ISP GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8487)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2018

Unaudited interim results

The unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the three months and six months ended 31 December 2018, together with the unaudited comparative figures for the corresponding periods in 2017, are as follows:

		Three months ended 31 December		**Six months ended 31 December**	
	Notes	**2018**	2017	**2018**	2017
		S$	*S$*	***S$***	*S$*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*3*	**2,527,668**	2,091,568	**4,150,559**	4,882,235
Costs of sales/services		**(1,634,036)**	(1,407,350)	**(2,756,743)**	(3,115,439)
Gross profit		**893,632**	684,218	**1,393,816**	1,766,796
Other income		**33,272**	1,149	**53,015**	1,151
Administrative expenses		**(849,794)**	(578,611)	**(1,348,327)**	(1,010,160)
Other gains and losses	*4*	**(16,666)**	(1,001,853)	**8,994**	(2,505,741)
Finance costs	*5*	**(7,965)**	(16,929)	**(19,748)**	(34,209)
Profit/(loss) before taxation	*6*	**52,479**	(912,026)	**87,750**	(1,782,163)
Income tax expense	*7*	**(15,438)**	(14,349)	**(23,365)**	(84,349)
Profit/(loss) for the period, attributable to owners of the Company		**37,041**	(926,375)	**64,385**	(1,866,512)
Other comprehensive income, after tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**176**	–	**176**	–
Total comprehensive income/(loss) for the period		**37,217**	(926,375)	**64,561**	(1,866,512)
Earnings/(losses) per share					
Basic and diluted (S$ cents per share)	*8*	**0.005**	(0.15)	**0.01**	(0.31)

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	**As at 31 December 2018** *S$* **(Unaudited)**	As at 30 June 2018 *S$* (Unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**5,581,791**	5,818,811
Pledged bank deposits	*12*	**206,947**	206,947
Total non-current assets		**5,788,738**	6,025,758
Current assets			
Inventories		**49,350**	5,130
Trade receivables	*11*	**2,444,103**	2,115,645
Other receivables, deposits and prepayments	*11*	**552,057**	163,704
Contract assets		**289,042**	72,905
Bank balances and cash		**8,640,204**	11,187,116
Total current assets		**11,974,756**	13,544,500
Total assets		**17,763,494**	19,570,258
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	*13*	**732,940**	1,034,158
Amounts due to a director		**273,779**	–
Borrowings due within one year		**155,288**	89,137
Income tax payable		**214,418**	331,207
Total current liabilities		**1,376,425**	1,454,502
Non-current liabilities			
Borrowings due after one year		**1,479,735**	3,250,042
Deferred tax liabilities		**168,530**	191,471
Total non-current liabilities		**1,648,265**	3,441,513
Capital and reserves			
Share capital	*14*	**1,372,630**	1,372,630
Reserves	*15*	**13,366,174**	13,301,613
Total equity		**14,738,804**	14,674,243
Total liabilities and equity		**17,763,494**	19,570,258

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Attributable to equity shareholders of the Company					
	Share capital *S$*	**Share premium** *S$*	**Merger reserve** *S$* *(Note i)*	**Translation reserves** *S$*	**Accumulated profits** *S$*	**Total** *S$*
Balance at 1 July 2018 (Audited)	**1,372,630**	**8,593,078**	**524,983**	**–**	**4,183,552**	**14,674,243**
Total comprehensive income						
Profits before taxation for the period, attributable to the owners of the Company	**–**	**–**	**–**	**–**	**64,385**	**64,385**
Other comprehensive income for the period	**–**	**–**	**–**	**176**	**–**	**176**
Total	**–**	**–**	**–**	**176**	**64,385**	**64,561**
Balance at 31 December 2018 (Unaudited)	**1,372,630**	**8,593,078**	**524,983**	**176**	**64,385**	**14,738,804**

For the six months ended 31 December 2017

	Attributable to equity shareholders of the Company					
	Share capital *S$*	Share premium *S$*	Merger reserve *S$* *(Note i)*	Translation reserves *S$*	Accumulated profits *S$*	Total *S$*
Balance at 1 July 2017 (Audited)	525,000	–	–	–	5,825,105	6,350,105
Losses for the period, representing total comprehensive income for the period attributable to the owners of the Company	–	–	–	–	(1,866,512)	(1,866,512)
Issue of shares pursuant to the reorganisation	17	–	524,983	–	–	525,000
Elimination of share capital pursuant to reorganisation	(525,000)	–	–	–	–	(525,000)
Issue of shares under the capitalisation issue	1,034,483	(1,034,483)	–	–	–	–
Balance at 31 December 2017 (Unaudited)	1,034,500	(1,034,483)	524,983	–	3,958,593	4,483,593

Notes:

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 31 December 2018

	Six months ended 31 December	
	2018	2017
	S$	*S$*
	(Unaudited)	(Unaudited)
Operating activities		
Profit (Loss) before taxation	**87,750**	(1,782,163)
Adjustments for:		
Depreciation of property, plant and equipment	**267,177**	288,273
Loss on write off property, plant and equipment	**–**	15,285
Unrealised foreign exchange loss	**55,449**	–
Interest income	**(53,005)**	(4)
Finance costs	**19,748**	34,209
Operating cash flows before movements in working capital	**377,119**	(1,444,400)
Movements in working capital		
Increase in trade receivables	**(328,458)**	(314,887)
Increase in other receivables, deposits and prepayments	**(378,720)**	(597,275)
(Increase) decrease in contract works	**(216,137)**	51,633
(Increase) decrease in inventories	**(44,220)**	19,735
(Decrease) increase in trade and other payables	**(27,439)**	584,246
Cash used in operations	**(617,855)**	(1,700,948)
Interest received	**43,372**	4
Income tax paid	**(163,095)**	(143,390)
Net cash used in operating activities	**(737,578)**	(1,844,334)
Investing activities		
Acquisition of property, plant and equipment, representing	**(30,157)**	(76,755)
Proceeds from sale of property, plant and equipment	**–**	300
Net cash used in investing activities	**(30,157)**	(76,455)
Financing activities		
Dividends paid *(Note 9)*	**–**	(300,000)
Repayment of borrowings	**(1,704,156)**	(66,296)
Interest paid	**(19,748)**	(34,209)
Net cash used in financing activities	**(1,723,904)**	(400,505)
Net decrease in cash and cash equivalents	**(2,491,639)**	(2,321,294)
Cash and cash equivalents at beginning of the period	**11,187,116**	3,709,286
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(55,273)**	–
Cash and cash equivalents at end of the period represented by bank balances and cash	**8,640,204**	1,387,992

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Six Months Ended 31 December 2018

1. GENERAL INFORMATION

ISP Global Limited (the "**Company**") was incorporated and registered as an exempted Company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**") on 8 September 2017 and the principal place of business in Hong Kong registered is Suites 1604-6, 16/F ICBC Tower, 3 Garden Road Central, Hong Kong. The head office and principal place of business of the Group is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The shares of the Company (the "**Shares**") have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 16 January 2018.

The Company is a subsidiary of Express Ventures Global Limited ("**Express Ventures**"), incorporated in the British Virgin Islands ("**BVI**"), which is also the Company's ultimate holding company. Mr. Mong Kean Yeow and his spouse Ms. Choon Shew Lang jointly control the ultimate holding company and are the controlling shareholders of ISP Global Limited and its subsidiaries (the "**Group**") (together referred to as the "**Controlling Shareholders**").

The Company is an investment holding company and the principal activities of its operating subsidiaries are sale of sound and communication systems and related services, provision of integrated services of sound and communication systems, and provision of alert alarm system services in Singapore.

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

The unaudited condensed consolidated financial statements are approved by the Board of Directors of the Company on 1 February 2019.

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

For the purpose of preparing and presenting the unaudited condensed consolidated financial statement for the reporting period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 July 2018 throughout the reporting period. At the date of issuance of this announcement, the Group has not applied the following new IFRSs, amendments to IFRSs, amendments to International Accounting Standards ("**IASs**"), and the new interpretations that have been issued but are not yet effective:

IFRS 16 Leases[1]
IFRIC 22 Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23 Uncertainty over Income Tax Treatments[1]
Amendments to IFRSs: Annual Improvements to IFRS Standards 2015-2017 Cycle[1]

1. Effective for annual periods beginning on or after 1 January 2019, with early application permitted.

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 31 December 2018 are the same as those followed in the preparation of the Group's annual financial statement for the year ended 30 June 2018.

IFRS 9 "Financial instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement and impairment are recognised in retained profits.

The adaptation of IFRS 9 has impacted the following areas:

For trade receivables, retention receivables and contract assets, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing cost; and

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("**FVTOCI**").

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 and the related clarification to IFRS 15 (hereinafter referred to as "IFRS 15") presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related Interpretations. IFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

IFRS 15 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 July 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 July 2018.

In summary, the following reclassification was made to the amounts recognised in the consolidated statement of financial position at the date of initial application (i.e. 1 July 2018):

	Carrying amount as at 30 June 2018 under IAS 18/11 ***S$*** **(Unaudited)**	**Reclassification** ***S$*** **(Unaudited)**	**Carrying amount as at 1 July 2018 under IFRS 18** ***S$*** **(Unaudited)**
Contract assets			
Amounts due from customers for construction work	72,905	(72,905)	–
Contract assets	–	72,905	72,905

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

The adoption of IFRS 15 has no material impact on the Group's consolidated statement of profit and loss.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (1) sale of sound and communication systems and related services ("**Sale of Sound and Communication Systems and Related Services**"), (2) provision of integrated services of sound and communication systems, includes installation and customisation of sound and communication systems in buildings in Singapore ("**Integrated Services of Sound and Communication Systems**"), and (3) provision of alert alarm system services ("**Alert Alarm System Services**") to external customers. The Group's operations are solely derived from Singapore during the six months ended 31 December 2018. An analysis of the Group's revenue is as follows:

	Three months ended 31 December		**Six months ended 31 December**	
	2018	2017	**2018**	2017
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from:				
Sale of Sound and Communication Systems and Related Services	**2,060,195**	1,372,587	**3,046,846**	3,421,618
Integrated Services of Sound and Communication Systems	**248,587**	500,095	**665,941**	1,022,845
Alert Alarm System Services	**218,886**	218,886	**437,772**	437,772
	2,527,668	2,091,568	**4,150,559**	4,882,235

Geographical information

The Group principally operates in Singapore, which is also its place of domicile. Accordingly, all the Group's property, plant and equipment are located in Singapore. The Group's revenue is derived solely from Singapore, based on the location where products and services are delivered.

4. OTHER GAINS AND LOSSES

	Three months ended 31 December		**Six months ended 31 December**	
	2018	2017	**2018**	2017
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Listing expenses	**–**	937,706	**–**	2,409,561
Exchange (gains) loss, net	**16,504**	48,862	**(9,156)**	80,895
Loss on write-off of property, plant and equipment	**–**	15,285	**–**	15,285
	16,504	1,001,853	**(9,156)**	2,505,741

5. FINANCE COSTS

	Three months ended 31 December		**Six months ended 31 December**	
	2018	2017	**2018**	2017
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on:				
Banking borrowings	**7,966**	16,929	**19,749**	34,209
	7,966	16,929	**19,749**	34,209

6. PROFIT/(LOSS) BEFORE TAXATION

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

	Three months ended 31 December		Six months ended 31 December	
	2018	2017	**2018**	2017
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Depreciation of property, plant and equipment				
Recognised in costs of sales/services	**99,075**	99,074	**198,149**	198,149
Recognised in administrative expenses	**30,350**	45,621	**63,110**	90,124
	129,425	144,695	**261,259**	288,273
Directors' remuneration	**237,231**	181,260	**358,851**	313,380
Other staff costs				
– Salaries, wages and other benefit	**502,985**	505,467	**935,052**	937,965
– Defined contribution plans, including retirement benefits	**29,641**	11,873	**52,604**	31,289
– Foreign worker levy and skill development levy	**75,395**	47,478	**141,608**	96,369
Total staff costs (inclusive of Directors' remuneration)	**845,252**	746,078	**1,488,115**	1,379,003
Recognised in costs of sales/services	**373,066**	273,888	**774,175**	575,476
Recognised in administrative expenses	**447,921**	472,190	**715,925**	803,527
Total staff costs (inclusive of Directors' remuneration)	**820,987**	746,078	**1,490,100**	1,379,003
Cost of materials recognised as costs of sales/services	**1,169,509**	799,418	**1,778,924**	1,760,152
Subcontractor costs recognised as costs of sales/services	**15,240**	234,970	**28,350**	581,663

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (six months ended 31 December 2017: 17%). A breakdown of the income tax expenses is as follow:

	Three months ended 31 December		Six months ended 31 December	
	2018	2017	**2018**	2017
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax – Singapore corporate income tax	**38,379**	46,380	**46,306**	96,956
Deferred tax	**(22,941)**	(32,031)	**(22,941)**	(12,607)
	15,438	14,349	**23,365**	84,349

8. EARNINGS/(LOSSES) PER SHARE FOR THE PERIOD

	Three months ended 31 December		Six months ended 31 December	
	2018	2017	**2018**	2017
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit (loss) for the period attributable to owners of the Company	**37,041**	(926,863)	**64,385**	(1,866,512)
Weighted average number of ordinary shares ('000)	**800,000**	600,000	**800,000**	600,000
Basic and diluted earnings (losses) per share (S$ cents per share)	**0.005**	(0.15)	**0.01**	(0.31)

The calculation of basic earnings (losses) per Share is based on the profit (loss) for the period attributable to owners of the Company and the weighted average number of Shares in issue. The number of Shares for the purpose of basic earnings per Share for the period ended 31 December 2017 is based on 600,000,000 Shares, which were issued pursuant to the capitalisation issue as detailed in note 14, and deemed to have been issued since 1 July 2015.

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

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the six months ended 31 December 2018 (six months ended 31 December 2017: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2018, the Group acquired equipment amounting to approximately S$30,157 (six months ended 31 December 2017: S$76,755).

11. TRADE AND OTHER RECEIVABLES

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

	As at 31 December 2018	As at 30 June 2018
	S$	*S$*
	(Unaudited)	(Audited)
Within 30 days	**1,898,327**	1,190,254
31 days to 90 days	**154,573**	383,559
91 days to 180 days	**135,605**	154,843
181 days to 365 days	**87,403**	49,128
Over 365 days	**13,081**	23,021
Trade receivables	**2,288,989**	1,800,805
Unbilled revenue	**29,073**	35,345
Retention receivables *(Note)*	**126,041**	279,495
	2,444,103	2,115,645
Deposits	**137,352**	40,998
Prepayments	**392,518**	87,301
Others	**22,187**	35,405
	2,996,160	2,279,349

Note: Retention receivables 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.

12. PLEDGED BANK DEPOSIT

The balances represent deposits placed in a bank for corresponding amounts of performance guarantee granted by the Group in favour of a customer with an original maturity term of 36 months. The balances carry interest rate of 0.65% per annum as at 31 December 2018 and 30 June 2018.

13. TRADE AND OTHER PAYABLES

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

	As at 31 December 2018 *S$* **(Unaudited)**	**As at 30 June 2018** *S$* (Audited)
Within 30 days	**175,216**	270,731
31 days to 90 days	**25,733**	320,008
91 days to 180 days	**–**	41
Over 180 days	**4,361**	3,782
Trade payables	**205,310**	594,562
Retention payables	**36,505**	36,505
	241,815	631,067
Goods and Services Tax ("**GST**") payable	**120,325**	125,216
Advance payments from customers	**54,601**	48,156
Accrued operating expenses	**124,770**	79,493
Accrued payroll costs	**116,214**	49,058
Others	**75,215**	101,168
	732,940	1,034,158

The credit period on purchases from suppliers and subcontractors is typically between 30 to 60 days. No interest is charged on the outstanding balance.

14. SHARE CAPITAL

As at 31 December 2018, the share capital represents the aggregate of paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the Reorganisation.

Details of the Company's authorised and issued ordinary share capital are as follows:

Ordinary shares of HK$0.01 each	*Notes*	Number of ordinary shares	Share Capital *HK$*	Share Capital *S$*
Authorised share capital:				
Upon incorporation of the Company on 21 July 2017	*(a)*	**10,000,000**	100,000	17,102
Increase in number of authorized shares	*(b)*	**1,490,000,000**	14,900,000	2,548,185
As at 31 December 2018		**1,500,000,000**	15,000,000	2,565,287
Issued and fully paid:				
Upon incorporation of the Company on 21 July 2017	*(a)*	**1**	–	–
Shares issued upon the Reorganisation	*(c)*	**9,999**	100	17
Shares issued pursuant to the capitalisation issue	*(d)*	**599,990,000**	5,999,900	1,034,483
As at 31 December 2018		**600,000,000**	6,000,000	1,034,500

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 21 July 2017 with an initial authorised share capital of HK$100,000 divided into 10,000,000 ordinary shares with par value of HK$0.01 each and one nil-paid subscriber share was issued and allotted to the subscriber which was subsequently transferred to Express Ventures on the same date. Upon the execution of the transfer on 8 December 2017, as detailed in (c), the nil-paid subscriber share was eventually considered to be paid up.

(b) Pursuant to the resolutions passed by the sole shareholder of the Company on 14 December 2017, the authorised share capital of the Company was increased from HK$100,000 to HK$15,000,000 divided into 1,500,000,000 ordinary shares by the creation of an additional 1,490,000,000 ordinary shares of HK$0.01 each, ranking pari passu in all respects with the existing shares.

(c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Holy Ark Limited from Mr. Mong Kean Yeow and Ms. Choon Shew Lang on 8 December 2017, the Company issued and allotted 9,999 ordinary shares to Express Ventures, all credited as fully paid respectively. The historical exchange rate applied was S$1 = HK$5.7716.

(d) Pursuant to a written resolution passed by the sole shareholder of the Company on 14 December 2017 and conditional upon the share premium account of the Company being credited as a result of the share offer, the Company was authorised to allot and issue a total of 599,990,000 ordinary shares credited as fully paid at par to the holder of the Company's shares on the register of members of the Company at the close of business on 14 December 2017 by way of capitalisation of the sum of approximately HK$5,999,900 standing to the credit of the share premium account of the Company. The historical exchange rate applied was S$1 = HK$5.7999.

15. RESERVES

As at 31 December 2018 and 30 June 2018, the accumulated profits represented the share premium, merger reserve, translation reserves and accumulated profits of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Development of business and prospects

The Group is engaged in the sales, installation and maintenance of sound and communication system solutions, and alert alarm systems in Singapore.

For the six months ended 31 December 2018 (the "**Relevant Period**"), the Group recorded a net profit of approximately S$64 thousand as compared to a net loss of approximately S$1.9 million for the same period in 2017. The Directors are of the view that the net profit was primarily due to the non-recurring listing expenses of approximately S$2.4 million incurred during the six months ended 31 December 2017 and such amount of net profit was slightly offset by the increase in administrative costs amounting to $0.4 million. In view of the fact that there has been an increasing number of project quotation invitations received by the Group from potential and current customers, and that the net proceeds from the Share Offer (as defined herein) are expected to allow expansion of the Group's operational capacity, the Directors are cautiously optimistic about the Group's business outlook.

Outlook

The Shares were listed on GEM on 16 January 2018 (the "**Listing Date**") by way of share offer (the "**Share Offer**"). The Group always strives to improve our operation efficiency and profitability of our business. The Group plans to expand our manpower capabilities, and fleet of machinery and equipment, which will enhance our resources to bid for future projects. The Group will also proactively seek opportunities to expand our customer base and our market share and undertake more sound and communications projects which will enhance value to our shareholders.

The net proceeds from the Share Offer will thereby provide financial resources to the Group to meet and achieve our business objectives and strategies which will further strengthen the Group's market position in sound and communication system services sector.

Financial review

Revenue

During the Relevant Period, the Group's revenue amounted to approximately S$4.2 million. The Group's revenue had decreased by approximately S$0.7 million, or 15.0%, when compared to the same period in 2017. This was principally due to site delays in our sales and communication systems and related services projects during the Relevant Period. Less projects being awarded to the Group in the integrated sales of sound and communication segment during the Relevant Period also attributed to the further decrease in revenue.

Gross profit margin

Our gross profit decreased by approximately S$0.4 million, or 20.8%, from approximately S$1.8 million for the six months ended 31 December 2017, to approximately S$1.4 million for the Relevant Period. The decrease in the Group's gross profit was primarily due to the site delays and lesser projects awarded in the integrated sales of sound and communication segment. The Group's gross profit margin decreased from 36.2% for the six months ended 31 December 2017, to 33.5% for the Relevant Period. This decrease was principally due to the substantial increase of labour costs incurred to accomplish the labour intensive sales of communication systems and related services projects during the Relevant Period when compared to the same period in 2017. However, the Group will strive to reduce costs and reliance on subcontractors by expanding our labour force so as to increase our gross margins in future projects.

Other income, gains and losses

Other gains increased by approximately S$2.5 million, or 100%, from a loss of approximately S$2.5 million for the six months ended 31 December 2017, to a gain of S$0.01 million for the Relevant Period. The increase was mainly due to non-recurring listing expenses of approximately S$2.4 million. The remainder of the increase was attributed to increased foreign exchange gains from settlement of trade expenses.

Administrative expenses

Administrative expenses increased by approximately S$0.4 million or 33.7%, from approximately S$1.0 million for the six months ended 31 December 2017, to approximately S$1.4 million for the Relevant Period. The increase was due to (i) the incurrence of professional fees for post-listing compliance after the listing of the Company's shares on GEM and (ii) the increase in staff costs as a result of the increment in employee headcount during the Relevant Period. The increase in fixed staff costs is in line with the increase in number of projects undertaken and geographical expansion into China and Malaysia during the Relevant Period, when compared to the same period in 2017.

Finance costs

Finance costs decreased slightly from approximately S$34 thousand for the six months ended 31 December 2017 to approximately S$20 thousand for the Relevant Period. Such decrease of the finance costs is due to the repayment of mortgage loan in July 2018.

Profit (Loss) for the period

During the Relevant Period, the Group recorded a net profit of approximately S$64 thousand as compared to a net loss of approximately S$1.9 million for the same period in 2017. The net profit (excluding the non-recurring listing expenses) for the six months ended 31 December 2017 was approximately S$0.5 million. The Directors are of the view that the decrease in net profit was mainly attributable to (i) the decrease in the Group's revenue as a result of site delays in sales and communication systems and related services projects and less projects being awarded to the Group in the integrated sales of sound and communication segment during the Relevant Period as compared to the six months ended 31 December 2017; and (ii) the increase in the Group's administrative expenses for the Relevant Period as compared to the six months ended 31 December 2017 because of (i) the incurrence of professional fees for post-listing compliance after the listing of the Company's shares on GEM and (ii) the increase in the staff costs as a result of increment in employee headcount during the Relevant Period.

Interim dividends

The Directors do not recommend the payment of an interim dividend for the Relevant Period (six months ended 31 December 2017: S$ Nil).

Use of proceeds from Share Offer and Comparison of Business Objectives with Actual Business Progress

Up to 31 December 2018, we utilised the net proceeds raised from the Share Offer in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the "**Prospectus**") as follows:

Description	**Amount designated in the Prospectus**	**Planned use of proceeds from Listing Date to 31/12/18**	**Actual use of proceeds from Listing Date to 31/12/18**	
	HK$M	*HK$M*	*HK$M*	*% utilised*
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.95	0.1	7.1%
Expand and train our sales and marketing, technical and support workforce	11.6	3.7	0.9	7.8%
Purchase transportation vehicles	3.0	1.8	0.5	16.7%
Setting up of a new sales office in Singapore	10.0	10.0	–	0.0%
Partial repayment of bank loan	10.0	10.0	10.0	100.0%
Resources for the provision of performance bonds	2.0	1.0	–	0.0%
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	2.5	–	0.0%
General working capital and general corporate purposes	3.5	3.5	3.5	100.0%
Grand total	44.0	33.45	15.0	34.1%

The following table sets forth the designated and actual implementation plan up to 31 December 2018:

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 improve our corporate websites, which includes appointing an external consultant for customised website development • Participate in industry trade show(s)	• Maintained and improved our corporate websites, which included appointing an external consultant for customised website development
Expand and train our sales and marketing, technical and support workforce	• New headcount of approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, 10 technicians to be recruited by July 2018, and the associated staff accommodation costs • New headcount of approximately one sales manager, and two sales and marketing executives to be recruited by July 2018 • To provide internal and external trainings and workshops to our sales and technical staff	• New headcount of approximately 13 technicians, one engineer, two sales and marketing executives were recruited by December 2018 • Provided internal and external trainings and workshops to our technical staff

Purpose	Implementation Plan	Actual implementation activities
Purchase transportation vehicles	• Purchase of two vans for maintenance operations and, transportation of relevant equipment and/or labour • Purchase of one lorry for delivery and transportation of larger equipment and/or labour	• Purchased one van for maintenance. operations and transportation of relevant equipment and/or labour
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 postponed due to currently observed differing industry customers' requirements
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
Resources for the provision of performance bonds	• To explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore, particularly larger scale projects which may be required for the provision of performance bonds	• Postponed due to performance bond not required in recent awarded tenders to the Group • In the process of exploring large scale potential projects which requires the provision of performance bonds
Take steps to obtain higher grade level under our current mechanical and electrical workhead	• Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workhead	• Considered and monitored the Group's project portfolio and postponed to April 2019 in conjunction with expiry of ME04 L5 workhead

The net proceeds from the Share Offer, after deducting the related expenses, were approximately HK$44.0 million. After the Share Offer, a part of these proceeds has been applied in accordance with the future plans and use of proceeds as set out in the Prospectus. The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

Capital structure, liquidity and financial resource

The Company was listed on the GEM by way of Share Offer of 200,000,000 Shares at a price of HK$0.35 per share on 16 January 2018. The net proceeds from the Share Offer amounted to approximately HK$44 million, a part of which has been applied for the intended purposes as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The Directors believe that with the new capital from the Share Offer, the Group is in a healthy financial position to expand its business and achieve its business objectives. There has been no change in the capital structure of the Group after the Share Offer. The capital of the Group only comprises of ordinary shares.

As at 31 December 2018, the Group had total assets of approximately S$17.7 million, total liabilities and shareholders' equity of approximately S$3.0 million and S$14.7 million, respectively. The Group's current ratio as at 31 December 2018 was approximately 8.8 compared to 9.3 as at 30 June 2018. The decrease in total liabilities and the decrease in current ratio was primarily due to S$1.6 million partial repayment of mortgage loan as at 31 December 2018.

The gearing ratio for the Group as at 31 December 2018 was 11.1% (30 June 2018: 22.8%). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

Material acquisitions and disposals of subsidiaries and affiliated companies

There was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the Relevant Period.

Foreign exchange exposure

Our Group's transactions are mainly denominated in Singapore dollars which is the functional and presentation currency of the Group. Significant fluctuations in unrealised foreign exchange losses observed in the Relevant Period amounted to approximately S$0.05 million due to the monies held in currencies other than Singapore Dollar, such as in United State Dollars, Hong Kong Dollars, and Chinese Yuan.

Capital expenditure

Total capital expenditure for the Relevant Period was approximately S$76,755, which was used to purchase property, plant and equipment.

Contingent liabilities

As at 31 December 2018, the Group had no significant contingent liabilities.

Commitments

As at 31 December 2018, the Group had no significant capital and operating lease commitments.

Employees and Remuneration Policy

As at 31 December 2018, the total number of employees of the Group was 76 (31 December 2017: 51) and the Directors' emoluments incurred during the Relevant Period were approximately S$0.4 million (six months ended 31 December 2017: approximately S$0.3 million).

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

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

Share Option Scheme

The Company has adopted the Share Option Scheme on 14 December 2017.

As of the announcement date, no share option has been granted, exercised, cancelled, or lapsed under the Share Option Scheme since its adoption on 14 December 2017.

Events after reporting period

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2018, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO), or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Mong Kean Yeow *(Note)*	Interest in a controlled corporation; interest held jointly with another person	407,700,000	50.96%
Choon Shew Lang *(Note)*	Interest in a controlled corporation; interest held jointly with another person	407,700,000	50.96%

Note: Express Ventures is beneficially owned as to 97.14% by Mr. Mong Kean Yeow and 2.86% by Ms. Choon Shew Lang. On 22 August 2017, Mr. Mong Kean Yeow and Ms. Choon Shew Lang entered into an acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert within the meaning of the Hong Kong Code on Takeovers and Mergers. By virtue of the SFO, Mr. Mong Kean Yeow and Ms. Choon Shew Lang are deemed to be interested in the Shares held by Express Ventures.

Long position in ordinary shares of associated corporation – Express Ventures

Name	Name of associated corporation	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Mong Kean Yeow	Express Ventures	Beneficial owner	510	97.14%
Choon Shew Lang	Express Ventures	Beneficial owner	15	2.86%

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2018, so far as is known to the Directors, the following person (other than Directors or chief executive of the Company) had or were deemed or taken to have interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

Long position in ordinary shares of the Company

Name	Capacity/Nature	Number of Shares held/interested	Percentage of shareholding
Express Ventures	Beneficial owner	407,700,000	50.96%
Peng Xiaomin	Beneficial owner	50,000,000	6.25%
Zhong Zhijie	Beneficial owner	45,000,000	5.63%
Cai Linzhou	Beneficial owner	41,400,000	5.18%

Save as disclosed above, as at 31 December 2018, so far as is known to the Directors or chief executive of the Company, no other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**" above, had any interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Kingsway Capital Limited, as at 31 December 2018, save for the compliance adviser agreement dated 21 August 2017 entered into between the Company and Kingsway Capital Limited, neither Kingsway Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

NO CHANGE IN INFORMATION OF DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETITION AND CONFLICT OF INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules on 14 December 2017 (the "**Audit Committee**"). The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this announcement, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Tang Chi Wai, Mr. Lim Loo Kit and Mr. Lim Meng Yi. Mr. Tang Chi Wai is the chairman of the Audit Committee

The unaudited interim results of the Company for the period ended 31 December 2018 have not been audited by the Company's independent auditors, but have been reviewed by the Audit Committee members who have provided advice and comments thereon.

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

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

Hong Kong, 1 February 2019

As at the date of this announcement, the executive Directors are Mr. Mong Kean Yeow, Ms. Choon Shew Lang and Mr. He Pengfei, and the independent non-executive Directors are Mr. Lim Meng Yi, Mr. Lim Loo Kit and Mr. Tang Chi Wai.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.ispg.hk.