunlun Group (“**KVB**”) since 2011 and he has significant and proven experiences in foreign exchange markets, dealing exposure management and hedging strategy. Throughout the years of working within KVB, Mr. Zheng had also demonstrated with his proven ability to enhance relationships across a range of stakeholders, including but not limited to internal colleagues or board members as well as corporate clients, regulators, media and other banking counterparties externally. Mr. Zheng was also involved to develop and implement governance and risk frameworks for KVB Capital Markets Limited to meet the licence requirements of a licenced corporation of leveraged foreign exchange trading under the requirements of Securities and Futures Ordinance between late 2016 and late 2020. Mr. Zheng is currently serving as a Director, Global Markets at Bank of China (New Zealand) Limited since 4 October 2021, who is responsible for the developing and marketing of transactional banking businesses with all those related banking products shall be in full compliance with relevant rules, regulations and the internal policies of Bank of China Group as well as enhancing internal workflow processing in accordance with local market practices that would eventually promote quality services to clients. Mr. Zheng has also been the non-executive director of KVB group companies situated in New Zealand and Hong Kong, respectively, since 1 January 2022.

Mr. Yan Xiaotian (閆曉田) (“**Mr. Yan**”), aged 64, was appointed as our independent non-executive Director on 27 November 2020. He is the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He has obtained his master degree in economics from Graduate School of the Financial Research Institute of the People’s Bank of China in 1986 (which was then merged with Tsinghua University and known as PBC School of Finance, Tsinghua University since 2012) and is a senior economist. Mr. Yan has over 30 years of extensive experiences in economic, financing and management. Mr. Yan served as the president of the head office of Bank of China Limited, the vice president of the Guangzhou branch of CITIC Bank Corporation Limited (formerly known as CITIC Industrial Bank Limited), the general manager of CITIC Securities Co., Ltd. (Guangzhou), and a director and an executive president of South China International Leasing Co., Ltd. Mr. Yan was an executive director of China Youzan Limited (formerly known as China Innovationpay Group Limited, a company which is listed on GEM of the Stock Exchange (stock code: 8083)) for the period from December 2014 to February 2021, an independent non-executive director of Renaissance Asia Silk Road Group Limited (formerly known as China Billion Resources Limited), a company which is listed on the Main Board of the Stock Exchange (stock code: 274) from October 2019 to February 2022, and, an independent non-executive director of Prosperity International Holdings (HK) Limited from October 2019 to June 2021, a company which was formerly listed on the Main Board of the Stock Exchange (stock code: 803), and, an independent director of Dagang Holding Group Ltd. (達鋼控股集團股份有限公司) since December 2020, a company which is listed on the Shenzhen Stock Exchange (stock code: 300103.SZ). Mr. Yan is currently an independent non-executive Director of Wealthking Investments Limited since April 2022, a company which shares are listed on GEM of Stock Exchange (stock code: 1140).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang Chi Wai (鄧智偉) ("**Mr. Tang**"), aged 51, was appointed as our independent non-executive Director on 14 December 2017. He is the chairman of the Audit Committee and a member of the Remuneration Committee. He is primarily responsible for supervising and providing independent judgement to our Board.

Mr. Tang has over 20 years of experience in auditing and accounting. Mr. Tang has been serving as a financial controller, company secretary and authorised representative of Universal Technologies Holdings Limited (stock code: 1026, the shares of which is listed on the Main Board of the Stock Exchange) since June 2008. Mr. Tang has been responsible for financial and accounting functions as well as secretarial and compliance related matters of the aforesaid company. Mr. Tang has been an independent non-executive director of (1) Century Group International Holdings Limited (formerly known as CHerish Holdings Limited) (stock code: 2113, the shares of which is listed on the Main Board of the Stock Exchange) for the period from September 2016 to October 2021, (2) Xin Point Holdings Limited (stock code: 1571, the shares of which is listed on the Main Board of the Stock Exchange) since June 2017 and (3) Noble Engineering Group Holdings Limited (stock code: 8445, the shares of which is listed on GEM) since September 2017.

Mr. Tang was appointed as the honorary president of North Kwai Chung District Scout Council of Scout Association of Hong Kong in June 2019.

Mr. Tang graduated from The Hong Kong Polytechnic University with a bachelor of accountancy in November 1996. He has been a practising Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since April 2001 and a Certified Internal Auditor of the Institute of Internal Auditors since November 2015. Mr. Tang has also been a holder of the Practitioner's Endorsement from The Hong Kong Chartered Governance Institute (formerly known as: The Hong Kong Institute of Chartered Secretaries) since August 2015.

Professional qualifications	Dates of admission
Member of Chinese Institute of Certified Public Accountants	September 2003
Fellow of The Association of Chartered Certified Accountants	January 2005
Fellow of The Hong Kong Institute of Certified Public Accountants	September 2009
Fellow of The Taxation Institute of Hong Kong	July 2010
Fellow of The Chartered Governance Institute (formerly known as: The Institute of Chartered Secretaries and Administrators)	July 2015
Fellow of The Hong Kong Chartered Governance Institute (formerly known as: The Hong Kong Institute of Chartered Secretaries)	July 2015
Fellow of The Hong Kong Institute of Directors	April 2015
Fellow of The Hong Kong Investor Relations Association	July 2016

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Goh Boon Pan (吳文平) ("**Mr. Goh**"), aged 53, is the senior manager of our Company. Mr. Goh joined our Group in July 2015 and has been responsible for the management, design and implementation of our projects. Mr. Goh also oversees and manages the engineer and technician team of our Group. Mr. Goh has accumulated approximately 18 years' experience in project management. Prior to joining our Group, he worked in ISPL Service Centre from August 2002 to June 2015 as senior project manager and in Intellink Systems Pte Ltd (now known as Intellilink Systems Pte Ltd) from September 2000 to July 2002 as a project engineer.

Mr. Goh obtained a diploma in electronics, computer and communication engineering from Singapore Polytechnic in May 1997.

Mr. Heng Yew Chong Benedict (王偠仲) ("**Mr. Heng**"), aged 33, is the financial controller of our Company. Mr. Heng joined our Group in June 2017 and has been responsible for the accounting and finance matters of our Group. Mr. Heng is experienced in the fields of auditing, accounting and financial management. Prior to joining our Group, Mr. Heng worked for Ernst & Young LLP from August 2014 to June 2017, his last position held was an audit senior.

Mr. Heng obtained his bachelor of accountancy degree with a second specialisation in business law from Nanyang Business School, Nanyang Technological University in June 2014. Mr. Heng has been a member of the Institute of Singapore Chartered Accountants since September 2017. Mr. Heng obtained his Masters in Business Administration from Institut Européen d'Administration des Affaires in July 2020.

COMPANY SECRETARY

Mr. Chan Kwok Wai (陳國威), is a member of Hong Kong Institute of Certified Public Accountants. He is an associate member of each of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He has over 13 years of experience in the professional field of accounting, audit and corporate governance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK

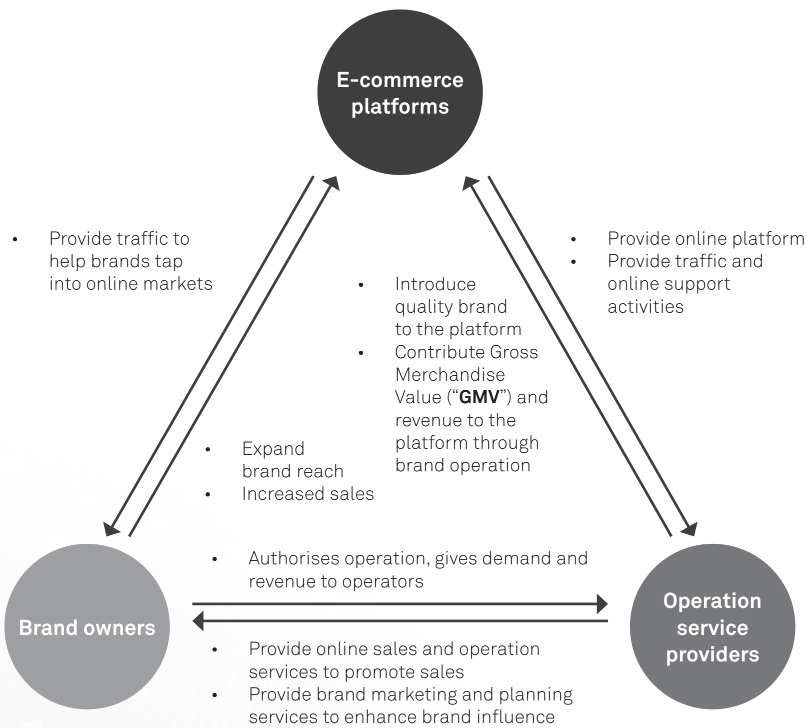
Outlook of E-commerce in the People's Republic of China (the "PRC")

Overview of China's Brand E-commerce Service Market

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

Brand owners enter e-commerce platforms to explore online sales channels and tap into the traffic resources of e-commerce platforms; aided by the professional operation of e-commerce operation service providers, 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 needs of the brand owners, obtain authorisation, and generate business revenue through operations. E-commerce platforms, while providing traffic platforms for brand owners and operating service providers, also reaping benefits in turn. In expanding online channels for brand owners, operation service providers also bring premium brands to the platform, thereby enhancing the reputation and traffic of the platform. The GMV created by operation service providers for brand owners also serves as a vital support for the platform's transaction volume. Therefore, operation service providers play an indispensable role in promoting the ecological prosperity of the platform.

Industry Overview of Brand E-commerce Service Market in the PRC

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

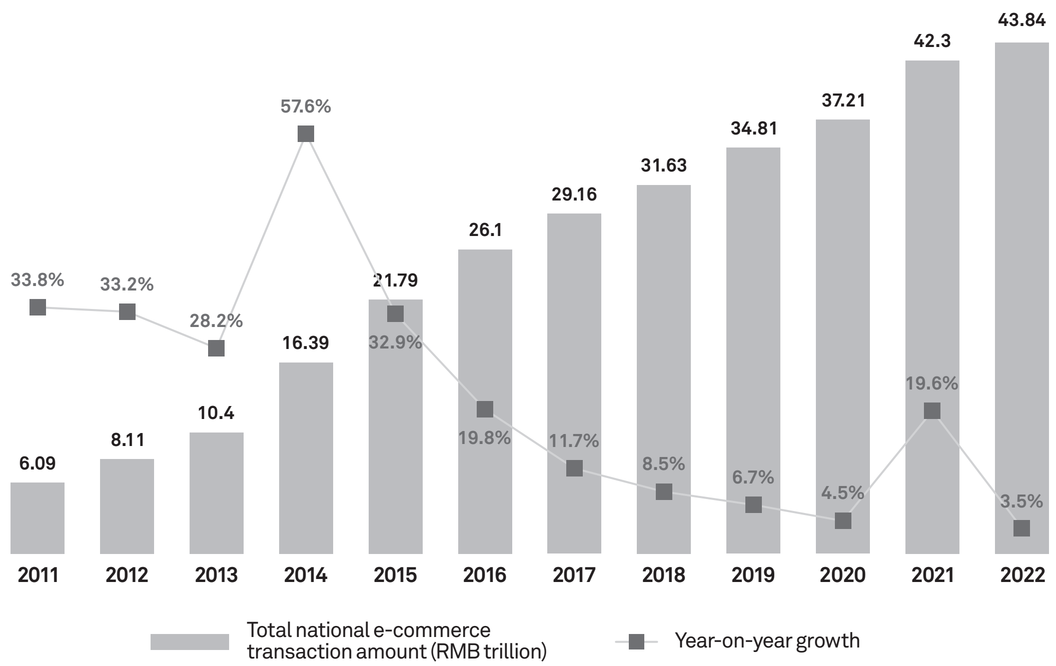
Brand e-commerce operation service is a service industry that grows with the development of e-commerce in the PRC. It proliferates with the rapid growth and deeper penetration of the e-commerce industry in the PRC. According to the 2024 China Branding E-Commerce Service Provider Industry Research Report of iiMedia Research, the size of the brand e-commerce service market in the PRC reached RMB407.71 billion in 2023, representing a year-on-year increase of 11.3%. It is expected to reach RMB586.23 billion by 2028.

In the future, with the construction of service providers' digital intelligence capability and the improvement of full-chain service system, the intelligent retail model, O2O model, intelligent services and government policy support will boost the continuous expansion of the brand e-commerce service market.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the Ministry of Commerce's Report on E-commerce in China and Report on Development of the Online Retail Market, China's national e-commerce transaction amount in 2022 was RMB43.84 trillion, representing a year-on-year growth of 3.5%.

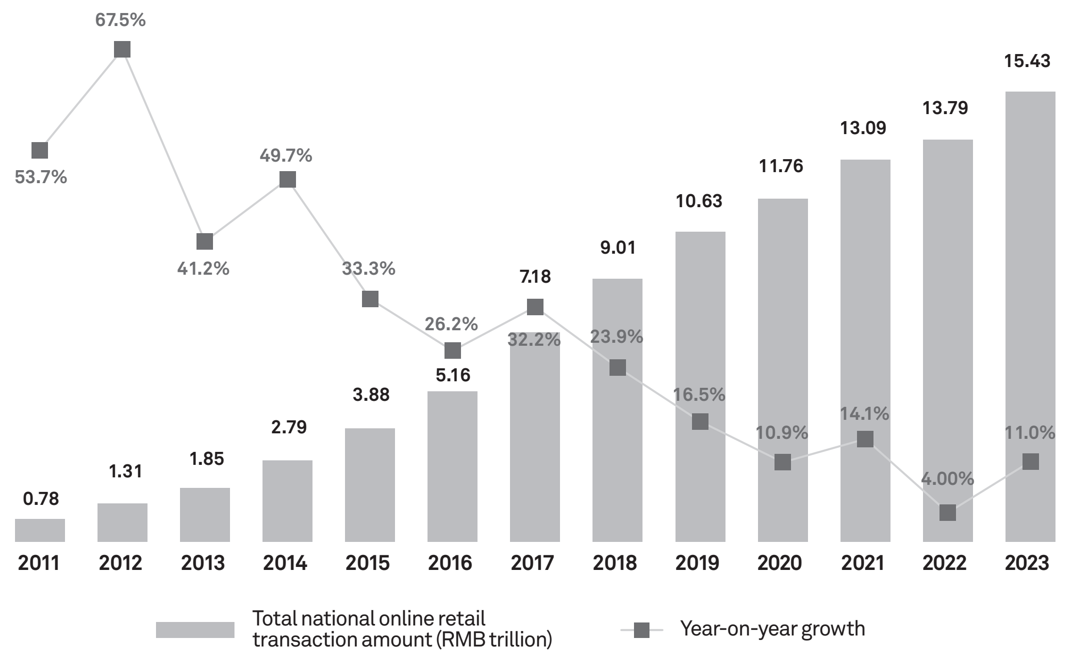
China's Total E-commerce Transaction Amount in 2011-2022



MANAGEMENT DISCUSSION AND ANALYSIS

China's online retail market maintained steady growth and the scale of the market reached a new high. In 2023, national online retail sales reached RMB15.4 trillion, representing a year-on-year growth of 11%. The contribution of online retail to the consumer market saw a continuous increase, and online retail sales of physical goods in 2023 was RMB13 trillion, representing a year-on-year increase of 8.4% and accounting for 27.6% of the total retail sales of consumer goods in society, increasing by 0.4 percentage point compared with the share of 27.2% in 2022. China has been the largest global online retail market for eleven consecutive years. With online retail sales of physical goods accounting for over one quarter of the total retail sales of consumer goods in society, e-commerce has become one of the main consumption channels for Chinese residents.

China's Total Online Retail Transaction Amount in 2011-2023



MANAGEMENT DISCUSSION AND ANALYSIS

The e-commerce service industry is a service industry that has gradually emerged with the development of e-commerce. It is a general term for various professional services provided for the development of e-commerce activities. According to the classification of the e-commerce service industry in the 2022 Report on E-commerce in China issued by the Ministry of Commerce, the e-commerce service industry includes three categories: transaction services, support services and derivative services, of which transaction services mainly include business-to-business transaction services, business-to-consumer transaction services and consumer-to-consumer transaction services, with e-commerce platforms as the main entities. Support services mainly include electronic payment services, logistics services and information technology services; while derivative services refer to various special services, such as e-commerce operation services, e-commerce brand services, e-commerce consultation services, e-commerce education and training services and e-commerce security services.

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

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

According to the statistics of China's General Administration of Customs, China's total cross-border e-commerce imports and exports reached RMB2.38 trillion in 2023, representing an increase of 15.6% compared with 2022. Specifically, exports amounted to RMB1.83 trillion, representing an increase of 19.6%; and imports amounted to RMB548.3 billion, representing an increase of 3.9%. It can be seen that the Chinese market remains strongly attractive to international brands. As international brands lack an understanding of the Chinese market, the demand for e-commerce operation services is more pressing. The development of cross-border e-commerce will certainly promote the market growth of e-commerce operation services.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

According to the estimation of iResearch, the market size of China's live-streaming e-commerce reached RMB4.9 trillion in 2023, representing a year-on-year increase of 35.2%. According to the 2022 China E-commerce Market Data Report, for social e-commerce, the market size reached RMB2.76 trillion, representing a year-on-year increase of 9.17%.

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

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

The business of e-commerce operation is one of the main business lines of the Company. As at the date of this report, it has established a complete operation team and achieved a certain scale in its operation. Currently, brands that the Company is operating and has newly added include domestically and internationally renowned brands such as Philips Water Purifier, Philips Home Audio & Video, Meiling, Ecovacs, Supor, Robam, Midea, ASUS, Wuling, Changan and NIU.

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

We will: (1) place emphasis on the small home appliances market, and concentrate our efforts on industry segments to form operational advantages in industry segments; (2) focus on the JD.com platform by strengthening close cooperation with various sectors of JD.com to form our own JD channel advantages; (3) strengthen the marketing service capabilities of e-commerce operation brands to establish a service system for the whole chain of service brands; and (4) as regards the establishment of operation systems, we will 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 and internal training.

We firmly believe that China and the rest of the world will gradually emerge from the pandemic and return to normal. In addition, a solid operating foundation has been established for the e-commerce operation business. We are optimistic that the e-commerce operation business will see rapid growth.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the challenges of higher impact of chronic disease and of increasing medical infrastructure utility rates. Being one of the countries which spends most annually in healthcare on a per capita basis amongst member countries in the Association of South East Asian Nation ("**ASEAN**"), Singapore's Ministry of Health expects Singapore's national health expenditure to increase to S$43 billion in 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.

We continue to look for opportunities to work together with potential and existing customers to expand our sales pipeline through the introduction of cloud-based network solutions to enhance both wired and wireless communication systems within healthcare institutions. We continue to explore potential integrations within our strong business network in Singapore and Malaysia. During the Year, we installed our medical beds in one of Southeast Asia's most luxurious and comfortable medical suites.

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 the year 2021, is anticipated to grow at a compound annual growth rate ("**CAGR**") of 7.0% during the forecast period of 2023 to 2027. The Vietnamese Medical Equipment Market is forecast to grow at a CAGR of 9.7% from 2021-2026, reaching US$2.1 billion by 2026. Vietnam's healthcare expenditure was approximately US$18.5 billion in 2022, represented 4.6% of its GDP and is expected to continue to upgrade their existing facilities, improve operational efficiency, and provide better services by equipping their facilities with advanced medical devices. In potential growth markets such as Malaysia and Vietnam, 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 in both Malaysia and Vietnam 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 achieve 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, Malaysia, and Vietnam, 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 sectors and continue to grow our presence in other high growth markets such as Malaysia private healthcare sector.

In the face of general 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, through building mutually beneficial relationships.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook of Sale and Provision of Integrated Services of Networking, Sound and Communication Systems in the PRC

The 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 anticipated 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 will reach RMB15-20 trillion, with the government and large and medium state-owned enterprises accounting for 70% of digital transformation spending.

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

During the reporting period, we obtained various projects of networking system integration in the railway industry, such as the project of "intellectualization and informatization of Jakarta-Bandung High-Speed Railway", which has become a key driver of the Group's business. As railway has become an important industry in respect of China's infrastructure construction, railway construction is also an industry where the Group endeavours to deepen and expand the business of networking system integration.

The Company has developed its industry positioning as "an overseas networking system integrator serving the railway industry" and constantly develops its overseas networking system integration projects in the railway industry based thereon. We are confident that we will obtain more overseas projects in the future, such as the "East Coast Rail Link (ECRL) Project in Malaysia" and the "Sri Lanka Railway Project", and take part in such projects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our principal businesses are:

(i) Sale and provision of integrated services of networking, sound and communication systems, which includes (1) the sale of networking, sound and communication systems; and (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 to customers in Singapore, Malaysia and the PRC; and

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

For the year ended 30 June 2024 ("**Year**"), the Group recorded revenue of approximately RMB218.6 million representing an approximately RMB8.8 million increase in revenue from approximately RMB209.8 million for year ended 30 June 2023. The increase was mainly due to the contribution from e-commerce operation. The Group recorded a total comprehensive loss attributable to the owners of the Company of approximately RMB25.1 million, representing an increase of RMB5.0 million compared with total comprehensive loss attributable to owners of the Company of approximately RMB20.1 million for the year ended 30 June 2023. The following table sets forth the breakdown of our revenue by segment for the years indicated:

	For year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue from:		
Sale and provision of integrated services of networking, sound and communication systems	**66,375**	80,453
E-commerce operation	**152,236**	129,354
	218,611	209,807

Sale and provision of integrated services of networking, sound and communication systems (the "NSC Segment")

Our revenue generated from the NSC segment was approximately RMB66.4 million and RMB80.5 million for the years ended 30 June 2024 and 2023, respectively, which represents approximately 30.4% and 38.3% of our total revenue for the same period, respectively.

Revenue from the NSC segment decreased by approximately 17.5% as certain contracts with high value contract sums were completed in the prior financial year. For the years ended 30 June 2024 and 2023, the number of contracts completed decreased to 89 from 196; and there were tenders of 21 projects in railway, financial and other industries in the PRC successfully bidded, serving customers such as Beijing Jingwei Information (北京經緯信息), China Post Technology (中郵科通信), China Railway Group, Railway Engineering Research Institute of CARS, in the railway industry, in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

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

E-commerce operation (the "EC Segment")

For the years ended 30 June 2024 and 2023, our revenue from the EC Segment was RMB152.2 million and RMB129.4 million respectively, representing 69.6% and 61.7% of our total revenue for the same period, respectively.

The main reasons for the increase in revenues from the EC Segment by approximately 17.7% are as follows:

(1) The continuous enhancement and expansion of our service brands with introduction of multiple well-known domestic brands with market influence, thereby significantly increasing the sales scale of our e-commerce operation business.

(2) The continuous enhancement and expansion of our brand operation team and the accumulation of operation experience also bolstered an upsurge in online sales of our service brands.

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately RMB8.8 million or 4.2% to approximately RMB218.6 million for the Year, from approximately RMB209.8 million for the year ended 30 June 2023. This was principally due to the increased revenue contribution from EC Segment in the PRC during the Year. The revenue increase was slightly offset by a slowdown in revenues from the NSC Segment attributed to slower progress of completion of certain high value contracts in the PRC during the Year, while part of the high value contracts have completed during the corresponding period in the last financial year.

Costs of sales/services

Our costs of sales/services decreased by approximately RMB12.1 million or 7.8% to approximately RMB143.6 million for the Year from approximately RMB155.7 million for the year ended 30 June 2023. The decrease in costs was mainly due to supplier discounted prices achieved from more frequent bulk material purchases which was in line with the significantly higher revenue earned during the Year as part of our EC Segment in the PRC, and the lower service costs as a result of more experienced staffs employeed to replace outsourced vendors.

Gross profit

Our gross profit increased by approximately RMB20.9 million or 38.6% to approximately RMB75.0 million for the Year from approximately RMB54.1 million for the year ended 30 June 2023 due to gross profit contributions from our NSC Segment in the PRC. The Group's gross profit margin increased to 34.3% for the Year, from approximately 25.8% for the year ended 30 June 2023. The increase in gross profit margin was due to the lower service costs with vendors achieved in our NSC Segment during the Year.

Other income

Our other income decreased by approximately RMB1.2 million or 87.3% to approximately RMB0.2 million for the Year from approximately RMB1.4 million for the year ended 30 June 2023. The decrease was mainly attributed to no rent concession during the Year.

Other gains/(losses), net

Other losses decreased by approximately RMB2.8 million or 98.6% from other losses of approximately RMB2.8 million for the year ended 30 June 2023 to other losses of approximately RMB39 thousand for the Year. The decrease of other loss for the Year was mainly attributable to the absence of the one-off impacts from the write-off of receivables due from a customer of the Group which was under creditor's voluntary liquidation as at 28 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and administrative expenses

The selling and administrative expenses increased by approximately RMB17.4 million or 39.8% from approximately RMB43.5 million for the year ended 30 June 2023 to approximately RMB60.9 million for the Year. The significant increase was mainly due to the increase of approximately RMB19.4 million in administrative costs related to the expansion and growth of the operations of the Group's EC Segment in the PRC, but was slightly offset by a decrease of approximately RMB1.5 million in unallocated expenses.

Selling and administrative staff costs

Payroll expenses increased by approximately RMB4.2 million or 13.6%, from approximately RMB30.4 million for the year ended 30 June 2023, to approximately RMB34.6 million for the Year. The increase was mainly attributed to administrative expenses incurred to expand our EC Segment in the PRC, including but not limited to: (i) increased of payroll expenses related to operation expansion and growth in the Group's EC segment in the PRC contributing an increase of approximately RMB 3.0 million; and (ii) increased in payroll costs of approximately RMB 1.2 million related to Group's NSC segment due to the hiring of sales personnel.

Finance costs

Our finance costs increased to approximately RMB4.2 million for the Year, by approximately RMB1.2 million or 40.0%, from approximately RMB3.0 million for the year ended 30 June 2023. The was mainly due to an increase in the interest accrued from interest-bearing loans from bank and other institutions in the Group's EC Segment during the Year.

Income tax expense

Our income tax expense increased to approximately RMB1.0 million for the Year, by approximately RMB0.1 million or 14.2% from approximately RMB0.9 million for the year ended 30 June 2023. The increase was primarily due to an increase in taxable profits in the Group's NSC Segment in Singapore for the Year.

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

The Group recorded total comprehensive loss for the Year attributable to the owners of the Company of approximately RMB25.1 million for the Year. Compared to the total comprehensive loss of approximately RMB20.1 million for the year ended 30 June 2023, the increase was principally caused by continuing operational costs to expand the EC Segment operations into the PRC during the Year.

DIVIDEND

The Board does not recommend the payment of final dividend for the Year (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

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

Cash and cash equivalents

As at 30 June 2024 and 2023, our Group's bank balances and cash are denominated in the following currencies:

	For year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Denominated in:		
CNY	**3,231**	4,615
HKD	**512**	1,408
MYR	**1,364**	83
SGD	**37,296**	35,838
USD	**1,650**	4,153
	44,053	46,097

Net current assets

As at 30 June 2024, the Group had net current assets of approximately RMB70.6 million (2023: approximately RMB71.7 million).

Total equity

The equity of the Group mainly comprises share capital, share premium and reserves. The Group's total equity attributable to the owners of the Company amounted to approximately RMB86.8 million (2023: approximately RMB79.7 million).

Borrowings

Our borrowings decreased by approximately RMB2.5 million or 3.1% to approximately RMB78.2 million as at 30 June 2024 from approximately RMB80.7 million as at 30 June 2023. The decrease was primarily due to the reduction of drawdown of unsecured bank borrowings in the PRC during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

On 31 October 2023, the Company completed the placing of 142,628,000 new shares under General Mandate (the "**Placing**") representing approximately 13.63% of the issued share capital of the Company as at 30 June 2024. The gross and net proceeds (after deducting the placing commission and other related expenses) from the Placing amounted to HK$28,811,000 (equivalent to approximately RMB26,875,000) and approximately HK$28,221,000 (equivalent to approximately RMB26,669,000) respectively. The Company intends to apply 30% of the net proceeds to expand its suite of integrated services and systems; 20% of the net proceeds to develop new markets in Asia; 30% of the net proceeds to repay certain outstanding indebtedness of the Group; and 20% of the net proceeds to general working capital of the Group.

Details of the Placing are set out in the announcements of the Company dated 6 October 2023, 23 October 2023 and 31 October 2023.

Other than as disclosed above, there has been no further change in the capital structure of the Group during the Year and up to the date of this report.

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

TREASURY POLICY

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

CAPITAL EXPENDITURES AND COMMITMENTS

During the Year, the Group acquired items of property, plant and equipment of approximately RMB0.2 million (2023: approximately RMB0.7 million).

As at 30 June 2024, the Group did not have any capital commitments (30 June 2023: nil).

LEASE COMMITMENTS

Our lease commitments represent the minimum lease payments for short-term leases which would be payable under operating lease in respect of staff dormitories and warehouse, amounting to approximately RMB0.2 million (2023: approximately RMB0.2 million).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any contingent liabilities (30 June 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OFF BALANCE SHEET ARRANGEMENTS

As at 30 June 2024, the Group did not enter into any material off-balance sheet arrangements (30 June 2023: Nil).

PLEDGED ASSETS

As at 30 June 2024, the leasehold land and property with carrying amount of approximately RMB22.0 million (2023: approximately RMB22.4 million) was pledged to a bank for a bank borrowing.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, including our Directors, the Group had a total of 137 employees (30 June 2023: 161).

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

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

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

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

The Group did not have any significant investments or any material acquisition and disposal of subsidiary or affiliated company during the Year (30 June 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

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

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

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

Financial risk management

Our Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, and borrowings. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk.

KEY FINANCIAL RATIOS

	For year ended 30 June	
	2024	2023
	Times	Times
Liquidity ratios		
Current ratio	**1.8**	1.7
Quick ratio	**1.1**	0.8
	%	%
Capital adequacy ratios		
Gearing ratio	**100.4%**	116.4%

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

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

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

Quick and current ratios

The quick ratio increased by 32.4% and current ratio increased by 7.0% respectively during the Year. The quick ratio increased primarily due to paying off its trade liabilities as it falls due in the NSC Segment in Singapore and the PRC. The current ratio increased slightly due to better strategic management of inventory and working capital flow in the NSC Segment in the PRC.

Gearing ratio

The decrease of gearing ratio is due to scheduled partial redemption and regular amortisation of unsecured bank borrowings in the EC Segment in the PRC during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The net proceeds raised from the listing of the shares of the Company (the "**Shares**") on GEM, after deducting the related expenses, were approximately HK$44.0 million. Up to 30 June 2024, the net proceeds raised from the Listing have been 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 announcement in relation to further change in use of net proceeds issued on 6 September 2023 (the "**Further change in use of net proceeds**") 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 30 June 2024 HK$ million	Actual use of proceeds as at 30 June 2024 HK$ million	Unutilised amount as at 30 June 2024 HK$ million	% utilised as at 30 June 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	1.3	1.6	44.8%	30 June 2026
Expand and train our sales and marketing, technical and support workforce	11.6	9.0	20.6	13.7	6.9	66.5%	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	0.8	1.2	40.0%	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	32.3	11.7	73.4%	

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

The following table sets forth the designated and actual implementation plan up to 30 June 2024:

Purpose	Implementation Plan	Actual implementation activities
Strengthen our marketing efforts in the sound and communication industry in Singapore	• Implement corporate branding and identity for our sound and communication services solution operations in Singapore which includes printing of marketing materials and advertisement • Maintain and update our corporate websites by the external consultant for customised website development • Participate in trade show(s)	• Maintained and improved our corporate websites, by using in-house resources to develop and maintain the Group's website instead of engaging external website designers • Considered the current project tender • Seeked 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	• Staff cost for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs • Staff cost for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and taking into account potential increase in wage level, and the associated staff accommodation costs • To provide internal and external trainings and workshops to our sales and technical staff	• New headcount of 8 engineers and 25 technicians were recruited as at 30 June 2024 • New headcount of 2 sales and marketing executives, 1 marketing manager and 1 sales manager were recruited as at 30 June 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	• Purchase of three vans for maintenance operations and, transportation of relevant equipment and/or labour • Purchase of two lorries for delivery and transportation of larger equipment and/or labour	• Purchased of two vans for maintenance operations and, transportation of relevant equipment and/or labour • Considered and monitored Group's current project portfolio but postponed the purchase of two vans due to current different project requirements
Setting up a new sales office in Singapore	• Purchase of one new property to be used by our sales and contract department and act as a demonstration facility for our sound and communication systems	• Considered and monitored the Group's project tenders and plan was postponed due to current observed industry customers' requirements and the property prices in Singapore were surged up higher than expected which the Group requires additional time to identify the suitable premises in order to meet the Group's financial budget • The Group revised the use of net proceeds for renovation of new sales office space
Partial repayment of bank loan	• Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore	• The mortgage loan was partially repaid on 11 July 2018
Expansion of our sound and communication services solution business	• To explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore, particularly larger scale projects which may be required for the provision of performance bonds	• Postponed due to performance bond not required in recent awarded tenders to the Group • In the process of exploring large scale potential projects which requires the provision of performance bonds
Take steps to obtain higher grade level under our current mechanical and electrical workhead	• Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workhead	• Considered and monitored the Group's project portfolio and considered adverse impacts on Singapore economy, the unutilised amount were reallocated to other categories

MANAGEMENT DISCUSSION AND ANALYSIS

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%

Actual use of proceeds as at 30/06/2024	**HK$ million**	**% utilised as at 30 June 2024**	**Expected timeline to fully utilise the unutilised amount** (Note)
(i) Expand its suite of integrated service and systems	8.5	100.0%	N/A
(ii) Develop new markets in Asia	0.6	10.7%	30/6/2025
(iii) Repay certain outstanding indebtedness of the Group	8.5	100.0%	N/A
(iv) General working capital of the Group	5.6	100.0%	N/A
Total	23.2	82.3%	

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

ISP Global Limited (the "**Company**", "**ISP**") and its subsidiaries (together referred to as the "**Group**", "**we**" or "**us**") (Stock code: 8487) are pleased to present its efforts on environmental, social and governance ("**ESG**") to the shareholders. The Group is deeply devoted to operating in a sustainable and responsible manner, and place great importance on ESG considerations to ensure its long-term prosperity. The Group is also committed to improving its ESG performance by upholding good corporate governance standards, protecting the environment, engaging the community, and promoting social integration. The board (the "**Board**") of directors ("**Directors**"), who are ultimately responsible for leading ESG, works by overseeing the management in the design, implementation and monitoring of the risk management and internal control systems to cope with environmental challenges.

REPORTING PERIOD

This report outlines the performance outlines the performance and approach of ISP Global Limited (defined below) during the period which began on 1 July 2023 to 30 June 2024 (the "**Year**" or "**2023/2024**").

REPORTING SCOPE AND STANDARDS

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" as set out in Appendix C2 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**the Stock Exchange**") (the "**GEM Listing Rules**").

The Environmental, Social and Governance Report (the "**Report**") presents an annual update of the Group's ESG key performance indicators ("**KPIs**"), covering our operations in Singapore, Hong Kong and the PRC. The information in the Report is derived from the Group's official documents and statistical data, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group. The Group undertakes that there is no false record and no misleading statement and assumes liabilities to the authenticity, accuracy, and completeness of its content. The Board acknowledges the overall responsibility for the Group's ESG strategies and strives to improve its operational methods and efficiency. ESG performance is measured, reviewed, and reported to the management regularly for continuous improvement.

REPORTING BASIS AND PRINCIPLES

The report is prepared based on the guidelines outlined in the ESG Reporting Guide (the "**ESG Guide**") outlined in Appendix C2 to the Listing Rules as well as the four reporting principles – materiality, quantitative, balance and consistency.

Materiality: The Group identifies key ESG issues through stakeholder engagement and materiality assessment.

Quantitative: The Report discloses KPIs in quantitative terms, where feasible. Methodologies, assumptions used, and comparative data are provided to enable readers to assess and verify the Group's ESG policies and practices.

Balance: The Report provides comprehensive disclosure of the Group's ESG performance based on objective facts. Both achievements and challenges of the Group are identified in the Report.

Consistency: The Report uses consistent methodologies for meaningful comparisons unless improvements in methodology are identified.

The Report has fulfilled all "comply or explain" requirements and mandatory disclosures outlined in the ESG guide.

REVIEW AND APPROVAL

The information disclosed in the Report is primarily sourced from internal documents and statistics of the Group, as well as the management and operational information provided by its subsidiaries, in accordance with the Group's internal management systems. The Report will be available in both Chinese and English on the Stock Exchange website. In case of any inconsistencies between the two versions, the English version will take precedence. All information contents have been reviewed and confirmed by the Board.

FEEDBACK

The Report is available in the "Financial Statements/Environmental, Social and Governance Information" category of the Stock Exchange website or on the Groups' website. We welcome readers provide feedbacks on this ESG Report for the sustainability initiatives. Please share your views with us by email to info@ispg.hk. Your comments will be conducive for us to further refine this report and enhancing the Group's ESG performance.

THE GROUP'S OVERVIEW

The Group has established two major business segments: (i) e-commerce operation ("**E-commerce**") in the PRC and (ii) sale and provision of integrated services networking, sound and communication systems in Singapore and the PRC. The two expanded business segments substantially boosted the growth in the overall annual revenue of the Group and achieved annual revenue of approximately RMB218.6 million for the Year.

E-commerce

The continued growth of e-commerce is intrinsically linked to its own development and will flourish as long as its market share continues to expand. Expecting a slowdown in growth of existing business, the Group has expanded its business of E-commerce as well as integrated services of networking and communication in the PRC since November 2020.

The Group concentrated our service offerings on prominent domestic and small appliance market, thereby establishing a competitive edge in niche markets. We continued to enhance our digital marketing services and strengthen its full-chain service capabilities for brand e-commerce operations. Our client roster included different renowned domestic brands. We focused our sales channels on mainstream E-commerce platforms such as Tmall, JD.com and Pinduoduo, forming an excellent foundation for development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Integrated Service

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

While in Singapore and Malaysia, provision of networking, sound and communication systems and alert systems services (including the sale of networking, sound and communication systems, integrated services of networking, sound and communication systems and alert alarm system services) are provided to the customers.

BOARD STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the ESG report of ISP Global Limited for 2023/2024. The Group is dedicated to conducting the operations in a sustainable and responsible manner. We place great emphasis on ESG factors, as we believe this can foster long-term prosperity for all our stakeholders. We have integrated ESG considerations into our decision-making processes, with the goal of creating value for our shareholders, customers, employees, and the communities we serve.

In our interconnected world, we recognise that our actions have far-reaching consequences for the environment and society. With a deep sense of responsibility, we embrace the urgent imperative for sustainable practices and actively seek ways to minimise our carbon footprint. We are steadfastly committed to seizing every opportunity to reduce resource consumption across our entire value chain, as we strive to uphold the highest standards of sustainable operations.

At ISP Global Limited, we are of the view that sustainability goes beyond environmental considerations to pursue our business model. To tackle ESG issues effectively, we prioritise the engagement with our employees, customers, and other related stakeholders. We are committed to our employees, cultivating a work environment that promotes continuous learning, diversity, and inclusivity. By investing in our talent and inspiring creativity, we enable our workforce to achieve excellence across all areas of our business.

Moving forward, the Group is well-positioned for growth and success. We will persist in expanding our business operations, aiming to become the preferred goods and service provider within the regions we serve. Our commitment is to deliver the most outstanding solutions to our customers through high-quality products and professional services.

On behalf of the board, let me take this opportunity to extend our heartfelt gratitude to our shareholders, business partners, customers, and employees for your continuous support and contribution to the Group, we are committed to delivering value to all our stakeholders.

Cao Chunmeng
Chairman

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD'S OVERSIGHT OF ESG ISSUES

The Board is principally responsible for overseeing how the Group addresses its sustainability-related challenges. The Board's oversight aims to provide management with the tools and resources needed to address ESG challenges strategically and generate long-term value. The Board acknowledges that it is ultimately responsible for establishing the Group's ESG-related risks and opportunities, as well as for developing and implementing ESG strategies and reporting. ESG performance is constantly evaluated, monitored, and reported to the management for continual improvement. The Group is dedicated to openness and accountability, and it also values every stakeholder's opinion, viewing them as essential to the organisation's expansion and advancement.

ESG WORKING GROUP

In order to ensure effective management of ESG issues, the Group had formed an ESG working group comprising the chief executive officer and financial controller, which is responsible for overseeing and evaluating the Company's ESG processes and risk management.

The ESG working group convenes at least annually to review a range of ESG matters and report to the Board on sustainable development initiatives. The Group also identifies key issues affecting the Company's operations and stakeholder interests and collaborates on implementing suitable measures to address them.

Throughout the Year, the ESG working group collaborates with management to assess the Company's ESG governance and address any concerns. They collect ESG data from various departments, monitor the implementation of measures, and assess the effects of ESG-related risks on our operations. Based on their findings, the Group develops policies to effectively manage and mitigate these risks.

ESG MANAGEMENT APPROACH

The Group conducts a materiality assessment on an annual basis to ensure that the identified material topics are aligned with its operations and address stakeholder concerns. The Group makes informed decisions and manages business impacts by using a variety of communication channels to reach and respond to key stakeholders. Through industry benchmarking, material ESG criteria are identified, critical areas are prioritised through stakeholder engagement, and the issues are verified through active communications with management and stakeholders. By improving the Group's comprehension of stakeholder attention to each ESG issue, this process enables all-round sustainable development planning. In this Report, the significant and material ESG areas identified during the materiality assessment will be covered.

REVIEWING ESG-RELATED GOALS AND TARGETS

Monitoring the progress of target implementation and performance regularly is crucial to keep the Group on the right track. If there is a significant deviation from the target, it is necessary to revise strategies accordingly. Effective communication of goals and targets to key stakeholders like employees is essential to make them feel like they are an integral part of the Group's journey towards the change. The ESG working group should carefully evaluate the feasibility of targets by considering the Group's ambitions and goals. Throughout the Year, the Groups established targets based on absolute measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENGAGEMENT WITH STAKEHOLDERS

We recognise that the long-term success of our sustainable development relies on progressing in collaboration with our stakeholders. To gain a comprehensive understanding of diverse ESG aspects that impact our operations, we conducted questionnaires to explore material topics and challenges related to ESG matters in greater depth. The table below illustrates various communication methods employed by the Group to engage with each stakeholder.

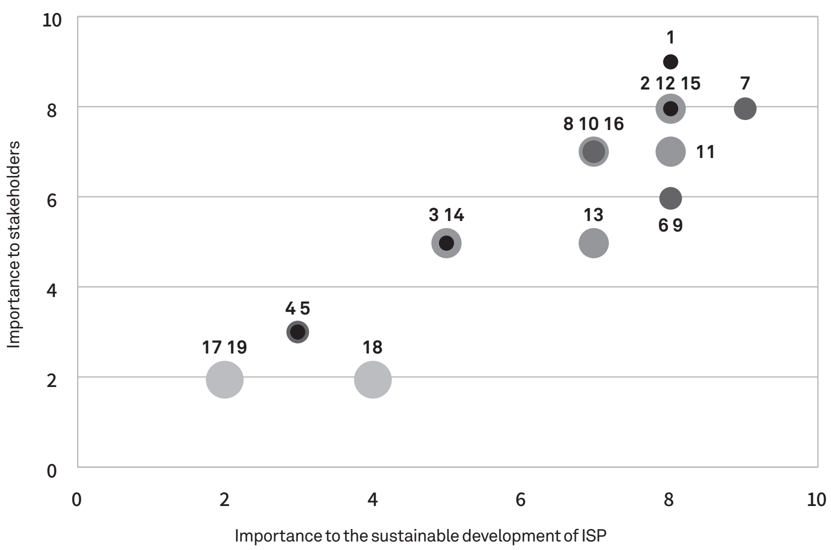
Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	➢ Shareholders ➢ Potential investors	➢ Annual and interim financial report ➢ Quarterly reports and announcements ➢ General meetings ➢ Corporate website ➢ Disclosure of stock listing information
Employees	➢ Direct workers ➢ Potential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

MATERIALITY ASSESSMENT

Stakeholder feedback serves as the best reference to enhance our operational performance and drive business development. Throughout the Year, the Group conducts internal and external materiality assessments to identify ESG issues that are deemed to be material to the Group. In the process of identifying the material topics, we incorporated the opinions and expectations of various stakeholders into our long-term ESG strategies.

The materiality assessment conducted in the Year has yielded a refined set of 19 material topics from an initial list of 22 potentially relevant issues. The materiality matrix visually depicts the relative importance of different issues to our stakeholders and our business operations. The matrix helped us to identify key issues holding substantial importance to both parties. Issues falling within the top right-hand quadrant of the matrix were considered be of high significance. The table below illustrates the different communication methods employed by the Group to engage with each stakeholder.

Materiality Matrix



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Protect our planet

1. Air and emissions control
2. Resource management (energy, water, waste)
3. Project management (E-commerce operation and material usage)
4. Logistics and packaging efficiency

Dedicated workforce

5. Occupational health and safety
6. Employment practices
7. Employee training and development
8. Workplace inclusion
9. Human rights protection

Responsible value chain

10. Anti-corruption
11. Data security and privacy
12. Supply chain management
13. Customer satisfaction
14. Product & service quality
15. Transparent and fair procurement practices
16. Business ethics

Corporate social responsibility ("CSR")

17. Community investment
18. Caring the vulnerable
19. Site impact on local communities

ENVIRONMENTAL ASPECTS

With growing expectations for corporations to take a more proactive role in environmental conservation, both from governments and the public, environmental sustainability has become an important aspect of the Group's CSR. We are making every endeavour to optimise the use of resources. We aim to conduct our business in an environmentally conscious manner and advocate for good practices in our value chain. To foster greater awareness of environmental responsibility among our staff, suppliers, and other stakeholders, we have implemented comprehensive environmental compliance policies and procedures. These guidelines provide clear management directives for various environmental aspects, enabling us to minimise emissions and utilise resources.

Emissions Control

In the face of pressing global environmental challenges, such as climate change and rapid depletion of natural resources, we adhere to the fundamental principles of environmental compliance. We place value on the conservation of natural resources and comply with relevant local environmental regulations.

As a non-manufacturing company, the Group is primarily engaged in providing sound and communication system services solutions, as well as e-commerce services, which do not generate significant environmental impacts. Our business operations do not generate hazardous wastes, nor do they rely heavily on energy consumption or water resources. The generation of air and greenhouse gases ("**GHG**") emissions is indirect, mainly from the electricity consumption for our office premises and business air travel by our employees. The Group has neither used any liquified petroleum gas nor other gases and thus does not have relevant GHG emissions to disclose for the Year.

To minimise the air emissions and GHG emissions at sources, we closely monitor the travel logs and fuel consumption of our motor vehicles. This helps us avoid unnecessary fuel usage when transporting materials between project sites and the office during our daily operations. Our vehicles are properly maintained to maximise fuel efficiency. During the Year, the Group owns four vehicles in Singapore, with a low level of direct emission recorded. Nitrogen oxide, Sulphur oxide and particulate matter emissions from this source were all close to zero tonne. Acknowledging the indirect greenhouse gas emissions generated from business-related air travel by employees, the Group promotes the use of instant messaging, video conferencing, and teleconferencing as alternatives to air travel whenever practical.

Safeguarding the environment and promoting sustainable development require the sustained, collaborative efforts of all stakeholders across the value chain. Therefore, we have continued to refine and improve our mitigation measures to reduce both direct and indirect negative environmental impacts arising from our operations. To mitigate the climate impact of our operations while sustaining our business expansion and revenue growth, the Group has set an emissions target to reduce GHG intensity per RMB 1 million of annual revenue by 3% over the subsequent 5 years when compared with GHG emitted this year.

Air emissions during the Year:

Air Pollutant Emissions[1]	Unit(s)	2023/2024	2022/2023
Nitrogen oxide (NO_x)	kg	5.52	107.61
Sulphur oxide (SO_x)	kg	0.11	0.12
Particulate matter (PM)	kg	0.41	10.31

[1] The data covers emissions from petrol consumption only. It is estimated based on “How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs” published by the Stock Exchange of Hong Kong.

GHG emissions during the Year:

GHG Emission Types		Unit(s)	2023/2024	2022/2023
Direct emissions or removals from sources (Scope 1)[2]				
GHG emissions from mobile combustion sources	Carbon dioxide (CO_2)	tonne	17.43	19.84
	Methane (CH_4)	kg	52.33	15.30
	Nitrous oxide (N_2O)	tonne	2.16	1.02
Energy indirect emissions (Scope 2)[3]				
Electricity purchased from power companies	CO_2 equivalent	tonne	94.02	34.53
Other indirect emissions (Scope 3)[4]				
Paper waste disposed at landfills	CO_2 equivalent	tonne	5.76	3.90
Electricity used for fresh water and sewage processing	CO_2 equivalent	tonne	1.09	1.05
Business air travel by employees	CO_2 equivalent	tonne	52.43	50.30
Total emissions	(Scope 1,2 and 3)	tonne	173.41	110.65
Intensity[5]	(per million of annual revenue)		0.79	0.53

Wastes Management

In our daily office operations, we primarily generate non-hazardous solid wastes such as domestic waste and paper. As we are not involved in manufacturing activities, we do not produce significant amounts of waste. The generated wastes are collected and processed by government-linked general waste service providers, who charge us a flat monthly rate. For our operations in the PRC, the property management is responsible for collecting and processing the wastes. However, the related key performance indicators (KPIs) are unavailable to us. Despite the lack of relevant KPIs, we are committed to reducing pollution and being environmentally friendly. We strive to use fewer resources, reuse materials, and recycle whenever possible. In Singapore, we actively participate in the National Recycling Program by recycling paper, plastic bottles, and metal cans. We encourage waste separation at the source and have designated responsible personnel to collect and deposit the recyclables into the appropriate bins. Overall, we are focused on implementing sustainable practices and minimising our environmental impact, even though we may lack comprehensive data on our waste management performance.

Waste	Unit(s)	2023/2024	2022/2023
Total non-hazardous waste	kg	1,193.20	812.39
Intensity	kg/employee	8.71	5.05

The Group does not generate hazardous wastes. Therefore, the relevant KPIs were not applicable to the Group.

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2 Scope 1: The direct emissions from the business operations owned or controlled by the Group, including the emission from the Group's vehicle fleet.

3 Scope 2: The "indirect energy" emissions from the internal purchased electricity consumption by the Group.

4 Scope 3: All other indirect emission that occur outside the Group, including both upstream and downstream emissions.

5 The Group's annual revenue in 2023/2024 is approximately RMB218.6 million.

Use of Resources

The modern world is grappling with a complex web of pressing environmental issues, including the looming threat of climate change, the degradation of ocean ecosystems, and the alarming loss of biodiversity. In response, the Group aims to implement forward-thinking policies that regulate resource use more effectively, enhance stewardship of the natural world, and contribute meaningfully to the goal of sustainable development.

The Group's operations rely heavily on the consumption of energy and water resources. In addition to reducing operating costs, the Group is committed to mitigating the environmental damage caused by its use of fossil fuels. To this end, we closely monitor the energy usage of our office equipment and actively work to improve overall energy efficiency. Our employees are routinely reminded to switch off non-essential electrical appliances, such as office lighting and computers, when not in use.

We strive to cultivate a more environmentally-conscious corporate culture by raising awareness and encouraging our employees to actively manage the carbon footprint of our operations. This enables us to generate long-term value not only for our stakeholders, but also the communities in which the Group operates. Some examples of initiatives implemented in our offices to promote resource conservation include:

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

Energy consumption during the Year:

Energy Consumption	Unit(s)	2023/2024	2022/2023
Direct energy consumption	MWh	71.60	81.23
	MWh/million of annual revenue	0.34	0.39
Indirect energy consumption[6]	MWh	180.2	73.74
	MWh/million of annual revenue	0.82	0.35

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

6 Data of electricity consumption of the Group's operations in Singapore, Malaysia, Hong Kong, Shenzhen, Beijing are covered. Electricity consumption data in Shanghai office is not covered as it is originally included in the property management fee, no record could be located.

ENVIRONMENT AND NATURAL RESOURCES

As a non-manufacturing organisation, our operations have a relatively minimal direct impact on the environment and natural resources. However, we remain steadfastly committed to responsible resource management and mitigating any potential environmental threats posed by our business activities, no matter how limited they may be. We are dedicated to acting in a socially and environmentally accountable manner.

The Group acknowledges that Environmental, Social, and Governance (ESG) policies and practices are subject to ongoing evolution. This evolution is driven by shifts in business operations, organisational structures, technological advancements, legal and regulatory frameworks, environmental regulations, and broader environmental considerations. The "Paris Agreement" sought to control global warming through the setting of emissions reduction targets for many countries. Similarly, in support of the global initiative, we are also committed to addressing the threat of climate change through our GHG emissions management. The Group commits to establish a reduction target to reduce electricity and paper consumption per employee by 25% by the year of 2025/26, using the intensity at 2020/2021 as a baseline. To achieve our target, the Group has continuously adopted the Reduce, Replace and Reuse approach, in line with national initiatives. Management will perform periodic reviews to monitor the progress and performance.

The Group has adhered to all relevant environmental laws and regulations throughout the Year, including:

– In Singapore, the Environmental Protection and Management Act.

– In the PRC, the Water Law, the Energy Law, the Energy Conservation Law, the Environmental Protection Law, and the Pollution Prevention and Control Law.

The Group has also complied with any environmental requirements set by our customers, as well as any other applicable government regulations pertaining to our operations.

For the Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, noise control, discharges into water and land, and generation of hazardous and non-hazardous wastes.

Water Consumption[7] [8]	**Unit(s)**	**2023/24**	**2022/23**
Consumption for the year	m^3	1,684.30	1,644.99
	m^3/million of annual revenue	7.70	7.84

The Group will continue to assess, record, and disclose annually its GHG emissions and other environmental data, to review the effectiveness of its current measures.

7 Data of water consumption of the Group's operations in Singapore, Malaysia, Hong Kong are covered.

8 The water usage of the PRC operations is not included as it is originally included in the property management fee, no record could be located.

Climate Change

In response to the growing threat of climate change worldwide, the Group has taken various climate action initiatives to mitigate the risks associated with it, in support of global efforts. We have integrated climate-related risks into our risk management frameworks and developed management strategies to enhance the climate resilience of our business model. We are actively collaborating with our employees, suppliers, customers, and local communities to collectively drive the transition towards low-carbon practices across our value chain. By working together, we aim to address the challenge of climate change and make significant progress towards a more sustainable future.

With reference to the recommendations of the Task Force of Climate-related Financial Disclosures ("**TCFD**"), the table below outlines the four essential elements of the Group's response to the climate change disclosure obligations.

Core element	**The Group's response**
Governance	➢ Regular review, evaluate, advise to the Board in relation to the Group's practices, policies, procedures, strategies, and initiatives relating to sustainability. ➢ Incorporating ESG matters, including those regarding climate, into corporate decision-making process.
Strategy	➢ Assessing the current and future effects of climate-related risks and opportunities in relation to the Group's operations, strategic approach, and financial planning.
Risk Management	➢ How we identify, assess, and manage climate-related risks. ➢ Preparing for the transition to a low-carbon economy.
Metrics and targets	➢ The goals and targets that are used to manage relevant climate-related risks and opportunities material to the Group.

Over the course of the Year, the Group has encountered and expects to continue encountering significant climate-related physical risks and transition risks that have impacted or have the potential to impact various facets of our business and strategic planning. These include (i) operations, products, and services, (ii) supply chain and value chain, (iii) adaptation and mitigation activities, (iv) investment in research and development, and (v) financial planning. Additionally, the Group had implemented measures to address and mitigate these risks.

Climate-related risks description	Mitigation responses
Physical risks (Acute)	
➢ The increasing frequency and severity of extreme weather events, driven by climate change, poses significant risks to employee safety and the Group's assets. Floods and typhoons can cause damage to equipment, documents, systems, inventory, and backup storage, leading to increased spending on facilities maintenance and repair. ➢ Extreme weather events pose a significant risk to our logistics and supply chain, potentially disrupting the stability and availability of raw materials and impacting our ability to deliver products on time. There may be increased insurance premiums and availability of insurance of assets in "high-risk" locations may be affected.	➢ In the event of a typhoon warning, offices will implement appropriate procedures to ensure the safety of personnel and documents. All documents will be secured and moved away from windows, and electronic copies will be created as a backup. ➢ The Group has a diversified supply chain that allows souring form alternative locations, minimising the impact of location-specific supply chain description.
Physical risks (Chronic)	
➢ Rising temperatures due to climate change can significantly impact our operational costs, particularly for air conditioning to maintain comfortable working environments. Heatwaves also pose health risks to our workforce, potentially leading to reduced productivity. ➢ Climate change is worsening the occurrence of extreme weather events, which in turn contribute to water scarcity, a prevalent issue in China. As paper is a critical resource for office operations and wood is a primary raw material in its production, prolonged periods of extreme weather could disrupt the supply of wood, thereby impacting the availability of paper.	➢ To ensure employee comfort and minimise energy consumption, the Group utilises direct current variable-frequency air conditioners in its offices. These systems are designed for energy efficiency, featuring automatic on/off controls, mode selection, and adjustable temperature settings. ➢ Energy-saving notices are displaced at different locations of the operations to remind employees to switch off the electrical appliances that are not in use.

Climate-related risks description	Mitigation responses
Transition risks (Policy and legal risks)	
➢ Governments have raised their climate ambitions and implemented policies aimed at achieving a decarbonised economy. In China, the country has a "30.60" decarbonisation goal committing to hit peak emissions by 2030 and carbon neutrality in 2060. While Singapore has launched the Green Plan which strengthens the countries' commitments under UN's 2030 Sustainable Development Agenda and Paris Agreement, achieving the long-term net zero emissions aspiration by 2050. Power sector is expected to be impacted and this will affect the Group's spending due to the change of energy price, operations of the Group's suppliers will also be affected, leading to knock-on effect. ➢ The Group faces the risk of litigation because of increased government regulations and laws related to climate change, mandates on and regulations of existing services to achieving its ambitions to net zero. It is imperative for the Group to adapt to these stricter regulations, as failure to comply with the new rules could potentially lead to legal actions being taken against the Group.	➢ The Group actively monitors updates to relevant laws and agreements to ensure compliance and avoid unnecessary costs associated with non-compliance. By staying informed and proactively adapting to regulatory changes, we aim to minimise financial burdens and comply with environmental requirements. ➢ Recognising the importance of energy management and reducing greenhouse gas emissions, ISP has developed strategies to promote energy saving and emissions reduction. ➢ The Group has conducted supplier assessments to evaluate supplier's effort on energy saving and emissions reduction. We actively encourage suppliers to establish energy management systems for monitoring energy and resource consumption. We also encourage suppliers to implement energy-efficient facilities and technologies to reduce GHG emission resulting from their operations.
Transition risks (Technology risks)	
➢ The increasing adoption of greener, lower-emission practices is driving the development of low-carbon materials and energy-saving technologies. These innovations may eventually replace existing products and services, offering lower-emission alternatives. This shift will likely impact the Group's supply of products and raw materials.	➢ The Group prioritises suppliers who demonstrate environmentally friendly practices, services, and products. We conduct supplier assessments to evaluate their efforts in energy saving and emissions reduction. This approach helps minimise the risks associated with supply chain disruptions and promotes sustainability.

Climate-related risks description	Mitigation responses
Transition risks (Market risks)	
➢ Growing public awareness of sustainability and climate change is driving customer demand for environmentally friendly products and services. If we fail to respond to these evolving preferences in a timely manner, or if competitors effectively address these concerns, it could negatively impact the Group's business and financial condition. ➢ The Group's suppliers may adopt more sustainable practices in their operations, leading to increased procurement costs. These changes could include infrastructure designed to meet Leadership in Energy and Environmental Design (LEED) building rating system standards, or the substitution of equipment and raw materials used in production.	➢ The Group's E-commerce business offers high flexibility, allowing us to actively monitor consumer preferences and engage with suppliers and selling platforms to make timely adjustments to our product profile. This ensures we meet evolving customer needs. ➢ The Group is committed to identifying and investing in methods that enhance production capacity while optimising resource utilisation and reducing emissions. While these initiatives may incur initial costs, we believe they will deliver long-term benefits to both the Group and society.
Transition risks (Reputation risks)	
➢ Failing to meet customer expectations and preferences regarding our products and services poses a risk to the Group's reputation and image. ➢ The Group's sector may face increasing stigma as stakeholders provide negative feedback about our business operations, perceiving them as less environmentally friendly. This could be driven by a lack of public understanding of our operations.	➢ The Group is committed to supporting and participating in initiatives aimed at protecting and conserving the environment. ➢ The Group highly values feedback from our consumers, recognising its importance as a valuable asset. We are committed to continuous improvement by carefully considering and incorporating customer feedback into our operations. We strive to enhance the quality and sustainability of our products and services, ensuring they meet the evolving needs and expectations of our valued customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the primary climate-related opportunities and the corresponding financial impacts were as follows:

Type	Climate-Related Opportunities	Potential Financial Impacts
Resource Efficiency	➢ Reduced water and electricity consumption. ➢ Implementation of more efficient equipment.	➢ Reduced operating costs through efficiency gains and cost reductions.
Energy Source	➢ Use of lower-emission sources of energy. ➢ Use of supportive policy incentives. ➢ Use of new technologies.	➢ Reduced reliance on carbon-intensive processes, making the company less vulnerable to fluctuating carbon prices. ➢ Reputational benefits resulting in increased demand for goods/services. ➢ Minimised operational expenses by adopting technologies that offer the most efficient emissions reduction.
Products and Services	➢ Invested in and expanded offerings of lower-emission products and services. ➢ Explored new business ventures to diversify and adapt to evolving market demands. ➢ Responded to the growing demand for sustainable products and services.	➢ Increased revenue through demand for lower emissions products and services. ➢ Adapted to consumer preferences for sustainability, resulting in increased revenues.
Markets	➢ Access to new markets.	➢ Increased revenue by accessing emerging markets (e.g. collaborating with local partners or established business in new markets which provides access to their existing customer base and distribution networks).
Resilience	➢ Actively participating in renewable energy programmes and implementing energy-efficient measures. ➢ Exploring and adopting resource substitutes and diversification strategies.	➢ Built a resilient supply chain and increased ability to operate under various conditions. ➢ Increased revenue through new products and services related to ensuring resiliency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL ASPECTS

Employment and Labour Practices

We are committed to fostering a diverse and inclusive workplace where every employee feels respected and valued. We strive to create a culture where everyone has equal opportunities for career growth, regardless of their gender, age, ethnicity, nationality, marital status, religion, sexual orientation, or any other protected characteristic. We achieve this through fair and transparent practices in recruitment, selection, compensation, training, performance evaluation, and career advancement.

Our commitment to equality extends to talent retention and recruitment, ensuring fair opportunities for all. We recognise and reward employee contributions through competitive remuneration packages, including statutory and incentive benefits, to enhance workplace well-being. Remuneration is determined based on prevailing market standards, individual competency, qualifications, and experience. To foster a culture of growth and recognition, we conduct annual performance evaluations, providing employees with feedback, rewards, and opportunities for advancement based on their individual achievements.

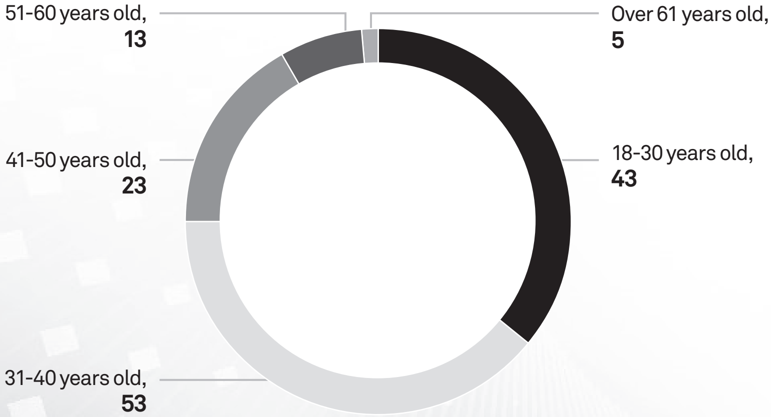
The Group complies with the anti-discrimination ordinances and the guidance under the Employment Ordinance (Cap. 57) and all the relevant laws and regulations such as the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and the Minimum Wage Ordinance (Cap. 608), Laws of Hong Kong; the Employment Act (Cap. 91), the Central Provident Fund Act (Cap. 36), Statutes of Singapore; and the Employment Act 1955, Employee's Provident Fund Act 1991 and Employment Insurance System Act 2018, Laws of Malaysia; and the Labour Law and the Labour Contract Law of the PRC, as well as industry features and practices.

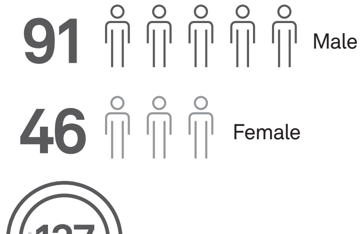
We remain committed to fostering talent development as an integral component of employee career advancement.

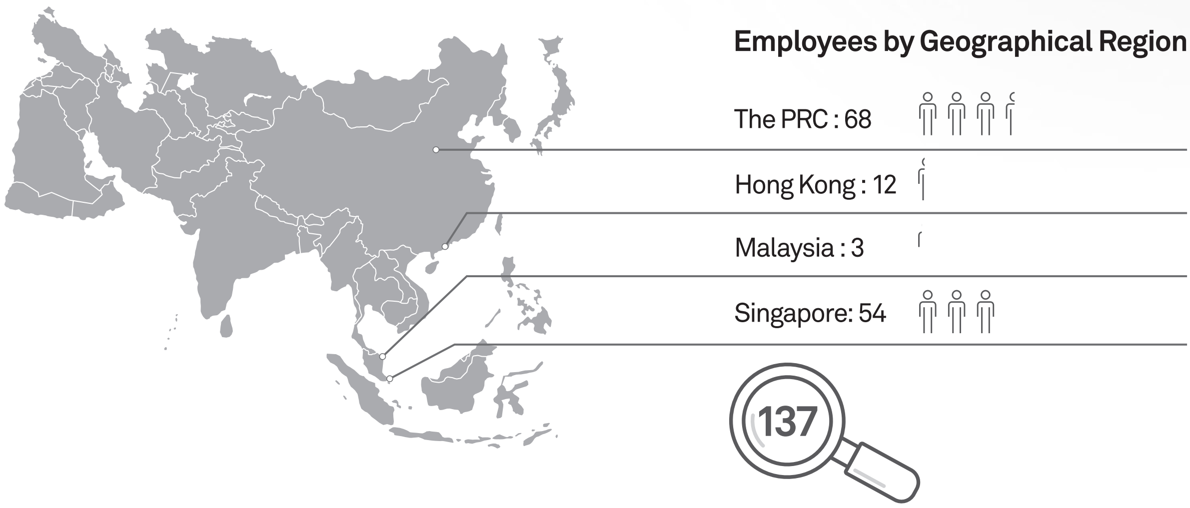
Staff Composition

As at 30 June 2024 we employed a total of 137 staff, including 137 (30 June 2023: 160) full-time (including independent non-executive directors) and nil (30 June 2023: 1) part-time staff.

Employees by Gender and Age Group







Employee Turnover[9]

As at 30 June 2024, the Group has an employee turnover rate of approximately 38%.

Employee Composition	Employee Turnover 2023/2024 Number of people	Employee Turnover 2023/2024 Turnover rate	Employee Turnover 2022/2023 Number of people	Employee Turnover 2022/2023 Turnover rate
By Gender				
Male	29	32%	39	36%
Female	23	50%	34	65%
By Age Group				
18-30 years old	33	77%	46	79%
31-40 years old	14	26%	23	37%
41-50 years old	5	22%	4	15%
51-60 years old	–	0%	–	0%
Over 61 years old	–	0%	–	0%
By Geographical Region				
Singapore	3	6%	13	25%
Malaysia	1	33%	–	0%
Hong Kong	–	0%	2	17%
The PRC	48	71%	58	62%

9 Turnover rate = Number of employees in the specified category left the Group during the Year/ Number of employees in the specified category as at the end of the Year. The Group had a total of 52 employee left the Group during the Year.

As at 30 June 2024, the Group was not aware of any cases on non-compliance with laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Health and Safety

The Group places paramount importance on the health, safety, security, and well-being of its employees. While the nature of our business poses minimal inherent risk in occupational health and safety ("**OHS**"), we remain steadfast in our commitment to fostering a high OHS standard. Through various initiatives, we strive to provide a safe and comfortable working environment for all employees.

Our work safety rules and policies fully comply with all relevant health and safety laws, rules, and regulations, including but not limited to Work Injury Compensation Act (Cap. 354) and the Workplace Safety and Health Act (Cap. 354A), Statues of Singapore; the Employees' Compensation Ordinance (Cap. 282) and the Occupational Safety and Health Ordinance (Cap. 509), Laws of Hong Kong; the Occupational Safety and Health Act 1994 and Workmen's Compensation Act 1952, Laws of Malaysia; and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (2016) and the Regulation on Work-Related Injury Insurance of the PRC, have been implemented.

The Group provides group hospitalisation and surgical insurance for all confirmed office employees, in compliance with Singapore's Ministry of Manpower requirements. While in Hong Kong, the PRC and Malaysia, the Group maintains employee compensation insurance that includes work injury for our employees in Hong Kong, the PRC and Malaysia under regulatory requirements. These policies and insurance compensation cover all qualified employees to protect their health and safety against occupational hazards, accidents and sickness. We equip our offices and project sites with all the required safety equipment and facilities such as helmet, safety shoes and safety goggles and has passed all the governmental safety inspections.

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

In response to the global pandemic, the Group has significantly enhanced its commitment to providing a safe and healthy working environment for its employees. The Group has closely monitored national epidemic prevention and control policies, issuing timely notices to employees emphasising the importance of personal hygiene and recommending appropriate measures to mitigate the risk of infection.

For each of the past three years including the Year, the Group has recorded no work-related fatalities and lost days due to work injury was recorded.

As at 30 June 2024, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.

Development and Training

Recognising the vital role of human capital in driving business growth, the Group is committed to providing equal training and promotion opportunities to all employees. Our comprehensive training and development programmes aim to enhance employee efficiency, technical skills, and knowledge, fostering a deeper understanding of job functions. These programmes encompass a wide range of areas, including induction, safety management, and on-the-job training, among others.

A comprehensive orientation programme is provided to facilitate new hires' integration into our corporate culture and familiarise them with the Group's internal policies and business practices. The Group provides relevant on-the-job training according to employees' roles and positions. We support our employees to take part in external training courses or workshops that could directly and effectively expand their skill sets relating to their current job requirements and keep them abreast of the latest industry trends by providing an education sponsorship programme to the "active learners". This programme is open to all employees. We value our employees and we aim to foster a learning culture that not only strengthens employees' knowledge, but also benefit the Group as employees deliver improvement in job performance and integrate industry best practices through knowledge sharing. For the Year, the breakdown of the training data were as follows:

Percentage of Employees Receiving Training[10]	2023/2024	2022/2023
By Gender		
Male	78%	84%
Female	23%	16%
By Employment Category		
Senior Management	10%	30%
Middle Management	15%	11%
General Staff	75%	59%

Average Training Hours completed in 2022/2023[11]	2023/2024	2022/2023
By Gender		
Male	5.16	2.10
Female	3.91	0.46
By Employment Category		
Senior Management	4.76	1.96
Middle Management	4.83	1.46
General Staff	4.74	1.51

The Group provides regular briefings to all directors to enhance and refresh their knowledge and skills related to their duties and responsibilities. To further promote professional development and align with the Group's growth objectives, we strongly encourage employees to engage in continuous learning and attend relevant external seminars. Employees who successfully complete professional examinations and obtain vocational qualification certificates are eligible for training sponsorship from the Group.

Our employees have undergone comprehensive training programmes, including electrical works training certified by the Building and Construction Authority, workplace safety and health management training accredited by the Singapore Workforce Skills Qualification System, and specialised training in human resources and payroll management. Additionally, our employees have received training on the use of accounting software and popular e-commerce platforms like JD.com, Tmall, Taobao and Pinduoduo.

10 Percentage of trained employee = Number of employees in the specified category received training during the Year/ Number of employees received training during the Year.

11 Average training hours = Total training hours for employees in the specified category during the Year/ Total number of employees in the specified category at the end of the Year.

Labour Standards

The Group acknowledges that child labour and forced labour constitute violations of human rights and contravene international labour conventions. We recognise that these practices pose a significant threat to sustainable social and economic development. Thus, we strictly abide the Employment of Children and Youn Persons Regulations, the Employment Act and the Prevention of Human Trafficking Act, Statues of Singapore; Employment of Children Regulations and Employment of Young Persons (Industry) Regulations and the Employment Ordinance (Cap. 57), Laws of Hong Kong; the Children and Young Persons (Employment) Act 1966 and Employment Act 1955, Laws of Malaysia; and the Labour Contract Law and Regulations of the Prohibition of Using Child Labour of the PRC.

The Group maintains a strict prohibition against child labour in all positions. During the employment process, we diligently verify the identity of candidates through identity cards or other identification documents to mitigate potential legal risks. We strictly adhere to employment contracts, ensuring that the employment relationship between the Group and its employees is based on mutual respect and free will. This includes prohibiting any form of exploitation or forced labour, such as withholding deposits or coercing employees to work against their will. Employment contracts are signed by both the Group and its employees, clearly outlining the rights and responsibilities of each party to ensure a fair and ethical working environment.

For the Year, the Group was not aware of any cases on non-compliance with laws and regulations that have a significant impact on the Group in relation to preventing child and forced labour.

OPERATION MANAGEMENT

Supply Chain Management

The Group collaborates closely with its suppliers to continuously enhance operational procedures and elevate service quality. We employ a rigorous supplier selection and management system to mitigate procurement risks and promote responsible sourcing practices.

The Group meticulously evaluates and monitors supplier performance, considering factors such as service quality, timely completion of required services or delivery of goods, responsiveness, and adherence to applicable rules and regulations. To ensure consistent quality and identify potential supply chain issues, the Group maintains and regularly updates a list of approved suppliers. Suppliers who fail to meet established performance standards are excluded from the approved list.

All delivered materials undergo rigorous inspection by designated site staff prior to acceptance. Materials deemed defective or failing to meet established quality standards are promptly returned and replaced. The Group continuously monitors the performance of suppliers and subcontractors to ensure the long-term sustainability of the supply chain. To minimise our carbon footprint, we prioritise utilising local or nearby suppliers whenever feasible.

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

Number of Suppliers by Geographical Region	2023/2024	2022/2023
Asia (excluding Hong Kong, Singapore, Malaysia and the PRC)	5	–
Australia	1	–
Europe	9	–
Hong Kong	15	25
North America	17	11
Singapore and Malaysia	154	40
The PRC	64	70

Product Responsibility

The Group is committed to continuous innovation and improvement in its products and services, guided by customer feedback and industry trends. For our E-Commerce business division, designated department contact information is prominently displayed on online platforms to facilitate customer inquiries and complaints. This dedicated department promptly responds to customer inquiries, developing tailored solutions to meet their needs within specified timeframes. In cases requiring goods returns or compensation, these are processed in accordance with established internal guidelines. The Group strives to provide accurate information in all marketing materials and strictly prohibits the use of false, misleading, or inaccurate statements in any form of marketing activities.

Our sound and communication services solution business prioritises safety and quality. To ensure both, our project management team conducts routine safety supervision and inspection sessions at all project sites. These sessions are designed to evaluate the service quality provided by our workforce. Any identified safety concerns or service deficiencies are addressed and rectified within a designated timeframe.

Our commitment to delivering premium and reliable services to our clients is reflected in our established and implemented Quality Management System (QMS). This system adheres to the internationally recognised ISO 9001:2015 standard, as certified by SGS International Certification Services Singapore Pte Ltd. By implementing this QMS, we demonstrate our consistent ability to provide our customers with healthy, safe, and high-quality products and services.

Product Recall

The Group, as a distributor, is committed to collaborating closely with product manufacturers to address any identified product defects. In the event of a product recall, the Group assumes a critical role in facilitating effective communication and notification to consumers, e-commerce platforms, and other relevant stakeholders. We work in partnership with product producers to ensure that accurate and timely information is disseminated promptly through various channels, including websites, customer service hotlines, and social media platforms. Our primary objective is to swiftly and efficiently remove affected products from the market, prioritising the health and safety of consumers.

During the Year, there had not been any product recalls for safety or health issues for our E-Commerce business nor have we received any complaints or claims from our customers arising from the quality issues of the works performed either by us or our sub-contractors, which in the view of directors was the result of the effective quality control measures.

Protection of Intellectual Property Rights and Data Privacy

The Group is committed to maintaining the confidentiality of data from customers, business partners, and employees, adhering to all applicable laws and regulations including the Personal Data Protection Act, Statutes of Singapore and the Personal Data (Privacy) Ordinance (Cap. 486), Laws of Hong Kong, the Personal Data Protection Act 2010, Laws of Malaysia, and Personal Information Protection Law in the PRC. We constantly ensure that all the personal and business data collected from our customers, business partners, or employees are treated as strictly confidential. All employees are required to sign a labour contract that explicitly prohibits the disclosure of confidential or proprietary information outside the Group without authorisation. The Group reinforces this commitment through internal training programmes and confidentiality agreements, reminding employees of their responsibility to protect customer, business partner, and employee information and to refrain from disclosing such information to third parties when collecting, using, or accessing it.

The Group mandates that all employees respect copyright, strictly prohibits infringement, and adheres to all applicable laws and regulations. As part of our commitment to intellectual property protection, the Group reviews every operational contract to ensure that it safeguards the intellectual property rights of all parties involved. We also require our suppliers and subcontractors to comply with relevant laws and regulations.

The Group is committed to fair advertising practices and requires all employees in the sales department to provide customers with accurate and truthful information about the Group's products and services. To further enhance customer service, a dedicated hotline and email service are available for customer inquiries regarding service details, ensuring comprehensive support before and after the sale.

For the Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

ANTI-CORRUPTION

The Group recognises the paramount importance of business ethics and integrity, striving to be a trustworthy partner to our customers and business partners. We comply with relevant regulations and laws, including the Prevention of Corruption (Cap. 241) and Competition Act (Cap. 50B), Statutes of Singapore; Prevention of Bribery Ordinance (Cap. 201), and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), Competition Ordinance (Cap. 619), Laws of Hong Kong; the Anti-Corruption Commission Act 2009, Laws of Malaysia; and the Anti-Money Laundering Law, Criminal Law and the Anti-Unfair Competition Law of the PRC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to conducting business with transparency and integrity. We have established comprehensive anti-corruption and conflict-of-interest policies and guidelines that prohibit all forms of fraud and corruption, including bribery, extortion, illegal inducement, offering or accepting disallowed gifts, kickbacks, or other disallowed advantages in any business dealings with the Group. These policies are effectively communicated to all employees during their induction training and are readily available in the Staff Handbook to ensure their understanding and compliance with all applicable anti-corruption laws and regulations.

The Group has established a comprehensive Code of Ethics to clearly outline our strict standards regarding anti-corruption, anti-bribery, conflicts of interest, gift-giving, and procurement policies. This Code conveys our expected standards of conduct and practices to all staff members, who are required to adhere to the highest standards of business and professional ethics. This commitment to ethical behaviour enables us to earn the trust of our business partners and customers. Regular training sessions are also conducted for management and employees to enhance their ethical awareness and ensure best practices in all business activities.

The Group has established a Whistle-Blowing Policy to provide a safe, confidential, and legal channel for employees and related individuals to report actual or suspected misconduct or illegal activities in areas such as corporate financial reporting, internal control, or other relevant matters. To report any cases of misconduct, individuals are encouraged to contact the designated email address, whistleblowing@ispg.hk. The Whistle-Blowing Policy safeguards employees from any risk of retaliation during and after the investigation of their reports. All investigations related to whistleblower reports are conducted with strict confidentiality to protect the anonymity of the individuals involved.

For the Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud, and money laundering.

GIVING BACK TO THE COMMUNITY

The Group is committed to fostering strong relationships with the communities in which we operate. In parallel with our business development efforts, we engage in ongoing dialogue with local communities to better understand their needs and provide more comprehensive support. We continue to expand our philanthropic efforts and encourage employee participation in volunteer work and community activities. We believe that by cultivating a culture of social responsibility and encouraging our employees to actively participate in community initiatives, we can generate a positive impact on the communities where we operate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

While prioritising public health and safety during the pandemic, the Group is committed to expanding our community outreach and fostering inclusivity in our workforce. As part of this commitment, we have implemented programmes to broaden the communities we serve and support the employment of individuals from diverse backgrounds. During the year, the Group offered multiple short-term internship opportunities to students from diverse backgrounds in Singapore, aiming to cultivate interest in the field of sound and communication systems services among the younger generation.

PERFORMANCE SUMMARY

Environmental Performance

Air Pollutant Emissions	**Unit(s)**	**2023/2024**	**2022/2023**
Nitrogen oxide (NO_x)	kg	5.52	107.61
Sulphur oxide (SO_x)	kg	0.11	0.12
Particulate matter (PM)	kg	0.41	10.31

GHG Emission Types		**Unit(s)**	**2023/2024**	**2022/2023**
Direct emissions or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon dioxide (CO_2)	tonne	17.43	19.84
	Methane (CH_4)	kg	52.33	15.30
	Nitrous oxide (N_2O)	tonne	2.16	1.02
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	CO_2 equivalent	tonne	94.02	34.53
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	CO_2 equivalent	tonne	5.76	3.90
Electricity used for fresh water and sewage processing	CO_2 equivalent	tonne	1.09	1.05
Business air travel by employees	CO_2 equivalent	tonne	52.43	50.30
Total emissions	(Scope 1, 2 and 3)	tonne	173.41	110.65
Intensity	(per RMB 1 million of annual revenue)		0.79	0.53

Waste	**Unit(s)**	**2023/2024**	**2022/2023**
Total non-hazardous waste	kg	1,193.20	812.39
Intensity	kg/employee	8.71	5.05

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Consumption	Unit(s)	2023/2024	2022/2023
Direct energy consumption	MWh	71.60	81.23
	MWh/RMB1 million of annual revenue	0.34	0.39
Indirect energy consumption	MWh	180.2	73.74
	MWh/RMB1 million of annual revenue	0.82	0.35

Water Consumption	Unit(s)	2023/2024	2022/2023
Consumption for the year	m^3	1,684.30	1,644.99
	m^3/RMB1 million of annual revenue	7.70	7.84

Employee Composition	As at 30 June 2024	As at 30 June 2023
By Gender		
Male	91	109
Female	46	52
By Age Group		
18–30 years old	43	58
31–40 years old	53	63
41–50 years old	23	27
51–60 years old	13	11
Over 61 years old	5	2
By Employment Category		
Senior Management	21	23
Middle Management	24	26
General Staff	92	112
By Geographical Region		
Singapore	54	52
Malaysia	3	3
Hong Kong	12	12
The PRC	68	94

Employee Composition	Employee Turnover 2023/2024		Employee Turnover 2022/2023	
	Number of people	Turnover rate	Number of people	Turnover rate
By Gender				
Male	29	32%	39	36%
Female	23	50%	34	65%
By Age Group				
18–30 years old	33	77%	46	79%
31–40 years old	14	26%	23	37%
41–50 years old	5	22%	4	15%
51–60 years old	–	0%	–	0%
Over 61 years old	–	0%	–	0%
By Geographical Region				
Singapore	3	6%	13	25%
Malaysia	1	33%	–	0%
Hong Kong	–	0%	2	17%
The PRC	48	71%	58	62%

Work Injury Statistics	Unit(s)	2023/2024	2022/2023	2021/2022
Number of work-related fatalities	Case(s)	–	–	–
Rate if work-related fatalities	Percentage	0%	0%	0%
Number of reported accidents (sick leave > 3 days)	Case(s)	–	–	–
Lost day due to injury	Day(s)	–	–	–

Percentage of Employees Receiving Training	2023/2024	2022/2023
By Gender		
Male	78%	84%
Female	23%	16%
By Employment Category		
Senior Management	10%	30%
Middle Management	15%	11%
General Staff	75%	59%

Average Training Hours completed in 2023/2024	2023/2024	2022/2023
By Gender		
Male	5.16	2.10
Female	3.91	0.46
By Employment Category		
Senior Management	4.76	1.96
Middle Management	4.83	1.46
General Staff	4.74	1.51

Number of Suppliers by Geographical Region	2023/2024	2022/2023
Asia (excluding Hong Kong, Singapore, Malaysia and the PRC)	5	–
Australia	1	–
Europe	9	–
Hong Kong	15	25
North America	17	11
Singapore and Malaysia	154	40
The PRC	64	70

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INDEX

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix C2 of the GEM Listing Rules. The following table provides an overview of the general disclosures and KPIs of various aspects under each subject area, which are either cross-referenced to the relevant chapters of the Report or supplementing the Report with additional information.

Description		Reference/Statement
ENVIRONMENTAL		
Aspect A1: EMISSIONS		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Aspects
KPI A1.1	The types of emissions and respective emissions data.	Emissions Control
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Control

Description		Reference/Statement
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A; During the Year, we did not generate hazardous wastes in our operations.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A; During the Year, we only generated minimal non-hazardous wastes in our operations.
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions Control
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Wastes Management
Aspect A2: USE OF RESOURCES		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	N/A; During the Year, we encountered no issue in sourcing water that is fit for our purpose.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A; During the Year, we do not generate significant packaging material wastes in our operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description		Reference/Statement
Aspect A3: THE ENVIRONMENT AND NATURAL RESOURCES		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
Aspect A4: CLIMATE CHANGE		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which impact, the issuer, and the actions taken to manage them.	Climate Change
EMPLOYMENT AND LABOUR PRACTICES		
Aspect B1: EMPLOYMENT		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hour, rest periods, equal opportunity, diversity, anti- discrimination, other benefits and welfare.	Employment and Labour Practices
KPI B1.1	Total workforce by gender employment type, age group and geographical region.	Employment and Labour Practices – Employee Composition
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices – Employee Turnover

Description		Reference/Statement
Aspect B2: HEALTH AND SAFETY		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employee from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety; During the Year, we do not note any work-related fatalities due to work injury found.
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: DEVELOPMENT AND TRAINING		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description for training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: LABOUR STANDARDS		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Labour Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description		Reference/Statement
OPERATING PRACTICES		
Aspect B5: SUPPLY CHAIN MANAGEMENT		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	N/A; During the Year, we did not use any environmentally preferable products and services.
Aspect B6: PRODUCT RESPONSIBILITY		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage to total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property Rights and Data Privacy

Description		Reference/Statement
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Recall
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Protection of Intellectual Property Rights and Data Privacy
Aspect B7: ANTI-CORRUPTION		
General Disclosure	Information on (a) the policies: and (b) compliance with relevant laws and regulations that they have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcome of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
COMMUNITY		
Aspect B8: COMMUNITY INVESTMENT		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving Back to the Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to the Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving Back to the Community

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good corporate governance to improve accountability and transparency, and to safeguard the interest of shareholders.

The Company has adopted the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules during the Year and up to the date of this report (the "**Relevant Period**"). Having made specific enquires of the Directors, all the Directors have confirmed that they have complied with the required CG Code's standard for the Relevant Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions by Directors in respect of the shares of the Company (the "**Code of Conduct**"). After specific enquires by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Relevant Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising its affairs. Directors take decisions objectively in the best interests of the Company. The Board meets regularly and regular board meetings are held four times a year at quarterly intervals.

BOARD COMPOSITION

The Company is committed to the view that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is an independent element on the Board, which can effectively exercise independent judgement, and that non-executive Directors should be of sufficient calibre and number for their views to carry weight.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Board comprises the following nine Directors:

Executive Directors

Mr. Cao Chunmeng (Chairman)
Mr. Han Bing (Chief Executive Officer)
Mr. Yuan Shuangshun
Mr. Mong Kean Yeow
Ms. Choon Shew Lang

Non-executive Director

Mr. Qiu Yingming

Independent Non-executive Directors ("INED")

Mr. Yan Xiaotian
Mr. Tang Chi Wai
Mr. Zheng Xiaorong

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

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

	Number of meetings held during the Year Attended/number of meetings held during the respective Director's tenure				
	Regular Board Meeting	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual General Meeting of the Company ("AGM") held on 18 December 2023**
Number of meetings held	5	4	1	1	1
Executive Directors					
Mr. Cao Chunmeng (Chairman)	5/5	N/A	1/1	N/A	1/1
Mr. Han Bing (Chief Executive Officer)	5/5	N/A	N/A	1/1	1/1
Ms. Choon Shew Lang	5/5	N/A	N/A	N/A	1/1
Mr. Mong Kean Yeow	5/5	N/A	N/A	N/A	1/1
Mr. Yuan Shuangshun	5/5	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Qiu Yingming	5/5	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Tang Chi Wai	5/5	4/4	N/A	1/1	1/1
Mr. Yan Xiaotian	5/5	4/4	1/1	1/1	1/1
Mr. Zheng Xiaorong	5/5	4/4	1/1	N/A	1/1

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

In compliance with Rule 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three INEDs representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The INEDs have brought in a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs have made various contributions to the Company.

The Company has received from each INED an annual confirmation of his independence, and the Company considers such INED to be independent in accordance with the guidelines set out in Rule 5.09 of the GEM Listing Rules.

Appropriate insurance coverage in respect of legal action against the Directors has also been arranged by the Company.

APPOINTMENTS, RE-ELECTION AND REMOVAL

In accordance with the second amended and restated articles of association ("**Articles of Association**"), all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company following his/her appointment and shall be subject to re-election at such meeting; and (ii) as an addition to the Board shall hold office until the next following AGM and shall then be eligible for re-election.

ROLE AND RESPONSIBILITIES

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Group's business has been delegated to management under the leadership of the chief executive officer of the Group.

The principal roles of the Board are:

– Set long term objectives and strategies;
– Approve major policies and guidelines;
– Prepare and approve financial statements, annual report, interim report, and quarterly report;
– Approve major capital expenditures, acquisition and disposals;
– Approve connected transactions;
– Approve material borrowings and expenditures;
– Review and monitor internal control and risk management; and
– Declare and recommend the payment of dividends

The Board is also responsible for the corporate governance functions of the Group, which includes:

– Develop and review of the Group's policies and practices on corporate governance;
– Review and monitor the training and continuous professional development of directors and senior management;
– Review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
– Develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
– Review the Group's compliance with the CG Code and disclosure in the corporate governance report.

During the Relevant Period, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three board committees of the Company to oversee specific aspects of the Group's affairs, namely audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**"). Each board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each board committee has also been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent profession advice in appropriate circumstances at the Group's expense.

Audit Committee

The Group established the Audit Committee on 14 December 2017 with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph D.3.3 of the CG Code. The primary duties of our Audit Committee include, among others, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing our financial statements, our annual report and accounts, our half-year report, and quarterly report and significant financial reporting judgements contained therein; and (c) reviewing our financial controls, internal control and risk management systems. Our Audit Committee comprises three INEDs, namely Mr. Zheng Xiaorong, Mr. Yan Xiaotian and Mr. Tang Chi Wai. Mr. Tang Chi Wai is the chairman of our Audit Committee.

During the Year, the Audit Committee held four meetings, at which it has reviewed and discussed (i) the Group's consolidated financial results for the Year, including the accounting principles and practice adopted by the Group, (ii) the Company's compliance with the CG Code and disclosure in this Corporate Governance Report, (iii) the effectiveness of the Group's risk management and internal control systems as well as the Group's internal audit function, (iv) considered, adopted and/or recommended to the Board the amendments to the terms of reference of the Audit Committee. The Audit Committee has also recommended to the Board to consider the re-appointment of Moore CPA Limited ("**Moore**") as the Company's external independent auditors at the forthcoming AGM.

Nomination Committee

The Group established the Nomination Committee on 14 December 2017 with written terms of reference in compliance with paragraph B.3.1 of the CG Code. The primary duties of our Nomination Committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become members of our Board and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (c) assessing the independence of our INEDs; and (d) making recommendations to our Board on the appointment and succession planning for our Directors. Our Nomination Committee comprises two INEDs, namely Mr. Zheng Xiaorong and Mr. Yan Xiaotian, and one executive Director, namely Mr. Cao Chunmeng. Mr. Cao is the chairman of our Nomination Committee.

During the Year, the Nomination Committee held one meeting, at which it (i) assessed the independence of the INEDs, (ii) recommended to the Board for consideration the re-appointment of all the retiring Directors at the forthcoming AGM, (iii) considered and approved of the appointment and retirement of Directors, and (iv) considered, adopted and/or recommended to the Board the amendments to the policy of Board diversity, nomination policy and terms of reference of the Nomination Committee.

Remuneration Committee

The Group established the Remuneration Committee on 14 December 2017 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph E.1.2 of the CG Code. The primary duties of our Remuneration Committee, under the principle that no Director or any of his associates should be involved in deciding his own remuneration include, among others, making recommendations to our Board on (a) our remuneration policy and structure for all of our Directors and senior management; (b) the establishment of a formal and transparent procedure for developing remuneration policies; (c) the remuneration packages of our executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments; (d) the remuneration of our non-executive Directors; and (e) the review and/or approval of matters relating to share schemes under Chapter 23 of the GEM Listing Rules. Our Remuneration Committee comprises two INEDs, namely Mr. Yan Xiaotian and Mr. Tang Chi Wai and one executive Director namely Mr. Han Bing. Mr. Yan Xiaotian is the chairman of our Remuneration Committee.

During the Year, the Remuneration Committee held one meeting, at which it (i) reviewed the remuneration policy and structure for as well as the remuneration packages of all Directors and the senior management, (ii) considered and approved of remuneration package of executive Directors, and (iii) to consider, approve and make recommendation to the Board in relation to the grant of share awards to employees of the Group under the Share Award Scheme. No Director was involved in deciding his/her own remuneration.

BOARD DIVERSITY POLICY

During the Relevant Period, the Board has adopted a policy of the Board diversity (the "**Board Diversity Policy**") which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

In designing the Board's composition, the Company considers diversity of board members through a number of aspects, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional experience, skills and/or qualifications, knowledge, length of service and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board consists of one female Director and eight male Directors. The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the objectives of its Board Diversity Policy for the Relevant Period.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. As at 30 June 2024, the male to female ratio in the workforce of the Group including senior management is approximately 66:34. The Board considers that the gender diversity in workforce is currently achieved.

NOMINATION POLICY

The Company has adopted nomination policy (the "**Nomination Policy**") for the purpose to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders for election as a Director. The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

- Reputation for integrity;
- Accomplishment, experience and reputation in the relevant industry and other relevant sectors;
- Commitment in respect of sufficient time, interest and attention to the Company's business;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;
- The ability to assist and support management and make significant contributions to the Company's success;
- Compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive Director; and
- Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Each proposed new appointment, election or re-election of a director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the shareholders for consideration and determination.

DIVIDEND POLICY

The Company has adopted dividend policy (the "**Dividend Policy**") in compliance with code provision F.1.1 of the CG Code. It is the policy of the Company, in considering the payments of dividends and to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for future growth of the Group.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The Company has received written annual confirmation from each INEDs of their independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all INEDs namely Mr. Zheng Xiaorong, Mr. Yan Xiaotian, and Mr. Tang Chi Wai to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the Year.

DIRECTORS' TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under the statues and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. The Company will from time to time provide briefings to all Directors to develop and refresh their knowledge and skills relating to their duties and responsibilities.

Pursuant to the Code Provision C.1.4 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. According to the training records maintained by the Company, all Directors have participated in continuous professional development relevant to his or her professional duties as Director during the Year.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained the procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited unauthorised use of confidential or insider information or any use of such information for the advantage of any individuals. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and the Board will decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of Stock Exchange and the Company in due course.

REMUNERATION OF SENIOR MANAGEMENT

During the Year, the remuneration bands of senior management is listed as follows:

Band of remuneration (HK$)	No. of person(s)
HK$0 to HK$1,000,000	1
HK$1,000,001 to HK$2,000,000	1

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

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external independent auditor of the Company, Moore, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 94 to 99 of this report.

INDEPENDENT AUDITOR'S REMUNERATION

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

Description	RMB'000
Audit services – Annual audit	760

COMPANY SECRETARY

Mr. Chan Kwok Wai ('**Mr. Chan**') was appointed as the company secretary of the Company in October 2022. During the Year, Mr. Chan has undertaken not less than 15 hours of relevant professional training in compliance with Rule 5.15 of GEM Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment, maintenance and review of the Group's risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the shareholders and the assets of the Company.

The Board oversees the Group's overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavours to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying and assessing principal risks (including ESG risks) within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified.

2. The management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented.

3. The Board is responsible for supervising the management in relation to design, implementation, and monitoring of both the risk management and internal control systems, and the management provides confirmation to the Board on the effectiveness of the system.

The risk management framework, coupled with our internal controls, ensures the risk associated with our different business units are effectively controlled in line with the Group's risk appetite.

The Group does not have an internal audit department. But the Group has conducted an annual review on whether there is a need for such an internal audit department. Given the Group's relatively simple corporate and operation structure, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group including financial, operational and compliance controls and risk management functions and for reviewing its effectiveness.

The Group engaged an independent internal control consultant, Premier Advisory Services Limited, to conduct review on the internal control system of the Group during the Year. The review covers certain procedures on the provision and maintenance of sound and communications systems and related services undertaken by the Group, and make recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified.

The Group's risk management and internal control systems are aimed to manage, rather than eliminating, the risk of failure to achieve business objectives and thus can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has the overall responsibility to maintain the adequate resources, staff qualifications and experience, training programmes and the budget accounting and financial reporting as well as those relating to our ESG performance and reporting. The Board concluded that the Group's risk management and internal control systems were in place and effective.

In order to preempt any potential instances of misconduct, the Group has a whistleblowing policy and system for employees and those who deal with the Group to raise concerns. To report any cases of misconduct, the relevant personnel could submit any related information via email at whistleblowing@ispg.hk. Investigations for whistleblowing reports will be handled by the audit committee with strict and confidential manner to respond possible improprieties in any matter related to the Group.

With respect to anti-corruption practices, the Group established anti-corruption and conflict of interest policies and guidelines to promote and support anti-corruption laws and regulations and enhances the provisions relating to corruption in the Group's Code of Ethics.

With respect to the monitoring and disclosure of insider information, the Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for Convening General Meetings by Shareholders

Pursuant to the Articles of Association, and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time), the Board may, whenever it thinks fit, convene an extraordinary general meeting ("**EGM**"). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company by mail at Suite 4302, 43/F. Central Plaza, 18 Harbour Road, Wanchai, Hong Kong to require an EGM to be called by the Board for the transaction of any business specified in such requisition. Such requisition should specify clearly the name of the eligible shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the eligible shareholder(s) concerned together with a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement by submitted by shareholders concerned in accordance with the statutory requirements to all the registered shareholders.

The requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles of Association to all the registered shareholders. On the contrary, if the requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the eligible shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM.

If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at Shareholders' Meeting

Shareholders are requested to follow Article 64 of the Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above in the paragraph headed "Procedures for Convening General Meetings by Shareholders".

Procedures by which Enquiries may be put to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are encouraged to send their enquiries to the Board by post to the principal place of business set out in the section headed "Corporate Information" in this report. Shareholders may also make enquires with the Board at the general meetings of the Company.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community. The Company has established a shareholders communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to, annual, interim and quarterly reports, circulars, announcements, and notices of AGMs are available on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ispg.hk).

In addition, the Company regards the AGM as an important event as it provides an opportunity for direct communication between the Board and its shareholders. Shareholders are encouraged to attend the AGM, where all Board members and external auditors are available to answer questions on the Group's business.

The Board has reviewed the implementation and effectiveness of the Company's Shareholders' Communication Policy including steps taken at the general meetings and the multiple channels of communication and engagement in place, and considered that the Shareholders' Communication Policy has been properly implemented during the Relevant Period under review and is effective.

CONSTITUTIONAL DOCUMENTS

There was no changes in the constitutional documents of the Company during the Relevant Period.

The second amended and restated memorandum and article of association of the Company is available on the respective websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Board is pleased to submit this annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal business activity of the Company is that of investment holding. The principal activities and other particulars of the Company's principal subsidiaries are set out in note 27 to the consolidated financial statements.

REORGANISATION AND SHARE OFFER

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

DIRECTORS

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

Executive Directors

Mr. Cao Chunmeng (Chairman)
Mr. Han Bing (Chief Executive Officer)
Mr. Yuan Shuangshun
Mr. Mong Kean Yeow
Ms. Choon Shew Lang

Non-Executive Director

Mr. Qiu Yingming

Independent Non-executive Directors ("INED")

Mr. Tang Chi Wai
Mr. Yan Xiaotian
Mr. Zheng Xiaorong

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

The biographical details of the Directors and the senior management of the Company are set out on pages 7 to 11 of this report.

REPORT OF THE DIRECTORS

RESULTS/BUSINESS REVIEW

The results of the Group for the Year are set out in the section headed "Consolidated Statements of Profit or Loss and Other Comprehensive Income" on page 100 of this report. The business review of the Group for the Year and the outlook are set out in the section headed "Management Discussion and Analysis" on pages 12 to 31 in this report.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the past five financial years, as extracted from the audited consolidated financial statements, is set out on pages 183 to 184 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 22 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the "Consolidated Financial Statement of Changes in Equity" on page 103 and note 30 to the consolidated financial statements.

The Company did not have distributable reserve as at 30 June 2024, calculated under the Companies Law of Cayman Islands, as it has accumulated losses.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

On 14 June 2024, the Company sold 400,000 of its listed securities which were held on trust for the Share Award Scheme employees who had resigned on the market at an average price of HK$0.15 per share upon termination of the Share Award Scheme.

Other than the above, the Board confirms that during the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme and the Share Award Scheme, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

SHARE AWARD SCHEME

On 18 February 2021, the Company adopted the Share Award Scheme to recognise the contributions by certain eligible persons and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The details are set out in the announcements of the Company dated 18 February 2021 and 9 March 2021. According to the Share Award Scheme, the award shares will be satisfied by way of (i) allotment and issue of new Shares to the trustee at the subscription price under general mandate or specific mandate (as the case may be); or (ii) acquisition of existing Shares through on-market transactions by the trustee and will be held on trust until they are vested. The maximum number of all award shares granted under the Share Award Scheme shall not exceed 1% of the total issued share capital of the Company from time to time.

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 2.65% 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 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.

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.

REPORT OF THE DIRECTORS

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. During the year ended 30 June 2024, 400,000 (2023: Nil) share award has been lapsed, and the remaining 23,600,000 share award has been vested.

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.

During the Year, no award shares had been purchased under the Share Award Scheme.

Movement of the awarded Shares, which were granted under the Share Award Scheme, during the year ended 30 June 2024 are listed below in accordance with Rule 23.07 of the GEM Listing Rules:

		Number of awarded Shares							
Category	Date of grant	Unvested as at 01/07/2023	Granted during the year	Vested during the year	Lapsed/ forfeited during the year	Closing balance as at 30/06/2024	Fair value per share award per Share HK$ (Note a)	Purchase Price HK$	Vesting Period (Note b)
16 continuous contract employees of the Group	29/03/2023	24,000,000	–	(23,600,000)	(400,000)	–	0.255	N/A	12 months from the date of grant

Notes:

a. This represented the closing price of the Shares immediately before the date on which the awarded Shares were granted.

b. The vesting period of the awarded Shares is from the date of grant until the date of vesting.

c. During the Year, no awarded Shares was transferred from/to other category, cancelled or lapsed under the Share Award Scheme.

d. There are no participants with awarded Shares granted in excess of the individual limit and no grants to suppliers of goods and services. There is no performance target attached to the awards granted. The above employees with awarded Shares are not Directors or senior managers (as defined in the GEM Listing Rules).

e. The funds provided by the Company to the trustee of the Share Award Scheme for purchase of Shares from the market are expensed as part of the discretionary bonuses under the employee benefit expenses at the year of grant, which is determined based on the overall performance of the eligible participants and the Group.

REPORT OF THE DIRECTORS

SUMMARY OF THE SHARE AWARD SCHEME

Details		Share Award Scheme
1.	Purpose	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.
2.	Eligible Persons	Any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group unless otherwise necessary or expedient to be excluded.
3.	Maximum number of Shares	During the year ended 30 June 2023, 24,000,000 awarded Shares were granted under the Share Award Scheme. Since the date of adoption and up to 30 June 2023, a total of 24,000,000 awarded Shares have been granted under the Share Award Scheme (representing approximately 2.65% of the enlarged issued share capital of the Company as at the date of completion of the issuance of the Awarded Shares). The maximum number of the Shares which can be awarded under the Share Award Scheme is 10% of the total number of Shares in issue from time to time. As at the date of this report, there is nil share available for issue upon termination of Share Award Scheme for the Year.
4.	Maximum entitlement of each participant	1% of the issued share capital of the Company from time to time.
5.	Vesting period	The Board may, from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested. The Board may in its absolute discretion decide whether any award shall lapse or shall be subject to such conditions or limitations as the Board may decide.
6.	Acceptance of offer	N/A

Details		Share Award Scheme
7.	Exercise price/Purchase price	N/A
8.	Remaining life of the scheme	It shall be valid and effective for the award period, which commences on the adoption date, namely 18 February 2021, and ends on (i) the business day immediately prior to the 10th anniversary of the adoption date, i.e. 17 February 2031. As at 30 June 2024, the Share Award Scheme was terminated as determined by the Board after the completion of transfer of Award Shares to the Grantees. The details are set out in the announcement of the Company dated 16 May 2024.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 14 December 2017 (the "**Adoption Date**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose of Share Option Scheme

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

(B) Participants of the Share Option Scheme

(1) Any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;

(2) Any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) Any supplier of goods or services to any member of the Group or any Invested Entity;

(4) Any customer of the Group or any Invested Entity;

(5) Any consultant adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(6) Or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

(C) Total number of Shares available for Issue under the Share Option Scheme

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

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 14,700,000 Shares (representing approximately 1.4% of total number of issued shares of the Company as at the date of this report).

The number of share options available for grant under the Share Option Scheme was 14,700,000 Shares as at 1 July 2023, and 14,700,000 Shares as at 30 June 2024.

(D) Maximum Entitlement of Each Participant under the Share Option Scheme

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

No service provider sub-limit was set under the Share Option Scheme.

(E) Period within which the Shares must be taken up under an Option

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

(F) Minimum period for which an Option must be held before it can be exercised

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

(G) Amount payable on acceptance of an option and the Period within which payments shall be made

A consideration of 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.

(H) Basis of determining the Exercise Price

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

(I) *Remaining life of the Share Option Scheme*

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 13 December 2027. As at the date of this report, the remaining life of the Share Option Scheme was about 3 years and 2 months.

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

As at 30 June 2024, options to subscribe for an aggregate of 54,300,000 shares of the Company granted to Directors, certain employees and external consultant pursuant to the Share Option Scheme remained outstanding, details of which were as follows:

Name and category of participants	Date of grant	Exercise price per option	Exercise period	Closing price of the Company's shares immediately before the grant date	Vesting period	At 1 July 2023	Granted during the year	Lapsed/forfeited during the year	At 30 June 2024
Directors									
Mr. Yuan Shuangshun	31.12.2021	HK$0.5	31.12.2021 to 30.12.2026	HK$0.2	N/A	2,400,000	–	–	2,400,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	HK$0.2	1st anniversary of the date of grant	2,400,000	–	–	2,400,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	HK$0.2	2nd anniversary of the date of grant	3,200,000	–	–	3,200,000
Sub-total						8,000,000	–	–	8,000,000
Mr. Han Bing	31.12.2021	HK$0.5	31.12.2021 to 30.12.2026	HK$0.2	N/A	2,400,000	–	–	2,400,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	HK$0.2	1st anniversary of the date of grant	2,400,000	–	–	2,400,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	HK$0.2	2nd anniversary of the date of grant	3,200,000	–	–	3,200,000
Sub-total						8,000,000	–	–	8,000,000
Mr. Yan Xiaotian	31.12.2021	HK$0.5	31.12.2021 to 30.12.2026	HK$0.2	N/A	240,000	–	–	240,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	HK$0.2	1st anniversary of the date of grant	240,000	–	–	240,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	HK$0.2	2nd anniversary of the date of grant	320,000	–	–	320,000
Sub-total						800,000	–	–	800,000
Mr. Tang Chi Wai	31.12.2021	HK$0.5	31.12.2021 to 30.12.2026	HK$0.2	N/A	240,000	–	–	240,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	HK$0.2	1st anniversary of the date of grant	240,000	–	–	240,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	HK$0.2	2nd anniversary of the date of grant	320,000	–	–	320,000
Sub-total						800,000	–	–	800,000
Employees – In aggregate	31.12.2021	HK$0.5	31.12.2021 to 30.12.2026	HK$0.2	N/A	11,670,000	–	(960,000)	10,710,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	HK$0.2	1st anniversary of the date of grant	11,670,000	–	(960,000)	10,710,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	HK$0.2	2nd anniversary of the date of grant	15,560,000	–	(1,280,000)	14,280,000
Sub-total						38,900,000	–	(3,200,000)	35,700,000
External consultant (Note)									
Mr. Liuqingwang	31.12.2021	HK$0.5	31.12.2021 to 30.12.2026	HK$0.2	N/A	300,000	–	–	300,000
	31.12.2021	HK$0.5	31.12.2022 to 30.12.2026	HK$0.2	1st anniversary of the date of grant	300,000	–	–	300,000
	31.12.2021	HK$0.5	31.12.2023 to 30.12.2026	HK$0.2	2nd anniversary of the date of grant	400,000	–	–	400,000
Sub-total						1,000,000	–	–	1,000,000
Total						57,500,000	–	(3,200,000)	54,300,000

Note:

For further details of the grant of share options to Mr. Liuqingwang, external consultant of the Company, please refer to the Company's announcement dated 14 December 2022.

REPORT OF THE DIRECTORS

During the Year and up to the date of this report, no share option has been granted or issued.

As at 30 June 2024, there was 54,300,000 share options outstanding.

During the Year, there were 3,200,000 share options lapsed or forfeited due to the resignation of employees.

No share options were granted, exercised or cancelled under the Share Option Scheme during the Year.

The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the Year divided by the weighted average number of issued shares of the Company for the Year is 0%, as no option or award was granted under all schemes of the Company during the Year.

PLACING

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 amounted to HK$28,811,000 (equivalent to approximately RMB26,875,000) and HK$28,221,000 (equivalent to approximately RMB26,669,000), respectively. The Company intends to apply the net proceeds from the Placing for (i) expand its suite of integrated services and systems; (ii) develop new markets in Asia; (iii) repayment of certain outstanding indebtedenss of the Group; and (iv) general working capital of the Group.

Details of the Placing are set out in the announcements of the Company dated 6 October 2023, 26 October 2023 and 31 October 2023.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the shareholders by reason of their holding of the Company's securities.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the Year attributable to the Group's major customers and suppliers are as follows:

	%
SALES	
– The largest customer	40.2
– Five largest customers	54.8
PURCHASES	
– The largest supplier	31.3
– Five largest suppliers	61.4

None of the Directors, their associates or any shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Year, details of significant transactions with its related parties or transactions undertaken in the normal course of business are set out in the note 26 to the consolidated financial statements. None of those transactions constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

I. Long position in the ordinary shares of the Company

Name of Directors	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding in the Company
Mr. Cao Chunmeng ("**Mr. Cao**")	Beneficial owner	111,098,000	10.61%
Mr. Yuan Shuangshun (Note)	Beneficial owner/Interest of spouse	4,686,000	0.45%
Mr. Han Bing	Beneficial owner	1,000,000	0.10%
Mr. Qiu Yingming	Beneficial owner	41,238,000	3.94%

Note: Ms. Zeng Xiu Hua, the spouse of Mr. Yuan Shuangshun, holds 1,020,000 ordinary shares of the Company. By virtue of the SFO, Mr. Yuan Shuangshun is deemed to be interested in the 1,020,000 ordinary shares.

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

Name	Capacity/Nature of interest	Share options	Approximate percentage of shareholding in the Company	Approximate percentage of shareholding in the Company assuming all the share options granted under Share Option Scheme were exercised
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 30 June 2024, none of the Directors had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the CG Code.

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

As at 30 June 2024, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have interests and short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

Name	Capacity/Nature of interest	Number of Shares held/ interested in	Percentage of shareholding
Lux Aeterna Global Fund SPC	Beneficial owner	65,300,000	6.24%

Save as disclosed above, as at 30 June 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 "**INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**" above, had any interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Mr. Mong Kean Yeow and Ms. Choon Shew Lang are executive Directors currently in office and they have entered into service agreements with the Company for a term of three years commencing from 16 January 2018. Mr. Yuan and Mr. Han Bing entered into a service agreement with the Company for a term of three years commencing from 22 March 2021 and 1 September 2021 respectively. Mr. Cao Chunmeng, who has been redesignated as an executive Director on 1 January 2022, has entered into a service agreement with the Company for a term of three years commencing from 1 January 2022. Mr. Qiu Yingming entered into a service agreement with the Company for a term of one year commencing from 1 March 2023. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles of Association.

Mr. Tang Chi Wai, Mr. Zheng Xiaorong and Mr. Yan Xiaotian separately entered into a letter of appointment with the Company for an initial term of one year commencing from 16 January 2018, 1 July 2022, and 27 November 2020 respectively. The letters of appointment may be terminated by either party giving no less than one month's written notice served by either party on the other. The term of INEDs is subject to retirement and be subject to re-election in the forthcoming annual general meeting of the Company.

Save as disclosed above, none of the Directors who proposed to be re-elected at the forthcoming AGM has entered into a service contract that are not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The Directors' emoluments are subject to the Company's shareholders' approval at general meetings and such emoluments shall be determined by the Board and the Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of remuneration of the Directors are set out in note 10 to the consolidated financial statements.

EMOLUMENT POLICY

The Company has established the Remuneration Committee in compliance with the GEM Listing Rules. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the remuneration policy and other remuneration related matters, including benefits in kind and other compensation payable to the Directors and senior management, after consultation with the chairman and the chief executive officer of the Company.

Under the remuneration policy of the Company, the Remuneration Committee will consider factors such as corporate and individual performance, salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

Details of the Directors' remuneration and the five highest paid individuals are set out in note 10 to the consolidated financial statements.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

A directors' liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any significant transactions, arrangements and contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party for the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No Director has entered into any arrangement to enable himself/herself to acquire benefits by means of acquisition of shares in or debentures of the Company or any Invested Entity during the Year and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

INTEREST IN COMPETING INTERESTS

The Directors confirm that neither the Directors nor the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Year, and is required to be disclosed pursuant to GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

RETIREMENT SCHEME

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

Under the MPF Scheme, the Group may use voluntary contributions forfeited by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions to reduce the existing level of contributions. Nonetheless, there were no forfeited contributions, and therefore no such contributions used to reduce the existing level of contributions, during the Year (2023: nil).

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The environmental policies and performance of the Group are provided in the section headed "Environmental, Social and Governance Report" in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group fully complies with all laws and regulations and regularly monitors and gathers information about changes in laws, rules and regulations relevant to the Group's businesses to ensure the Group's observance of those applicable laws, rules and regulations, especially those which may have material impact on the Group.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 66 to 78 of the annual report.

REPORT OF THE DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events from the end of the reporting period to the date of this report.

INDEPENDENT AUDITOR

The consolidated financial statements for the years ended 30 June 2021, 2022, 2023 and 2024 have been audited by Moore.

A resolution will be proposed at the forthcoming AGM for the re-appointment of Moore as the independent auditor of the Company.

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

Hong Kong, 25 September 2024

INDEPENDENT AUDITOR'S REPORT

MOORE

Moore CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲
會計師事務所有限公司

Independent Auditor's Report to the Shareholders of ISP Global Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ISP Global Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 100 to 182, which comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recognised revenue from sale and provision of integrated services of networking, sound, and communication systems and sale of consumer products of approximately RMB66,375,000 and RMB152,236,000 respectively for the year ended 30 June 2024, where the period in which such revenue is recorded is an inherent risk due to large volumes of customers' orders, and when the customers have taken possession of and accepted the goods. In addition, significant management judgements were involved in revenue recognition from sale of consumer products, such as determining whether the role of the Group in those transactions was acting as a principal or an agent and whether to recognise revenue on a gross or net basis. The assessment included considering and weighing key features e.g. which party bears the primary responsibility, inventory risks, and the discretion to establish prices.	Our key procedures to address the matter included: • Inspecting sales agreements signed in the current period, on a sample basis, to understand the terms of sales transactions including the terms of delivery and acceptance and any return arrangements to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards; • Inspecting invoices and credit notes issued prior to and subsequent to the year-end on sample basis; and • Checking the appropriateness of timing of recorded transactions, which is measured by the acknowledgement and acceptance by the customers. We also performed the following procedures in relation to the judgement as to whether the Group acts as the principal or agent and hence whether revenue is recognised on a gross or net basis: • Inspecting the contracts and discussing with the management to assess relevant terms, including who is the primary obligor to provide goods or services to the customers, who has the inventory risks; and • Checking on a sample's basis, the background of the Group's customers and suppliers and discussing with management to understand the key areas of their cooperation, such as how their relationships were established, how the price was negotiated and determined and the acceptance of goods delivered.

KEY AUDIT MATTERS (continued)

Impairment assessment of trade receivables

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

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 30 June 2024, the Group had trade receivables with net carrying amount of approximately RMB22,980,000. During the year ended 30 June 2024, the Group has recognised a provision for expected credit loss ("**ECL**") on trade receivables of approximately RMB507,000. The ECL assessment on trade receivables is considered to be a matter that requires the application of significant judgement which involves the use of subjective assumptions by the Group's management. The management of the Group believed that the methodologies and inputs used in estimating ECL are in accordance with the applicable accounting standards. These models and assumptions relate to the future macroeconomic conditions and debtors' creditworthiness. The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increase in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.	Our key procedures to address the matter included: • Evaluating the methodologies, inputs and assumptions used by the Group in calculating the ECL, by reference to externally available economic data; • Obtaining an ageing analysis of the trade receivables from the management of the Group and testing the accuracy of ageing of trade receivables at the reporting date to the underlying invoices on a sample basis; • Challenging the management's assessment of the recoverability of long outstanding and overdue trade receivables; • Selecting samples considering the management's assessment of the latest financial conditions of the debtors, based on historical experience and observable external data; and • Assessing the adequacy of the ECL recorded by reviewing subsequent settlements after the year end and any correspondence with customers about expected settlement dates.

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

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by those charged with governance in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number: P05419

Hong Kong, 25 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Revenue	5	**218,611**	209,807
Costs of sales/services		**(143,607)**	(155,686)
Gross profit	5	**75,004**	54,121
Other income	6	**176**	1,383
Other gains/(losses), net	6	**(39)**	(2,799)
(Provision for)/reversal of allowance for expected credit loss on trade receivables	16	**(507)**	708
Share-based payment expenses	24	**(5,550)**	(4,058)
Selling and administrative expenses		**(60,870)**	(43,536)
Staff costs for selling and administrative		**(34,555)**	(30,430)
Finance costs	7	**(4,196)**	(2,998)
Loss before income tax	9	**(30,537)**	(27,609)
Income tax expense	8	**(1,029)**	(901)
Loss for the year		**(31,566)**	(28,510)
Other comprehensive (loss)/income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(191)**	6,706
Other comprehensive (loss)/income for the year		**(191)**	6,706
Total comprehensive loss for the year		**(31,757)**	(21,804)
Loss for the year attributable to:			
– Owners of the Company		**(24,960)**	(26,825)
– Non-controlling interest	28	**(6,606)**	(1,685)
		(31,566)	(28,510)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		**(25,117)**	(20,119)
– Non-controlling interest	28	**(6,640)**	(1,685)
		(31,757)	(21,804)
Loss per share attributable to the owners of the Company			
Basic and diluted (Expressed in RMB cents per share)	12	**(2.54)**	(3.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000	30 June 2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**25,979**	30,889
Goodwill	14	**901**	901
Deposits	16	**–**	51
		26,880	31,841
Current assets			
Inventories	15	**61,932**	89,697
Trade receivables	16	**22,980**	16,287
Other receivables, deposits and prepayments	16	**27,663**	22,086
Contract assets	17	**2,755**	3,149
Cash and cash equivalents	18	**44,053**	46,097
		159,383	177,316
Current liabilities			
Trade and other payables	19	**20,584**	28,742
Contract liabilities	17	**4,774**	13,618
Lease liabilities	13	**1,557**	2,993
Borrowings	20	**60,613**	59,378
Income tax payable		**1,214**	929
		88,742	105,660
Net current assets		**70,641**	71,656
Total assets less current liabilities		**97,521**	103,497
Non-current liabilities			
Lease liabilities	13	**1,939**	4,677
Borrowings	20	**17,613**	21,309
Deferred tax liabilities	21	**37**	41
		19,589	26,027
Net assets		**77,932**	77,470

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	**30 June 2024 RMB'000**	30 June 2023 RMB'000
EQUITY			
Share capital	22	**8,999**	7,665
Reserves	23	**77,839**	72,071
Equity attributable to the owners of the Company		**86,838**	79,736
Non-controlling interest	28	**(8,906)**	(2,266)
Total equity		**77,932**	77,470

The consolidated financial statements on pages 100 to 182 were approved and authorised for issue by the Board of Directors on 25 September 2024 and are signed on its behalf by:

Mr. Cao Chunmeng
Chairman and Executive Director

Mr. Yuan Shuangshun
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Attributable to owners of the Company									
	Share capital (Note 22) RMB'000	Share premium (Notes 23(a)) RMB'000	Shares held under share award scheme (Note 23(e)) RMB'000	Merger reserve (Note 23(b)) RMB'000	Translation reserve (Note 23(c)) RMB'000	Shares option and share award reserves (Note 23(d)) RMB'000	Accumulated Losses RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total RMB'000
At 30 June 2022 and 1 July 2022	7,455	86,282	–	2,572	(1,170)	4,337	(3,679)	95,797	(725)	95,072
Loss for the year	–	–	–	–	–	–	(26,825)	(26,825)	(1,685)	(28,510)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	6,706	–	–	6,706	–	6,706
Total comprehensive income for the year	–	–	–	–	6,706	–	(26,825)	(20,119)	(1,685)	(21,804)
Shares for share award scheme held in trust (Notes 22(a) and 24(b))	210	–	(210)	–	–	–	–	–	–	–
Recognition of equity-settled share-based payments in relation to share options (Note 24(a))	–	–	–	–	–	3,038	–	3,038	–	3,038
Recognition of equity-settled share-based payments in relation to share award (Note 24(b))	–	–	–	–	–	1,020	–	1,020	–	1,020
Lapse of share options (Note 24(a))	–	–	–	–	–	(525)	525	–	–	–
Derecognition of a subsidiary (Note 27(e))	–	–	–	–	–	–	–	–	144	144
At 30 June 2023 and 1 July 2023	7,665	86,282	(210)	2,572	5,536	7,870	(29,979)	79,736	(2,266)	77,470
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(24,960)**	**(24,960)**	**(6,606)**	**(31,566)**
Other comprehensive expense for the year:										
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(157)**	**–**	**–**	**(157)**	**(34)**	**(191)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(157)**	**–**	**(24,960)**	**(25,117)**	**(6,640)**	**(31,757)**
Placing of new shares, net of transaction costs (Note 22(b))	**1,334**	**25,335**	**–**	**–**	**–**	**–**	**–**	**26,669**	**–**	**26,669**
Issuance of shares for share award scheme (Notes 22(a) and 24(b))	**–**	**5,309**	**207**	**–**	**–**	**(5,516)**	**–**	**–**	**–**	**–**
Sale of shares held in trust upon termination of share award scheme (Notes 22(a) and 24(b))	**–**	**53**	**3**	**–**	**–**	**(56)**	**–**	**–**	**–**	**–**
Recognition of equity-settled share-based payments in relation to share options (Note 24(a))	**–**	**–**	**–**	**–**	**–**	**931**	**–**	**931**	**–**	**931**
Recognition of equity-settled share-based payments in relation to share award (Note 24(b))	**–**	**–**	**–**	**–**	**–**	**4,619**	**–**	**4,619**	**–**	**4,619**
Lapse of share options (Note 24(a))	**–**	**–**	**–**	**–**	**–**	**(439)**	**439**	**–**	**–**	**–**
At 30 June 2024	**8,999**	**116,979**	**–**	**2,572**	**5,379**	**7,409**	**(54,500)**	**86,838**	**(8,906)**	**77,932**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Loss before income tax		**(30,537)**	(27,609)
Adjustments for:			
Interest income	6	**(16)**	(116)
Foreign exchange (gain)/loss, net	6	**(23)**	380
Loss/(gain) on early termination and modification of leases	6	**61**	(890)
Finance costs	7	**4,196**	2,998
Provision for/(reversal of) allowance for expected credit loss on trade receivables	9	**507**	(708)
Write-off of trade receivables	6	**–**	2,348
Depreciation of property, plant and equipment	9	**3,794**	4,742
Provision for slow-moving and obsolescence inventories	9	**497**	1,118
Share-based payment expenses in relation to share options	24(a)	**931**	3,038
Share-based payment expenses in relation to share award scheme	24(b)	**4,619**	1,020
Operating cash flows before movements in working capital		**(15,971)**	(13,679)
Movements in working capital:			
(Increase)/decrease in trade receivables		**(7,199)**	18,845
Increase in other receivables, deposits and prepayments		**(5,526)**	(1,937)
Decrease/(increase) in inventories		**27,268**	(51,239)
Decrease in trade and other payables		**(8,160)**	(708)
Decrease/(increase) in contract assets		**393**	(2,742)
(Decrease)/increase in contract liabilities		**(8,844)**	12,524
Cash used in operations		**(18,039)**	(38,936)
Interest received		**16**	116
Income tax paid		**(743)**	(1,851)
Net cash used in operating activities		**(18,766)**	(40,671)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(168)**	(735)
Decrease in pledged bank deposits		**–**	997
Net cash (used in)/generated from investing activities		**(168)**	262

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Cash flows from financing activities			
Net proceeds from issuance of shares upon placing	22(b)	**26,669**	–
Net proceeds from sale of treasury shares	24(b)	**56**	–
Proceeds from bank and other borrowings	29	**72,809**	78,867
Repayment of bank and other borrowings	29	**(75,270)**	(27,441)
Interest paid on bank and other borrowings	29	**(3,862)**	(2,543)
Repayment of leases liabilities – principal	29	**(2,968)**	(2,738)
Repayment of leases liabilities – interest	29	**(334)**	(455)
Repayment to third parties	29	**–**	(4,115)
Repayment to a director of the Company	29	**–**	(299)
Net cash generated from financing activities		**17,100**	41,276
Net (decrease)/increase in cash and cash equivalents		**(1,834)**	867
Cash and cash equivalents at beginning of the year		**46,097**	40,710
Effect of foreign exchange rate changes on the balance of cash held in foreign currency		**(210)**	4,520
Cash and cash equivalents at end of the year			
– Bank balances and cash	18	**44,053**	46,097

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. GENERAL

ISP Global Limited (the "**Company**") was incorporated and registered as an exempted Company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is situated at the offices of Ocorian Trust (Cayman) Limited, 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 Group is at Room 4302, 43rd Floor, Center 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 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 (the "**PRC**") and e-commerce operation in the PRC. The details of the subsidiaries are set out in Note 27.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. All values are rounded to the nearest thousand except when otherwise indicated.

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

In the preparation of the consolidated financial statements for the year ended 30 June 2024, the Group has applied the following amendments to IFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2023:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts and related amendments
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except for the below, the application of the above new and amendments to IFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in these consolidated financial statements.

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

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in this note to the consolidated financial statements.

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

New and amendments to IFRSs in issue but not yet effective

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

		Effective for annual reporting period beginning on or after
Amendments to 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 Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure of Financial Statements	1 January 2027

IFRS 18 Presentation and Disclosure of Financial Statements

This standard introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

IFRS 18 supersedes IAS 1 "Presentation of Financial Statements". Requirements in IAS 1 that are unchanged have been transferred to IFRS 18 and other IFRSs. IFRS 18 is effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. The Group is still currently assessing the impact that IFRS 18 will have on the Group.

The Group is in the process of making an assessment of the impact of other developments in the period of initial adoption. So far, the directors of the Group have concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

In addition, the consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing Securities on GEM of the Stock Exchange and the applicable disclosures required by the Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30 June 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over-time and revenue is recognised over-time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group recognises revenue from the following revenue streams:

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(i) Sale of networking, sound and communication systems and consumer products

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

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

Revenue from provision of integrated services of sound and communication systems is recognised over-time during the course of construction by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period. Progress towards complete satisfaction is measured based on output method, which recognises revenue on the basis of direct measurements of the value to the customer of the services transferred to date (i.e. surveys of work performed to date with reference to customers' confirmation, i.e. customer certificate) relative to the estimated total contract revenue.

The stage of completion is measured by the proportion of surveys of work performed to date with reference to customer certificate relative to the estimated total contract revenue.

Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

There is no significant financing component as the Group expects that the period between the recognition of revenue under the output method and the payment will be one year or less.

(iii) Provision of technical support services in relation to networking systems

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

Retirement benefit costs

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Short-term and long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and remeasurements are recognised in consolidated profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Equity-settled share-based payment transactions

Share options granted to directors and employees

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to consultants

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

Share award scheme granted to employees

The Group operates a share award scheme for the purposes of providing the selected participants with an opportunity to acquire a proprietary interest in the Company, to encourage and retain such individuals to work with the Group and provide additional incentive for them to achieve performance goals with a view to achieve the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the shareholders of the Company through ownership of shares.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Shares held under share award scheme

The shares held under share award scheme are issued by the Company. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held under share award scheme" and deducted from total equity.

The shares held under share award scheme are the aggregate price paid for the allotment and issuance of shares of the Company. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held under share award scheme" and deducted from total equity. The Company's awarded shares were held by the trustee (the "**Trustee**") in trust for the selected participants until such shares are exercised under the share award scheme.

Income tax

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income tax (continued)

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment

Property, plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated profit or loss.

Ownership interests in leasehold land and building

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

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire property is classified as property, plant and equipment.

At the end of the reporting period, the Group’s leasehold land and property remains as property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated profit or loss in the year in which it arises in those expense categories consistent with the function of the impaired assets.

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

Leases

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

Group as a lessee

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Group as a lessee (continued)

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

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

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

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

Lease liabilities

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Group as a lessee (continued)

Short-term leases and leases of low-value asset

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

Financial instruments

Financial assets and liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost

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

Impairment of financial assets

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

Simplified approach

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

General approach

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

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

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

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated profit or loss.

Financial liabilities and equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables, lease liabilities and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in RMB, while the functional currency of the Company is Hong Kong Dollars ("**HK$**"). As the Group mainly operates in the PRC, RMB is used as the presentation currency for the consolidated financial statements.

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Contracts for provision of integrated services of sound and communication systems

Revenues from integrated services of sound and communication systems are recognised over-time which considered the work performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Such contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets at the customers' sites, where the customer is able to specify the major structural elements of the design and directing the assets to be installed or constructed. Where the outcome of a contract work can be estimated reliably, revenue and costs are recognised by reference to the progress towards complete satisfaction of performance obligation at the end of the reporting period.

Progress towards complete satisfaction of performance obligation is measured based on the output method which recognises revenue on the basis of direct measurements of the value to the customer of the services transferred to date (i.e. surveys of work performed to date with reference to customers' confirmation, i.e. customer certificate) relative to the estimated total contract revenue.

Management reviews onerous contracts whenever there is an indication that the estimated contract revenue is lower than the estimated total contract cost. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated the reporting date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date and the adjustment would be recognised in the period of changes in estimates.

As at 30 June 2024, the carrying amount of contract assets and contract liabilities are approximately RMB2,755,000 and RMB4,774,000 (2023: RMB3,149,000 and RMB13,618,000), respectively. Details are disclosed in Note 17.

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

Revenue recognition for sale of consumer products

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

Estimated impairment of trade and other receivables

The Group recognises lifetime ECL for trade and other receivables. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The Group uses a provision matrix to calculate ECL for trade and other receivables. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade and other receivables which are credit impaired are assessed for ECL individually.

As at 30 June 2024, the balance of the Group's ECL of trade and other receivables is approximately RMB992,000 (2023: RMB486,000). The information about the ECL and the Group's trade and other receivables are disclosed in Notes 16 and 32(c).

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

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

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 30 June 2024, the carrying amount of goodwill is approximately RMB901,000 (2023: RMB901,000) with no impairment loss identified necessary. Details of the recoverable amount calculation are disclosed in Note 14.

Net realisable value of inventories

The Group recognises write-down on inventories based on an assessment of the net realisable value of the inventories. Write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of the inventories and write-down on inventories charged to profit or loss in the period in which such estimate has been changed.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration to which the Group expects to be entitled to from (1) sale of networking, sound and communication systems; (2) provision of integrated services of networking, sound and communication systems, includes installation and customisation of networking, sound and communication systems and technical support services; and (3) e-commerce operation. The Group's operations are mainly derived from Singapore and the PRC.

5. REVENUE AND SEGMENT INFORMATION (continued)

Information is reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as Group's material accounting policy information described in Note 3 to the consolidated financial statements. The CODM reviews revenue by nature of revenue, i.e. (1) sale of networking, sound and communication systems; (2) provision of integrated services of networking, sound and communication systems, includes installation and customisation of networking, sound and communication systems and technical support services; 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 sale of consumer products on e-commerce platforms.

Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of certain administration costs, directors' emoluments, other income, other gains/(losses), 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.

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

For the year ended 30 June 2024

	Sale and provision of integrated services of networking, sound and communication systems in Singapore RMB'000	Sale and provision of integrated services of networking, sound and communication systems in the PRC RMB'000	E-commerce operation RMB'000	Total RMB'000
Gross segment revenue	43,181	23,194	152,236	218,611
Inter-segment revenue	–	–	–	–
Revenue	43,181	23,194	152,236	218,611
Timing of revenue recognition				
At a point in time	34,421	18,660	152,236	205,317
Over-time	8,760	4,534	–	13,294
	43,181	23,194	152,236	218,611
Segment results	5,434	7,256	(23,357)	(10,667)
Other income				176
Other loss				(39)
Unallocated depreciation				(8)
Share-based payment expenses				(5,550)
Unallocated expenses				(10,253)
Finance costs				(4,196)
Income tax expense				(1,029)
Loss for the year				(31,566)
Segment results include:				
Provision for allowance for ECL on trade receivables	(144)	(231)	(132)	(507)
Provision for slow-moving and obsolescence inventories	–	–	(497)	(497)
Depreciation	(950)	(8)	(2,828)	(3,786)

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 30 June 2023

	Sale and provision of integrated services of networking, sound and communication systems in Singapore RMB'000	Sale and provision of integrated services of networking, sound and communication systems in the PRC RMB'000	E-commerce operation RMB'000	Total RMB'000
Gross segment revenue	39,840	40,613	129,354	209,807
Inter-segment revenue	–	–	–	–
Revenue	39,840	40,613	129,354	209,807
Timing of revenue recognition				
At a point in time	31,555	32,358	129,354	193,267
Over-time	8,285	8,255	–	16,540
	39,840	40,613	129,354	209,807
Segment results	2,430	(2,989)	(11,895)	(6,476)
Other income				1,383
Other losses				(2,799)
Unallocated depreciation				(933)
Share-based payment expenses				(4,058)
Unallocated expenses				(11,728)
Finance costs				(2,998)
Income tax expense				(901)
Loss for the year				(28,510)
Segment results include:				
Reversal of allowance for ECL on trade receivables	97	588	23	708
Write-off of trade receivables	(2,348)	–	–	(2,348)
Provision for slow-moving and obsolescence inventories	–	–	(1,118)	(1,118)
Depreciation	(696)	(62)	(3,051)	(3,809)

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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

	2024 RMB'000	2023 RMB'000
At a point in time:		
Sale of networking, sound and communication systems	**53,081**	63,913
Sale of consumer products	**152,236**	129,354
Over-time:		
Integrated services of networking, sound and communication systems	**13,294**	16,540
	218,611	209,807

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

	2024 RMB'000	2023 RMB'000
Customer I^	**87,884**	84,263

^ Revenue from E-commerce operation

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

	2024 RMB'000	2023 RMB'000
Segment assets		
Sale and provision of integrated services of networking, sound and communication systems in Singapore	**79,785**	80,115
Sale and provision of integrated services of networking, sound and communication systems in the PRC	**8,012**	16,125
E-commerce operation	**97,742**	110,960
Total segment assets	**185,539**	207,200
Unallocated corporate assets		
– Deposits and other receivables	**191**	696
– Cash and cash equivalents	**533**	1,261
Total assets	**186,263**	209,157
Segment liabilities		
Sale and provision of integrated services of networking, sound and communication systems in Singapore	**(10,474)**	(13,680)
Sale and provision of integrated services of networking, sound and communication systems in the PRC	**(4,235)**	(19,922)
E-commerce operation	**(92,579)**	(96,939)
Total segment liabilities	**(107,288)**	(130,541)
Unallocated corporate liabilities		
– Other payables	**(1,043)**	(1,146)
Total liabilities	**(108,331)**	(131,687)

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information

Information by geographical location on the Group's revenue from customers and non-current assets are detailed below:

		2024 RMB'000	2023 RMB'000
a)	Revenue from external customers		
	– Singapore	**41,499**	39,603
	– The PRC	**175,429**	169,967
	– Malaysia	**1,683**	237
		218,611	209,807
b)	Non-current assets		
	– Singapore	**22,475**	23,270
	– The PRC	**3,991**	8,328
	– Others	**414**	243
		26,880	31,841

6. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2024	2023
	RMB'000	RMB'000
Government grants (Note)	**121**	59
Interest income	**16**	116
Gain on early termination and modification of leases	**–**	890
Others	**39**	318
	176	1,383
Write-off trade receivables (Note 16(a))	**–**	(2,348)
Loss on early termination and modification of leases	**(61)**	–
Foreign exchange gain/(loss), net	**23**	(380)
Others	**(1)**	(71)
	(39)	(2,799)

Note:

During the year ended 30 June 2024, the amount mainly included Singapore Government's foreign worker tax refund; and government subsidy based on a vocational training plan for Internet industry introduced by Shanghai government. All incentives were granted in the form of cash payout and there were no unfulfilled conditions or contingencies relating to these grants and recognised as other income upon incentive amounts confirmed by the Singapore and the PRC governments and cash received.

7. FINANCE COSTS

	2024 **RMB'000**	2023 RMB'000
Interest on bank and other borrowings	**3,862**	2,543
Interest on lease liabilities (Note 13)	**334**	455
	4,196	2,998

8. INCOME TAX EXPENSE

	2024 **RMB'000**	2023 RMB'000
Current tax:		
– Singapore corporate income tax ("**CIT**")	**1,033**	911
	1,033	911
Deferred tax (Note 21)	**(4)**	(10)
	1,029	901

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax under these jurisdictions during the year ended 30 June 2024 (2023: Nil).

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements during the year ended 30 June 2024 as the Group does not have income which arises in or derived from Hong Kong (2023: Nil).

Singapore CIT is calculated at 17% (2023: 17%) of the estimated assessable profit. Singapore incorporated companies can enjoy 75% tax exemption on the first S$10,000 (equivalent to approximately RMB54,000) of normal chargeable income and a further 50% tax exemption on the next S$190,000 (equivalent to approximately RMB1,018,000) of normal chargeable income for the years of assessment 2024 (2023: Same).

The PRC EIT has been provided at the rate of 25% (2023: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the year ended 30 June 2024.

8. INCOME TAX EXPENSE (continued)

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

	2024 **RMB'000**	2023 RMB'000
Loss before income tax	**(30,537)**	(27,609)
Tax at domestic income tax rate	**(6,604)**	(5,763)
Tax effect of income not taxable for tax purpose	**–**	1
Tax effect of expenses not deductible for tax purpose	**401**	482
Tax effect of tax losses not recognised	**9,340**	6,364
Effect of tax concessions and partial tax exemptions	**(169)**	(132)
Tax effect of utilisation of tax losses not previously recognised	**(1,939)**	(51)
	1,029	901

9. LOSS BEFORE INCOME TAX

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

	2024 RMB'000	2023 RMB'000
Auditor's remuneration	**763**	823
Expense relating to short-term leases (Note 13)	**425**	164
Depreciation of property, plant and equipment (Note (a))	**3,794**	4,742
Directors' remuneration, including share-based payment expenses of approximately RMB291,000 (2023: RMB934,000) (Note 10)	**11,836**	10,950
Other staff costs:		
– Salaries, wages and other benefits including share-based payment expenses of approximately RMB5,259,000 (2023: RMB3,124,000)	**40,593**	35,261
– Defined contribution plans, including retirement benefits	**3,007**	2,914
– Foreign worker levy and skill development levy	**1,095**	1,023
Total staff costs (Note (b))	**56,531**	50,148
Cost of materials recognised as costs of sales/services	**126,685**	139,069
Provision for/(reversal of) allowance for expected credit loss on trade receivables	**507**	(708)
Provision for slow-moving and obsolescence inventories (Note (c))	**497**	1,118
Marketing and promotion expenses (Note (d))	**28,600**	15,536
Service fees to e-commerce platforms (Note (d))	**8,387**	4,306
Subcontractor costs recognised as costs of sales/services	**6,947**	6,537

Notes:

(a) No depreciation was included in costs of sales/services (2023: Nil).

(b) Staff costs of approximately RMB9,479,000 (2023: RMB8,298,000) were included in costs of sales/services.

(c) Provision for slow-moving and obsolescence inventories were included in costs of sales/services (2023: Same).

(d) These expenses were included in selling and administrative expenses (2023: Same).

(e) There were no forfeited contributions utilised by or available for the Group to reduce existing level of contributions for each of the years.

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

Directors' and chief executive's emoluments

The emoluments paid or payable to the directors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group are as follows:

	Fees RMB'000	Salaries and allowances RMB'000	Contributions to retirement benefit scheme RMB'000	Share based payments RMB'000	Total RMB'000
Year ended 30 June 2024					
Executive directors					
Mr. Cao Chunmeng ("**Mr. Cao**") (i)	**1,890**	**1**	**43**	**–**	**1,934**
Mr. Mong Kean Yeow	**838**	**2,872**	**63**	**–**	**3,773**
Ms. Choon Shew Lang (ii)	**774**	**2,345**	**71**	**–**	**3,190**
Mr. Yuan Shuangshun	**924**	**–**	**113**	**132**	**1,169**
Mr. Han Bing (iii)	**1,109**	**–**	**60**	**132**	**1,301**
Non-executive director					
Mr. Qiu Yingming (iv)	**111**	**–**	**–**	**–**	**111**
Independent non-executive directors					
Mr. Tang Chi Wai	**111**	**–**	**–**	**13**	**124**
Mr. Zheng Xiaorong (v)	**111**	**–**	**–**	**13**	**124**
Mr. Yan Xiaotian	**111**	**–**	**–**	**–**	**111**
	5,979	**5,218**	**350**	**290**	**11,837**
Year ended 30 June 2023					
Executive directors					
Mr. Cao Chunmeng (i)	1,757	–	16	–	1,773
Mr. Mong Kean Yeow	796	2,292	62	–	3,150
Ms. Choon Shew Lang (ii)	735	1,863	62	–	2,660
Mr. Yuan Shuangshun	888	–	82	425	1,395
Mr. Han Bing (iii)	1,065	–	44	425	1,534
Non-executive director					
Mr. Qiu Yingming (iv)	36	–	–	–	36
Independent non-executive directors					
Mr. Tang Chi Wai	106	–	–	42	148
Mr. Zheng Xiaorong (v)	106	–	–	–	106
Mr. Yan Xiaotian	106	–	–	42	148
	5,595	4,155	266	934	10,950

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

Directors' and chief executive's emoluments (continued)

Notes:

(i) Mr. Cao acts as chairman of the Company.

(ii) Ms. Choon Shew Lang retired from chief executive officer of the Company on 31 October 2022.

(iii) Mr. Han Bing redesignated as chief executive officer of the Company on 31 October 2022.

(iv) Mr. Qiu Yingming was appointed as non-executive director on 1 March 2023.

(v) Mr. Zheng Xiaorong was appointed as independent non-executive director with effect from 1 July 2022.

The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group.

The independent non-executive directors' emoluments shown above were for their service as directors of the Group.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year ended 30 June 2024 (2023: Nil).

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

Five highest paid employees

Of the five individuals with the highest emoluments in the Group, four (2023: four) were directors of the Company during the year ended 30 June 2024 whose emoluments are included in the disclosures above. Details of the remuneration of the remaining one highest paid employee (2023: one) who is neither a director nor chief executive of the Company during the year ended 30 June 2024 are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries and allowances	**1,873**	2,052
Contributions to retirement benefit plan	**24**	61
	1,897	2,113

The number of the five highest paid individuals, excluding the directors of the Company, whose emoluments were within the following bands presented in HK$:

	Number of employee	
	2024	2023
Emolument bands		
HK$2,000,001 to HK$2,500,000	**1**	1

During the year ended 30 June 2024, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Same).

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

12. LOSS PER SHARE

	2024	2023
	RMB'000	RMB'000
Loss for the year attributable to the owners of the Company	**(24,960)**	(26,825)

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company and the weighted average number of shares in issue. Weighted average number of ordinary shares for the purpose of basic loss per share is set out below:

	2024	2023
Number of ordinary shares (Note 22)	**980,794,000**	880,000,000

The computation of diluted loss per share for the year ended 30 June 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 (2023: Same). The resulting number of outstanding share options 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 year ended 30 June 2024. Therefore, the amount of diluted loss per share is the same as the amount of basic loss per share during the years ended 30 June 2024 and 2023.

13. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES

Property, plant and equipment

	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 2022	625	286	812	840	23,779	13,756	40,098
Disposal	(12)	–	–	–	–	(3,423)	(3,435)
Written off	–	–	–	–	–	(9,610)	(9,610)
Additions	125	24	99	487	–	8,058	8,793
Exchange realignment	46	29	39	102	2,703	229	3,148
At 30 June 2023 and 1 July 2023	784	339	950	1,429	26,482	9,010	38,994
Disposal	(78)	–	–	–	–	(952)	(1,030)
Written off	–	–	–	–	–	(2,098)	(2,098)
Additions	91	23	54	–	–	–	168
Exchange realignment	–	–	(1)	(3)	(14)	4	(14)
At 30 June 2024	**797**	**362**	**1,003**	**1,426**	**26,468**	**5,964**	**36,020**
Accumulated Depreciation							
At 1 July 2022	556	282	811	616	3,217	4,175	9,657
Depreciation for the year	116	9	5	169	447	3,996	4,742
Disposal	(8)	–	–	–	–	(3,423)	(3,431)
Written off	–	–	–	–	–	(3,699)	(3,699)
Exchange realignment	44	27	95	78	386	206	836
At 30 June 2023 and 1 July 2023	708	318	911	863	4,050	1,255	8,105
Depreciation for the year	112	10	34	147	467	3,024	3,794
Disposal	(78)	–	–	–	–	(952)	(1,030)
Written off	–	–	–	–	–	(828)	(828)
Exchange realignment	–	–	–	(1)	(2)	3	–
At 30 June 2024	**742**	**328**	**945**	**1,009**	**4,515**	**2,502**	**10,041**
Carrying amount							
At 30 June 2024	**55**	**34**	**58**	**417**	**21,953**	**3,462**	**25,979**
At 30 June 2023	76	21	39	566	22,432	7,755	30,889

13. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES (continued)

Property, plant and equipment (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Computers	–	1 year
Office equipment	–	3 years
Furniture, fixtures and fittings	–	3 years
Motor vehicles	–	6 years
Leasehold land and property	–	Over the lease term, which is 680 months
Right-of-use assets	–	Over the lease terms, which ranges from 24 to 36 months

As at 30 June 2024, leasehold land and property were pledged to a bank for a bank borrowing (Note 20) (2023: Same).

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 3 years (2023: 2 and 4 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.

As at 30 June 2024, certain property, plant and equipment were pledged as collateral for the Group's borrowings, details are disclosed in Note 20.

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.

13. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES (continued)

The Group as a lessee (continued)

The carrying amount and the movements of lease liabilities during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 July	**7,670**	9,638
New leases	**–**	8,058
Write-off of leases liabilities	**(1,209)**	(6,462)
Accretion of interest recognised during the year	**334**	455
Payments	**(3,302)**	(3,193)
Exchange realignment	**3**	(826)
Carrying amount at 30 June	**3,496**	7,670
Lease liabilities payable:		
– Within one year	**1,697**	3,332
– Within a period of more than one year but not exceeding two years	**1,140**	2,405
– Within a period of more than two years but not exceeding five years	**887**	2,559
	3,724	8,296
Less: Future finance charges	**(228)**	(626)
	3,496	7,670
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	**(1,557)**	(2,993)
Amounts due for settlement after twelve months from the end of the reporting period (shown under non-current liabilities)	**1,939**	4,677

13. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES (continued)

The Group as a lessee (continued)

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

	2024	2023
	RMB'000	RMB'000
Depreciation of right-of-use assets (as per above)	**3,024**	3,996
Interest on lease liabilities (Note 7)	**334**	455
Expense relating to short-term leases (Note 9)	**425**	164
	3,783	4,615
Within financing cash flow – fixed payments	**3,302**	3,193
Within operating cash flow – expenses relating to short-term lease	**425**	164
Total cash outflow for leases	**3,727**	3,357

14. GOODWILL

	RMB'000
At 1 July 2022	899
Exchange realignment	2
At 30 June 2023 and 1 July 2023	901
Exchange realignment	–*
At 30 June 2024	**901**

* Amount less than RMB1,000

Goodwill arose from the acquisition of subsidiaries in prior years which had been allocated to e-commerce operation business. The goodwill recognised is not expected to be deductible for the income tax purpose.

E-commerce operation CGU

The recoverable amount of the e-commerce operation CGU as at 30 June 2024 has been determined based on a value-in-use calculation (2023: value-in-use calculation) using cash flow forecast derived from the most recent financial budgets approved by senior management based on their best estimates covering 5-year projected period. The pre-tax discount rate and terminal growth rate adopted in the forecast were 15.67% (2023: 16.35%) and 3.0% (2023: 2.0%), respectively. Management has calculated that the value-in-use of the operating subsidiaries located in the PRC and concluded that the recoverable amount is greater than their total carrying amount of the assets of the e-commerce operation CGU including allocated goodwill. As a result of this analysis, the management does not believe an impairment charge of in the current year is required (2023: Same).

15. INVENTORIES

	2024 RMB'000	2023 RMB'000
Finished goods	**61,932**	89,697

During the year ended 30 June 2024, provision for slow-moving and obsolescence inventories of approximately RMB497,000 (2023: RMB1,118,000) were made based on prevailing market conditions.

16. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Trade receivables, gross	**23,972**	16,773
Less: Allowance for ECL	**(992)**	(486)
Trade receivables, net (Note (a))	**22,980**	16,287
Deposits (Note (b))	**2,884**	3,433
Prepayments (Note (c))	**20,151**	7,542
Other receivables (Note (d))	**4,402**	10,386
Advances to staff	**225**	776
	27,663	22,137
Less: amount classified as non-current – rental deposits on lease agreement expiring after one year (Note (b))	**–**	(51)
Current portion	**27,663**	22,086

Notes:

(a) During the year ended 30 June 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 (2023: 30 to 180 days). For the e-commerce operation, no credit term (2023: 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 (2023: 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.

As at 30 June 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB6,600,000 (2023: RMB5,551,000) which are past due as at the reporting date. Out of the past due balances, approximately RMB1,740,000 (2023: RMB1,366,000) has been past due 90 days or more and is not considered as in default due to having on-going relationship and no default repayment record from these customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

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

Notes: (continued)

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

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

Trade receivables would be written off when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery. During the year ended 30 June 2024, no trade receivables (2023: RMB2,348,000) were written-off (Note 6).

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

	2024 RMB'000	2023 RMB'000
0-30 days	**19,766**	13,102
31-90 days	**1,690**	2,005
91-120 days	**588**	1,234
121-365 days	**1,613**	218
Over 365 days	**315**	214
Less: Allowance for ECL	**(992)**	(486)
	22,980	16,287

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

	Not yet past due RMB'000	**Less than 30 days RMB'000**	**31–90 days RMB'000**	**91–180 days RMB'000**	**181–365 days RMB'000**	**Over 365 days RMB'000**	**Total RMB'000**
30 June 2024							
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
30 June 2023							
Effective ECL rate	1%	0%*	3%	4%	16%	100%	
Trade receivables, gross	10,865	2,237	2,005	1,234	218	214	16,773
Lifetime ECL	(129)	(3)	(54)	(52)	(34)	(214)	(486)
							16,287

* Amount less than 1%

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

Notes: (continued)

(a) (continued)

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

	2024	2023
	RMB'000	RMB'000
At beginning of year	**486**	1,182
Provision for/(reversal of) allowance for ECL on trade receivables (Note 9)	**507**	(708)
Exchange realignment	**(1)**	12
At end of year	**992**	486

(b) As at 30 June 2024, the balances mainly included deposits paid for lease agreements in the PRC and Hong Kong and deposits paid to online platform providers to become merchants of e-shop or e-channel (2023: Same).

(c) As at 30 June 2024, prepayments mainly represented payment in advances to the e-commerce suppliers which amounted to approximately RMB13,681,000 (2023: RMB4,301,000). Up to the date of this report, prepayments amounted to approximately RMB13,622,000 (2023: RMB4,223,000) have been utilised by subsequent purchases made by the Group.

(d) As at 30 June 2024, the balance mainly included value-added-tax ("**VAT**") recoverable amounted to approximately RMB3,732,000 (2023: RMB7,405,000).

17. CONTRACT ASSET AND CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract assets		
Retention receivables	**2,755**	3,149
Contract liabilities		
Advance billing to customers	**4,774**	13,618

Contract assets

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

Contract liabilities

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

Movement of contract liabilities is as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**13,618**	1,094
Decrease in contract liabilities as a result of being recognised as revenue during the year that was included in the contract liabilities at the beginning of the year	**(13,618)**	(1,094)
Decrease in contract liabilities as a result of being recognised as revenue during the year	**(5,533)**	(17,207)
Increase in contract liabilities as a result of receipt of customer deposits during the year	**10,307**	30,825
Exchange realignment	**–**	–
At end of year	**4,774**	13,618

18. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Bank balances and Cash	**44,053**	46,097

Bank balances carry interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default. As at 30 June 2024, there was approximately RMB3,275,000 (2023: RMB3,413,000) 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.

19. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables (Note)	**11,701**	19,644
Other taxes payable	**685**	1,849
Accrued operating expenses	**5,627**	3,210
Accrued payroll costs	**2,571**	2,187
Other payables	**–**	1,852
	20,584	28,742

Note:

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (2023: 30 to 60 days) or payable upon delivery (2023: Same). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting date:

	2024 RMB'000	2023 RMB'000
Within 30 days	**6,617**	5,294
31 to 90 days	**3,614**	7,536
91 to 180 days	**647**	5,120
Over 180 days	**823**	1,694
	11,701	19,644

20. BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings – Secured (Note (a))	**22,965**	23,184
Bank borrowings – Unsecured (Note (b))	**4,400**	7,600
Other borrowings (Note (c))	**50,861**	49,903
	78,226	80,687
Carrying amount repayable within 1 year	**60,613**	59,378
Carrying amount repayable over 1 year but within 2 years	**12,701**	6,604
Carrying amount repayable over 2 years but within 5 years	**4,912**	14,705
	78,226	80,687
Less: Amount due within 1 year (shown under current liabilities)	**(60,613)**	(59,378)
Amount shown under non-current liabilities	**17,613**	21,309

Notes:

(a) As at 30 June 2024, the balances include:

Two secured bank borrowings with carrying amounts of RMB11,893,000 (2023: RMB12,000,000) in aggregate which was interest bearing at 3.85% (2023: 3.85%) per annum and repayable in May 2026 (2023: May 2026). These borrowings were guaranteed by Mr. Cao's spouse and a residential property of Mr. Cao (2023: Same).

A secured term loan with carrying amount of approximately S$732,000 (equivalent to approximately RMB3,924,000) (2023: S$902,000 (equivalent to approximately RMB4,839,000)) which bear floating interest rates with weighted average effective interest rate at 2.88% (2023: 2.88%) per annum. The borrowing was secured by the Group's leasehold land and property with carrying amount of approximately RMB21,953,000 (2023: RMB22,432,000) (Note 13) and corporate guarantee provided by the Company (2023: 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 RMB2,973,000 (2023: Nil) with interest rate at 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 RMB2,700,000 (2023: Nil) which bear interest rate at 4.95% per annum and repayable in December 2024, and the borrowing was guaranteed by a PRC financing guarantee company, an independent third party of the Company.

A secured bank borrowing with carrying amount of RMB175,000 (2023: Nil) 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.

A secured bank borrowing with carrying amount of RMB1,000,000 (2023: Nil) with interest rate at 4.15% per annum and repayable in March 2025. The borrowing is guaranteed by a director of a subsidiary of the Company.

A secured bank borrowing with carrying amount of RMB300,000 (2023: Nil) with interest rate at 4.25% per annum and repayable in September 2024. The borrowing is guaranteed by a director of a subsidiary of the Company.

20. BORROWINGS (continued)

Notes: (continued)

(b) As at 30 June 2024, balance represents two (2023: three) unsecured bank borrowings which bear interest at rates of 2.05% and 3.55% (2023: 2.05%, 3.90% and 4.35%) per annum and repayable in June 2025 and June 2025, respectively.

(c) The Group entered into a receivable transfer arrangement (the "**Arrangement**") with three (2023: two) 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 30 June 2024, carrying amount of proceeds received under the Arrangement is amounting to approximately RMB48,861,000 (2023: RMB33,403,000) which bear interest at a range from 8.5% to 9.0% (2023: 8.5% to 9.0%) per annum. As at 30 June 2024, the amount of existing or future trade receivables pledged under the Arrangement is amounting to approximately RMB48,861,000 (2023: RMB33,403,000).

Other borrowings also include one (2023: two) unsecured other borrowing with carrying amount of RMB2,000,000 (2023: RMB14,500,000 and RMB2,000,000) with interest rate of 8.0% (2023: from 8.0% to 10%) per annum and repayable in March 2025.

21. DEFERRED TAX LIABILITIES

	Accelerated tax RMB'000
At 1 July 2022	46
Credited to consolidated profit or loss (Note 8)	(10)
Exchange realignment	5
At 30 June 2023 and 1 July 2023	41
Credited to consolidated profit or loss (Note 8)	(4)
Exchange realignment	–*
At 30 June 2024	**37**

* Amount less than RMB1,000

As at 30 June 2024, the Group had unused tax losses of approximately RMB37,091,000 (2023: RMB21,750,000) available to offset against future profits sourced in the PRC. Such unused tax losses are subject to the approval of the PRC tax authorities and can be carried forward for five years from the year when the corresponding loss was incurred. No deferred tax asset has been recognised due to unpredictability of future profit streams.

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

22. SHARE CAPITAL

	The Company		
	Number of shares	Amount HK$'000	Amount RMB'000
Ordinary shares of HK$0.01 each			
Authorised share capital:			
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	**1,500,000,000**	**15,000**	**13,387**

	Number of shares	Amount RMB'000
Issued and paid-up:		
At 1 July 2022	880,000,000	7,455
Issuance of shares (Note (a))	24,000,000	210
At 30 June 2023 and 1 July 2023	**904,000,000**	**7,665**
Issuance of shares upon placing, net of transaction costs (Note (b))	**142,628,000**	**1,334**
At 30 June 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.

Notes:

(a) On 18 April 2023, the Company has allotted and issued of 24,000,000 shares (the "**Awarded Shares**") to a Trustee as fully paid at nominal value under the general mandate pursuant to the share award scheme (the "**Share Award Scheme**") (Note 24(b)). The Awarded Shares represented approximately 2.65% of the enlarged issued share capital of the Company as at the completion of the issue date, and the Trustee held such Shares on trust for the Selected Participants (defined in Note 24(b)) and will 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 issuance of the Awarded Shares.

(b) 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 amounted to HK$28,811,000 (equivalent to approximately RMB26,875,000) and HK$28,221,000 (equivalent to approximately RMB26,669,000), respectively. The Company intends to apply the net proceeds from the Placing for (i) expand its suite of integrated services and systems; (ii) develop new markets in Asia; (iii) repayment of certain outstanding indebtedness of the Group; and (iv) general working capital of the Group. After completion of this placing shares, the majority of shareholders has no significant change.

23. RESERVES

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

(a) Share premium

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

(b) Merger reserve

Merger reserve represents the difference between the cost of acquisition pursuant to the reorganisation in 2017 and the total value of share capital of the entities acquired.

(c) Translation reserve

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

(d) Share option and share award reserves

Share option reserve

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

Share award reserve

Cumulative expenses recognised on the share award over the vesting period.

24. EQUITY-SETTLED SHARE-BASED PAYMENTS

(a) Share Option Scheme

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

Particulars of the Share Option Scheme are set out bellows:

Purpose of the Share Option Scheme

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

Participants of the Share Option Scheme

1) Any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;

2) Any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

3) Any supplier of goods or services to any member of the Group or any Invested Entity;

4) Any customer of the Group or any Invested Entity;

5) Any consultant adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and

6) Or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

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

(a) Share Option Scheme (continued)

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.

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.

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

(a) *Share Option Scheme* (continued)

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 RMB'000
Number of ordinary shares issued upon exercise:	
– Directors	18,400,000
– Employees	45,900,000
– External consultants	1,000,000
	65,300,000

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

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

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

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

(a) *Share Option Scheme* (continued)

Remaining life of the Share Option Scheme (continued)

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

Number of share options

Grant date	Exercise price per share option HK$	Equivalent to RMB	Number of share options As at 1 July 2023	Granted during the year	Lapsed/ Forfeited during the year	As at 30 June 2024
31 December 2021						
– Directors	**0.50**	**0.41**	**17,600,000**	**–**	**–**	**17,600,000**
– Employees	**0.50**	**0.41**	**38,900,000**	**–**	**(3,200,000)**	**35,700,000**
– External consultants	**0.50**	**0.41**	**1,000,000**	**–**	**–**	**1,000,000**
			57,500,000	**–**	**(3,200,000)**	**54,300,000**

Grant date	Exercise price per share option HK$	Equivalent to RMB	Number of share options As at 1 July 2022	Granted during the year	Lapsed/ Forfeited during the year	As at 30 June 2023
31 December 2021						
– Directors	0.50	0.41	18,400,000	–	(800,000)	17,600,000
– Employees	0.50	0.41	44,700,000	–	(5,800,000)	38,900,000
– External consultants	0.50	0.41	1,000,000	–	–	1,000,000
			64,100,000	–	(6,600,000)	57,500,000

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

(a) *Share Option Scheme* (continued)

Remaining life of the Share Option Scheme (continued)

At 30 June 2024, the weighted average remaining contractual life of these outstanding share options was approximately 2.5 years (2023: 3.5 years), with a weighted average exercise price of HK$0.50 (equivalent to RMB0.41) (2023: HK$0.50 (equivalent to RMB0.41)) per share option. At 30 June 2024, the number of exercisable share options was 54,300,000 (2023: 57,500,000). The weighted average share price per share from the date of the share options granted to 30 June 2024 was HK$0.19 (equivalent to RMB0.17) (2023: HK$0.21 (equivalent to RMB0.19)).

3,200,000 (2023: 6,600,000) share options of the employees were lapsed due to termination of employment during the year ended 30 June 2024. As result, share option reserve of approximately RMB439,000 (2023: RMB525,000) was reclassified to accumulated losses during the year ended 30 June 2024.

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

Exercisable at the end of the year

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

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

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

The Group granted 1,000,000 share options to external consultants on 31 December 2021. The options will entitle the grantee to subscribe for a total of 1,000,000 new shares at an exercise price of HK$0.50 (equivalent to RMB0.41) per share.

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

(a) *Share Option Scheme* (continued)

Exercisable at the end of the year (continued)

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

	Share options granted on 31 December 2021
Expected volatility	100.38%
Expected option life	5 years
Expected dividend yield	0.00%
Annual risk-free interest rate	1.11%
Fair value	HK$1,030,000
Fair value – first tranche	HK$0.1382
– second tranche	HK$0.1550
– third tranche	HK$0.1740

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

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

During the year ended 30 June 2024, share-based payment expense of approximately RMB931,000 (2023: RMB3,038,000) for the share option scheme was recognised in the consolidated profit or loss with a corresponding credit in share option reserve.

None of the share options were exercised during the years ended 30 June 2024 and 2023. At the time when the share options are subsequently exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium.

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

(b) Share Award Scheme

The Share Award Scheme of the Company was adopted on 29 March 2023. 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 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. 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. During the year ended 30 June 2024, 400,000 (2023: Nil) share award has been lapsed, and the remaining 23,600,000 share award has been vested.

Subject to the terms of the Share Award Scheme and the Listing Rules, the Awarded Shares are held in trust for the relevant Selected Participants until such shares are vested with the relevant Selected Participants in accordance with the provisions of the Share Award Scheme. The shares of the Company held by the Trustee upon issuance are recognised as "shares held under share award scheme".

Particulars and movements of the Awarded Shares under the Share Award Scheme:

For the year ended 30 June 2024

					Outstanding number of share award			
Type of Grantees	Grant date	Vesting date	Fair value per share award HK$	Equivalent to RMB	As at 1 July 2023	Vested during the year	Lapsed/ forfeited during the year	As at 30 June 2024
Employees – in aggregate	29 March 2023	29 March 2024	**0.255**	**0.236**	**24,000,000**	**(23,600,000)**	**(400,000)**	**–**

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

(b) Share Award Scheme (continued)

The fair value of the shares award granted was calculated based on the market prices of the Company's shares at the grant date. No dividend was considered in the calculation. The fair value of the shares award granted were calculated as HK$5,880,000 (equivalent to approximately RMB5,664,000) per share at the grant date, respectively. During the year, the Group recognised a net expense relating to the Share Award Scheme of approximately RMB4,619,000 (2023: RMB1,020,000) in the consolidated profit or loss.

25. RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund ("**CPF**") Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For the years ended 30 June 2024 and 2023, the Group contributes up to 17% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S$6,000 (equivalent to approximately RMB31,000) per month. The Group has no further legal or constructive obligation for post-retirement benefits beyond the contributions made.

The total costs charged to the consolidated profit or loss amounting to approximately RMB572,000 (2023: RMB784,000) for the year ended 30 June 2024 represent contributions paid to the retirement benefits scheme by the Group in Singapore.

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

The total costs charged to consolidated profit or loss amounting to approximately RMB2,310,000 (2023: RMB940,000) for the year ended 30 June 2024 represent contributions paid to the defined contribution retirement benefit plan by the Group in the PRC.

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

The total costs charged to the consolidated profit or loss amounting to approximately RMB97,000 (2023: RMB20,000) and RMB28,000 (2023: RMB62,000) for the year ended 30 June 2024 represent contributions paid to the retirement benefits scheme by the Group in Malaysia and Hong Kong, respectively.

Save for the aforementioned, the Group did not participate in any other pension schemes (2023: Same).

26. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

The remuneration of directors and other members of key management during the years presented were as follows:

	2024	2023
	RMB'000	RMB'000
Short term benefits	**14,518**	11,642
Share-based payments	**1,022**	958
Post-employment benefits	**542**	407
Total compensation	**16,082**	13,007

27. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2024 are set out below.

Name of subsidiary	Place of incorporation/ operation	Registered/ Issued capital	Effective interest and voting rights held 2024	2023	Principal activities
Directly held:					
Holy Ark Limited	The BVI	1,050 ordinary shares of United States Dollars ("**US$**") 1,050	**100%**	100%	Investment holding
Guo Du Industrial Limited	The BVI	100 ordinary shares of US$100	**100%**	100%	Investment holding
Indirectly held:					
ISPL Pte. Ltd.	Singapore	525 ordinary shares of RMB525,000	**100%**	100%	Sale of sound and communication systems, provision of integrated services of sound and communication systems
ISPL Sdn. Bhd.	Malaysia	50,000 ordinary shares of MYR50,000	**100%**	100%	Sale of sound and communication systems, provision of integrated services of sound and communication systems
ISPL Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	Investment holding
ISPL Company Limited[a]	Vietnam	Registered capital of USD20,000	**100%**	N/A	Sale and provision of integrated services of networking systems
上海蒙莊信息技術有限公司	The PRC	Registered capital of RMB1,000,000	**100%**	100%	Dormant
Haohui Industry Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	E-commerce operation
灝輝 (深圳) 商業顧問有限公司[c]	The PRC	Registered capital of HK$80,000,000	**100%**	100%	Investment holding
中網雲鏈 (深圳) 科技有限公司 (formerly known as 團多多 (深圳) 網絡科技有限公司) [c]	The PRC	Registered capital of RMB10,000,000	**100%**	100%	E-commerce operation
北京嘉信灝輝網絡科技有限公司	The PRC	Registered capital of RMB5,000,000	**100%**	100%	E-commerce operation
上海格洛博森供應鏈管理有限公司 [c]	The PRC	Registered capital of RMB2,000,000	**100%**	100%	E-commerce operation
愛思普 (北京) 信息科技有限公司	The PRC	Registered capital of RMB6,000,000	**100%**	100%	E-commerce operation

27. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Registered/ Issued capital	Effective interest and voting rights held 2024	2023	Principal activities
中網雲鏈 (北京) 科技有限公司 [c]	The PRC	Registered capital of RMB30,000,000	**100%**	100%	Sale and provision of integrated services of networking systems
藕丁科技 (上海) 有限公司	The PRC	Registered capital of RMB1,000,000	**60%**	60%	E-commerce operation
甘肅絲路藕丁數字科技有限公司[e]	The PRC	Registered capital of RMB1,000,000	**–**	36%	E-commerce operation
Easy Success International Holdings Limited	The BVI	1,000 ordinary shares of US$1,000	**55%**	55%	Investment holding
Global Sourcing Holding Limited	Hong Kong	10,000 ordinary shares of HK$10,000	**55%**	55%	E-commerce operation
北京里奧貝通科技有限公司	The PRC	Registered capital of RMB5,000,000	**55%**	55%	E-commerce operation
Express Triumph Limited	Hong Kong	10,000 ordinary shares of HK$10,000	**55%**	55%	E-commerce operation
Haojia Enterprise Limited	The BVI	1,000 ordinary shares of US$1,000	**60%**	60%	Investment holding
Haojia Development Limited	Hong Kong	10,000 ordinary shares of HK$10,000	**60%**	60%	Investment holding
北京灝成科技有限公司	The PRC	Registered capital of RMB2,000,000	**60%**	60%	Investment holding
北京趯挑科技有限公司	The PRC	Registered capital of RMB2,000,000	**60%**	60%	E-commerce operation
北京灝夢科技有限公司[d]	The PRC	Registered capital of RMB1,000,000	**44%**	44%	E-commerce operation
巴普健選(浙江)科技有限公司 [a]	The PRC	Registered capital of RMB10,000,000	**51%**	N/A	E-commerce operation
北京眾聯智匯科技有限公司[b]	The PRC	Registered capital of RMB6,000,000	**55%**	N/A	E-commerce operation

27. PARTICULARS OF SUBSIDIARIES (continued)

Notes:

(a) These subsidiaries were incorporated during the year ended 30 June 2024.

(b) This subsidiary was acquired from independent third parties during the year ended 30 June 2024.

(c) The registered capital of 上海格洛博森供應鏈管理有限公司 was RMB1,875,000 in 2023 while has increased to RMB2,000,000 in 2024, and this change was transferred from capital reserve.

(d) This subsidiary was incorporated during the year ended 30 June 2023.

(e) This subsidiary was deregistered during the year ended 30 June 2023.

None of the subsidiaries had issued any debt securities as at 30 June 2024 and 2023.

28. NON-CONTROLLING INTEREST

Material non-controlling interests

北京里奧貝通科技有限公司 has non-controlling interests of 45% that are material to the Group as at 30 June 2024 and 2023. The non-controlling interests in respect of the remaining subsidiaries are not material to the Group individually.

The financial information of 北京里奧貝通科技有限公司 before inter-company eliminations set out below:

Summarised statement of financial position

	2024 **RMB'000**	2023 RMB'000
Current assets	**73,417**	77,939
Current liabilities	**(81,622)**	(78,908)
Net current liabilities	**(8,205)**	(969)
Non-current assets	**7**	12
Non-current liabilities	**(2,916)**	(1,000)
Net non-current liabilities	**(2,909)**	(988)
Net liabilities	**(11,114)**	(1,957)
Accumulated non-controlling interests of the Group	**(5,001)**	(881)

28. NON-CONTROLLING INTEREST (continued)

Material non-controlling interests (continued)

Summarised statements of comprehensive income

	2024 RMB'000	2023 RMB'000
Revenue	129,627	111,360
Loss for the year	(9,158)	(905)
Total comprehensive loss	(9,158)	(905)
Loss allocated to non-controlling interests of the Group	(4,121)	(407)

Summarised statements of cash flows

	2024 RMB'000	2023 RMB'000
Cash flows generated from/(used in) operating activities	25,279	(70,869)
Cash used in investing activities	(5,876)	(52)
Cash flows (used in)/generated from financing activities	(20,334)	72,568
Net (decrease)/increase in cash and cash equivalents	(931)	1,647

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

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000 (Note 20)	**Lease liabilities RMB'000** (Note 13)	**Amounts due to a third party and a director of the Company RMB'000** (Note 19)
At 1 July 2022	28,720	9,638	4,414
Changes from financing cash flows:			
Repayment to third parties	–	–	(4,115)
Repayment to a director of the Company	–	–	(299)
Repayment of bank and other borrowings	(27,441)	–	–
Repayment of leases liabilities – principal	–	(2,738)	–
Repayment of leases liabilities – interest	–	(455)	–
Proceeds from bank and other borrowings	78,867	–	–
Interest paid on bank and other borrowings	(2,543)	–	–
Total changes from financing cash flows	48,883	(3,193)	(4,414)
Other changes:			
Interest on lease liabilities (Note 7)	–	455	–
Interest on bank and other borrowings (Note 7)	2,543	–	–
Additions of new leases (Note 13)	–	8,058	–
Written-off of lease liabilities	–	(6,462)	–
Exchange realignment	541	(826)	–
Total other changes	3,084	1,225	–
At 30 June 2023	80,687	7,670	–

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

	Borrowings RMB'000 (Note 20)	Lease liabilities RMB'000 (Note 13)
At 1 July 2023	80,687	7,670
Changes from financing cash flows:		
Repayment of bank and other borrowings	(75,270)	–
Repayment of leases liabilities – principal	–	(2,968)
Repayment of leases liabilities – interest	–	(334)
Proceeds from bank and other borrowings	72,809	–
Interest paid on bank and other borrowings	(3,862)	–
Total changes from financing cash flows	(6,323)	(3,302)
Other changes:		
Interest on lease liabilities (Note 7)	–	334
Interest on bank and other borrowings (Note 7)	3,862	–
Written-off of lease liabilities	–	(1,209)
Exchange realignment	–	3
Total other changes	3,862	(872)
At 30 June 2024	**78,226**	**3,496**

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

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

	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	4	–
Investments in subsidiaries	34,116	33,953
Amounts due from subsidiaries	42,893	44,961
	77,013	78,914
Current assets		
Amounts due from subsidiaries	–	9
Other receivables and deposits	127	102
Cash and cash equivalents	388	1,261
	515	1,372
Current liabilities		
Other payables	3,377	2,818
Net current liabilities	(2,862)	(1,446)
Total assets less current liabilities	74,151	77,468
Net assets	74,151	77,468
EQUITY		
Capital and reserves		
Share capital	8,999	7,665
Reserves	65,152	69,803
Total equity	74,151	77,468

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

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

	Share premium RMB'000	Share option and share award reserves RMB'000	Shares held under share award scheme RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 July 2022	86,282	4,337	–	1,388	(12,380)	79,627
Shares for Share Award Scheme held in trust (Notes 22(a) and 24(b))	–	–	(210)	–	–	(210)
Recognition of equity-settled share-based payments in relation to share options (Note 24(a))	–	3,038	–	–	–	3,038
Recognition of equity-settled share-based payments in relation to share award (Note 24(b))	–	1,020	–	–	–	1,020
Lapse of share option (Note 24(a))	–	(525)	–	–	525	–
Loss and total comprehensive loss for the year	–	–	–	5,763	(19,435)	(13,672)
At 30 June 2023 and 1 July 2023	86,282	7,870	(210)	7,151	(31,290)	69,803
Placing of new shares, net of transaction costs (Note 22(b))	25,335	–	–	–	–	25,335
Issuance of shares for share award scheme (Notes 22(a) and 24(b))	5,309	(5,516)	207	–	–	–
Sale of shares held in trust upon termination of share award scheme (Notes 22(a) and 24(b))	53	(56)	3	–	–	–
Recognition of equity-settled share-based payments in relation to share options (Note 24(a))	–	931	–	–	–	931
Recognition of equity-settled share-based payments in relation to share award (Note 24(b))	–	4,619	–	–	–	4,619
Lapse of share option (Note 24(a))	–	(439)	–	–	(439)	–
Loss and total comprehensive loss for the year	–	–	–	409	(35,945)	(35,536)
At 30 June 2024	**116,979**	**7,409**	**–**	**7,560**	**(66,796)**	**65,152**

31. CAPITAL MANAGEMENT

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

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

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

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2024 **RMB'000**	2023 RMB'000
Financial assets at amortised cost		
Trade receivables	**22,980**	16,287
Other receivables and deposits (Note (a))	**3,780**	7,190
Cash and cash equivalents	**44,053**	46,097
	70,813	69,574
Financial liabilities at amortised cost		
Trade and other payables (Note (b))	**19,899**	26,893
Lease liabilities	**3,496**	7,670
Borrowings	**78,226**	80,687
	101,621	115,250

Notes:

(a) The amount excludes VAT recoverable.

(b) The amount excludes other taxes payable.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, cash and cash equivalents, trade and other payables, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

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

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

Sensitivity analysis

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

Variable-rate borrowings

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's loss before income tax for the year ended 30 June 2024 would increase/decrease by RMB20,000 (2023: RMB24,000).

Variable-rate cash and cash equivalents

If interest rates of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's loss before income tax for the year ended 30 June 2024 would decrease/increase by approximately RMB 44,000 (2023: RMB46,000).

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(b) Currency risk

Cash and cash equivalents (Note 18) and trade payables (Note 19) are denominated in US$ or HK$ other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

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

At the end of the reporting period, the carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies are as follows:

	2024 (RMB'000)		2023 (RMB'000)	
	US$	**HK$**	US$	HK$
Cash and cash equivalents	**1,505**	**57**	4,153	56
Trade payables	**(390)**	**–**	(3,769)	–
Other payables	**–**	**(213)**	–	–
Overall net exposure	**1,115**	**(156)**	384	56

No sensitivity analyses on the change of RMB against the US$, and of RMB against the HK$ are prepared as the impact to the consolidated financial statements is insignificant.

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The carrying amounts of the financial assets represent the maximum exposure to credit risk.

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

The directors of the Company consider that the credit risk on liquid funds is low as counterparties are banks with good reputation.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and sufficient allowance on doubtful debts are provide for on timely manner. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

At the end of the reporting period, 42% (2023: 4%) and 67% (2023: 27%) of the gross trade receivables was due from the Group's largest customers and the five largest customers which exposed the Group to certain concentration of credit risk.

Those five largest customers are with good creditworthiness based on historical settlement record and with strong financial background. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

Other than the credit risk on bank deposits and balances and on trade receivables from top 5 customers as disclosed above, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

In order to minimise credit risk, the Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its settlement records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets. The Group's current credit risk grading framework comprises the following categories:

		Basis for recognising expected credit losses (ECL)	
Category	**Description**	**Trade nature**	**Non-trade nature**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired	12-month ECL – not credit-impaired
Doubtful	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired	12-month ECL – not credit-impaired
In default	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off	Amount is written off

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

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

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
At 30 June 2024						
Trade receivables	**16**	**Performing (Note (i))**	**Lifetime ECL (Simplified approach)**	**23,972**	**(992)**	**22,980**
Deposits	**16**	**Performing (Note (ii))**	**12-month ECL**	**2,884**	**–**	**2,884**
Advances to staff	**16**	**Performing**	**12-month ECL**	**225**	**–**	**225**
Other receivables (excluding VAT recoverable)	**16**	**Performing (Note (ii))**	**12-month ECL**	**716**	**–**	**716**
Contract assets	**17**	**Performing (Note (i))**	**Lifetime ECL (Simplified approach)**	**2,755**	**–**	**2,755**
Cash and cash equivalents	**18**	**Performing**	**12-month ECL**	**44,053**	**–**	**44,053**
					(992)	
At 30 June 2023						
Trade receivables	16	Performing (Note (i))	Lifetime ECL (Simplified approach)	16,773	(486)	16,287
Deposits	16	Performing (Note (ii))	12-month ECL	3,433	–	3,433
Advances to staff	16	Performing	12-month ECL	776	–	776
Other receivables (excluding VAT recoverable)	16	Performing (Note (ii))	12-month ECL	2,846	–	2,846
Contract assets	17	Performing (Note (i))	Lifetime ECL (Simplified approach)	3,149	–	3,149
Cash and cash equivalents	18	Performing	12-month ECL	46,097	–	46,097
					(486)	

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

Notes:

(i) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Note 16 includes further details on the loss allowance for the trade receivables. For contract assets, management believes that there is no loss allowance required as at 30 June 2024 and 2023.

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

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flow.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

The Group

	Weighted average effective interest %	On demand or within 3 months RMB'000	3 to 6 months RMB'000	6 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 30 June 2024								
Non-interest bearing								
Trade and other payables	**N/A**	**19,899**	**–**	**–**	**–**	**–**	**19,899**	**19,899**
Interest bearing								
Lease liabilities	**5.50**	**530**	**486**	**681**	**2,027**	**–**	**3,724**	**3,496**
Borrowings	**7.01**	**26,571**	**19,775**	**16,690**	**18,169**	**–**	**81,205**	**78,226**
		47,000	**20,261**	**17,371**	**20,196**	**–**	**104,828**	**101,621**
As at 30 June 2023								
Non-interest bearing								
Trade and other payables	N/A	26,893	–	–	–	–	26,893	26,893
Interest bearing								
Lease liabilities	5.51	832	832	1,668	4,964	–	8,296	7,670
Borrowings	7.22	1,716	34,642	27,816	22,128	–	86,302	80,687
		29,441	35,474	29,484	27,092	–	121,491	115,250

(e) Fair value

As at 30 June 2024 and 2023, all financial instruments measured at amortised costs are carried at amounts not materially different from their fair value.

33. OPERATING LEASE COMMITMENTS

As at 30 June 2024 and 2023, lease commitments for the Group for short-term leases are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	**120**	175

SUMMARY FINANCIAL INFORMATION

	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
Revenue	**218,611**	209,807	95,469	49,626	33,465
Costs of sales/services	**(143,607)**	(155,686)	(75,066)	(30,924)	(20,183)
Gross profit	**75,004**	54,121	20,403	18,702	13,282
Other income	**176**	1,383	757	2,116	1,309
Selling and administrative expenses	**(100,975)**	(78,024)	(40,773)	(21,296)	(12,688)
Other (losses) and gains, net	**(546)**	(2,091)	(1,753)	969	540
Finance costs	**(4,196)**	(2,998)	(1,078)	(989)	(177)
(Loss)/profit before income tax	**(30,537)**	(27,609)	(22,444)	(498)	2,266
Income tax expense	**(1,029)**	(901)	(1,833)	(606)	(853)
(Loss)/profit for the year	**(31,566)**	(28,510)	(24,277)	(1,104)	1,413
Other comprehensive income/(loss)					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	**(191)**	6,706	708	(5,056)	(4,705)
Other comprehensive income/(loss) for the year, net of income tax	**(191)**	6,706	708	(5,056)	(4,705)
Total comprehensive (loss)/income for the year	**(31,757)**	(21,804)	(23,569)	(6,160)	(3,292)
ASSETS					
Non-current assets					
Property, plant and equipment	**25,979**	30,889	30,441	32,619	24,410
Goodwill	**901**	901	899	899	–
Pledged bank deposits	**–**	–	–	–	1,049
Deposits	**–**	51	418	1,245	–
Total non-current assets	**26,880**	31,841	31,758	34,763	25,459
Current assets					
Inventories	**61,932**	89,697	39,577	7,406	2,775
Trade receivables	**22,980**	16,287	36,772	18,084	7,270
Other receivables, deposits and prepayments	**27,663**	22,086	19,782	12,377	920
Contract assets	**2,755**	3,149	407	155	205
Contract costs	**–**	–	–	–	–
Pledged bank deposits, bank balances and cash	**44,053**	46,097	41,707	53,670	50,790
Total current assets	**159,383**	177,316	138,245	91,692	61,960
Total assets	**186,263**	209,157	170,003	126,455	87,419

SUMMARY FINANCIAL INFORMATION

	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	**20,584**	28,742	33,560	36,973	2,780
Contract liabilities	**4,774**	13,618	1,094	1,051	279
Lease liabilities	**1,557**	2,993	3,343	3,863	–
Borrowings	**60,613**	59,378	24,375	806	859
Income tax payable	**1,214**	929	1,873	1,171	1,408
Total current liabilities	**88,742**	105,660	64,245	43,864	5,326
Non-current liabilities					
Lease liabilities	**1,939**	4,677	6,295	7,197	–
Borrowings	**17,613**	21,309	4,345	5,130	6,240
Deferred tax liabilities	**37**	41	46	46	316
Total non-current liabilities	**19,589**	26,027	10,686	12,373	6,556
Equity					
Share capital	**8,999**	7,665	7,455	6,787	6,787
Reserves	**77,839**	72,071	88,342	62,908	68,750
Total equity attributable to the owners of the Company	**86,838**	79,736	95,797	69,695	75,537
Non-controlling interest	**(8,906)**	(2,266)	(725)	523	–
Total equity	**77,932**	77,470	95,072	70,218	75,537
Total liabilities and equity	**186,263**	209,157	170,003	126,455	87,419