ISP GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8487)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2019

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.*

ANNUAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

Annual results

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 June 2019, together with the comparative figures for the corresponding periods in 2018 as follows:

	Notes	**2019**	2018
		S$	*S$*
Revenue	*3*	**8,616,802**	9,081,860
Costs of sales/services		**(5,881,472)**	(5,843,773)
Gross profit		**2,735,330**	3,238,087
Other income		**120,391**	48,463
Administrative expenses		**(2,705,452)**	(1,894,603)
Other gains and losses	*4*	**234,532**	121,907
Listing expenses		**–**	(2,665,816)
Finance costs	*5*	**(38,771)**	(77,660)
Profit (loss) before taxation	*6*	**346,030**	(1,229,622)
Income tax expense	*7*	**(244,478)**	(411,931)
Profit (loss) for the year		**101,552**	(1,641,553)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**97**	–
Other comprehensive income for the year, net of tax		**97**	–
Total comprehensive income (loss) for the year		**101,649**	(1,641,553)
Basic and diluted earnings (loss) per share (S$ cents)	*8*	**0.01**	(0.24)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	**2019** **S$**	2018 S$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**5,316,804**	5,818,811
Pledged bank deposits	*17*	**206,947**	206,947
		5,523,751	6,025,758
Current assets			
Inventories	*11*	**174,294**	5,130
Trade receivables	*12*	**1,744,662**	2,115,645
Other receivables, deposits and prepayments	*13*	**122,513**	163,704
Amounts due from customers for contract works	*14*	**–**	72,905
Contract assets	*15*	**126,040**	–
Contract costs	*16*	**36,000**	–
Bank balances and cash	*17*	**9,675,472**	11,187,116
		11,878,981	13,544,500
Current liabilities			
Trade and other payables	*18*	**794,028**	1,034,158
Contract liabilities	*15*	**57,723**	–
Borrowings	*19*	**156,999**	89,137
Income tax payable		**237,905**	331,207
		1,246,655	1,454,502
Net current assets		**10,632,326**	12,089,998
Total assets less current liabilities		**16,156,077**	18,115,756
Non-current liabilities			
Borrowings	*19*	**1,400,812**	3,250,042
Deferred tax liabilities	*20*	**133,435**	191,471
		1,534,247	3,441,513
Net assets		**14,621,830**	14,674,243
EQUITY			
Capital and reserves			
Share capital	*21*	**1,372,630**	1,372,630
Reserves		**13,249,200**	13,301,613
Equity attributable to owners of the Company		**14,621,830**	14,674,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

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

The consolidated financial statements are approved by the Board of Directors of the Company on 27 September 2019.

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

On 1 July 2018, the Group has adopted all the new and revised IFRSs and Interpretations of IFRS ("**IFRIC**") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and IFRIC does not result in significant changes to the Group's accounting policies and the effects on the amounts reported for the current or prior periods are disclosed below.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets, financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the consolidated financial statements are described below.

The Group applied IFRS 9 in accordance with the transition provision set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under Expected Credit Loss model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carry amounts as at 1 July 2018 are recognised in the opening accumulated profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement.*

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the financial statements are described below.

The Group has applied IFRS 15 using the modified retrospective method under which any cumulative effect of initially applying this standard recognised at the date of initial application (1 July 2018) is recognised as an adjustment to the opening accumulated profits. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and the related interpretations. The Group has elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

Apart from providing more extensive disclosures, the amount of adjustment for each financial statement line item affected by the application of IFRS 9 and IFRS 15 under the modified retrospective approach is illustrated below.

Effects of Adoption of IFRS 9 and IFRS 15

The effects of adopting IFRS 9 and IFRS 15 under the modified retrospective approach are presented and explained below:

(A) Impact on the consolidated statement of financial position as at 1 July 2018 (date of initial application)

	Previously reported as at 30 June 2018 *S$*	**Adoption of IFRS 9** *S$*	*Note*	**Adoption of IFRS 15** *S$*	*Note*	**Adjusted as at 1 July 2018** *S$*
Current assets						
Trade receivables	2,115,645	(81,157)	*(a)*	(279,495)	*(b)*	1,754,993
Amounts due from customers for contract works	72,905	–		(72,905)	*(d)*	–
Contract assets	–	–		279,495	*(b)*	279,495
Current Liabilities						
Trade and other payable	1,034,158	–		(48,156)	*(c)*	986,002
Contract liabilities	–	–		48,156	*(c)*	48,156
Capital and reserves						
Accumulated profits	4,183,552	(81,157)	*(a)*	(72,905)	*(d)*	4,029,490

(B) Impact on the consolidated statement of financial position as at 30 June 2019 (current reporting period)

	Under previous IFRS	Adoption of IFRS 9	Note	Adoption of IFRS 15	Note	Under new IFRS
	S$	*S$*		*S$*		*S$*
Current assets						
Trade receivables	1,906,796	(36,094)	*(a)*	(126,040)	*(b)*	1,744,662
Amounts due from customers for contract works	345,024	–		(345,024)	*(b),(d)*	–
Inventories	–	–		174,294	*(d)*	174,294
Contract assets	–	–		126,040	*(b)*	126,040
Contract cost	–			36,000	*(d)*	36,000
Current liabilities						
Trade and other payable	851,751	–		(57,723)	*(c)*	794,028
Contract liabilities	–	–		57,723	*(c)*	57,723
Capital and reserves						
Accumulated profits	4,383,023	(36,094)	*(a)*	(134,730)	*(d)*	4,212,199

(C) Impact on the consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2019 (current reporting period)

	Under previous IFRS	Adoption of IFRS 9	Note	Adoption of IFRS 15	Note	Under new IFRS
	S$	*S$*		*S$*		*S$*
Cost of sales/services	5,943,297	–	–	(61,825)	*(d)*	(5,881,472)
Other gains and losses	251,294	45,063	*(a)*	(61,825)	*(d)*	234,532
Profit before taxation	362,792	45,063	*(a)*	(61,825)	*(d)*	346,030
Total comprehensive income for the year	118,411	45,063	*(a)*	(61,825)	*(d)*	101,649

(D) Impact on the consolidated statement of cash flows for the year ended 30 June 2019 (current reporting period)

The adoption of IFRS 9 and IFRS 15 did not have a material impact on the Group's operating, investing and financing cash flows.

Notes to the reconciliations:

IFRS 9

(a) The adoption of IFRS 9 impairment requirements has resulted in additional loss allowance to be recognised.

IFRS 15

(b) Under IFRS 15, retention receivables are recognised as contract assets. The amount was previously recognised as part of trade receivables and so has been reclassified. There was no impact to the statement of profit or loss as a result of these reclassifications.

(c) Under IFRS 15, invoices billed to customers in advance of the satisfaction of the performance obligations under the contract with customer are recognised as contract liabilities. The amount was previously recognised as part of trade and other payables and so has been reclassified. There was no impact to the statement of profit or loss as a result of these reclassifications.

(d) Under IFRS 15, costs incurred in relation to satisfied or partially satisfied performance obligation must be expensed off as they are incurred. The cost used in satisfying performance obligation in the future are reclassified to contract cost.

The Group has applied IFRS 15 using the modified retrospective method while applying the practical expedients for completed contracts in IFRS 15:C5(a), C5(b) and C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 July 2018.

At the date of authorisation of these consolidated financial statements, the Group has not applied the following relevant new IFRSs that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs[1]

[1] Effective for annual periods beginning on or after 1 January 2019

Except as described below, the directors of the Group consider that the application of the other new IFRSs, International Accounting Standards ("**IASs**") and Interpretations is unlikely to have a material impact on the financial statements of the Group in future periods.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The management of the Group anticipate that the application of IFRS 16 may result in more disclosures, but will have no material impact on the amounts recognised as the Group has non-cancellable operating lease commitments of S$15,150 (2018: S$16,650) with terms ranging from 1 to 4 months as at 30 June 2019, which qualify for short-term leases upon the application of IFRS 16.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration to which the Group expects to be entitled to 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 mainly derived from Singapore during the financial year.

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

	2019	2018
	S$	*S$*
Revenue from:		
At a point in time:		
Sale of Sound and Communication Systems and Related Services	**6,425,214**	7,200,016
Over time:		
Integrated Services of Sound and Communication Systems	**1,316,044**	1,006,300
Alert Alarm System Services	**875,544**	875,544
	8,616,802	9,081,860

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the year are as follows:

	2019	2018
	S$	*S$*
Revenue from:		
Customer I	**–***	1,163,257
Customer II	**880,844**	929,444
Customer III	**1,284,923**	–*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the reporting period.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for integrated services of sound and communication systems as at the end of the reporting period is S$860,883. Management expects that the full amount will be recognised as revenue during the next reporting period.

Geographical information

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

4. OTHER GAINS AND LOSSES

	2019	2018
	S$	*S$*
Net foreign exchange (loss) gain	**(20,483)**	156,768
Write-off of trade receivables	**–**	(19,576)
Impairment loss recognised on trade receivables	**(6,632)**	–
Loss on disposal of property, plant and equipment	**–**	(15,285)
Provision for litigation claims and legal fees *(Note a)*	**(54,992)**	–
Gain on disposal of subsidiaries	**316,639**	–
	234,532	121,907

Notes:

a. The provision for litigation claims and legal fees pertains to expenses incurred from ongoing litigation commenced by a former contractor of ISPL Pte. Ltd.

5. FINANCE COSTS

	2019	2018
	S$	*S$*
Interest on bank borrowings	**38,771**	77,660

6. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after charging:

	2019	2018
	S$	*S$*
Depreciation of property, plant and equipment *(Note a)*	**524,228**	575,596
Annual audit fees paid to auditors of the Company	**123,000**	110,000
Listing expenses *(Note c)*	**–**	2,665,816
Directors' remuneration	**710,900**	606,600
Other staff costs		
– Salaries, wages and other benefit	**2,039,179**	1,807,578
– Defined contribution plans, including retirement benefits	**95,729**	80,985
– Foreign worker levy and skill development levy	**300,158**	218,576
Total staff costs (inclusive of Directors' remuneration) *(Note b)*	**3,145,966**	2,713,739
Cost of materials recognised as costs of sales/services	**3,685,042**	3,121,432
Subcontractor costs recognised as costs of sales/services	**56,360**	611,673

Note:

a. Depreciation of S$396,297 (2018: S$396,297) are included in costs of sales/services.

b. Staff costs of S$1,743,772 (2018: S$1,569,580) are included in costs of sales/services.

c. In 2018, included in listing expenses are audit and non-audit fees of S$105,000 and S$33,750 paid to auditors of the Company respectively, and non-audit fees of S$127,500 paid to other auditors of the Group.

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (year ended 30 June 2018: 17%). A breakdown of the income tax expenses is as follow:

	2019	2018
	S$	*S$*
Tax expense comprises:		
Current tax		
– Singapore corporate income tax ("**CIT**")	**237,905**	331,207
– Under provision of prior years' tax	**64,609**	150,158
Deferred tax *(Note 20)*	**(58,036)**	(69,434)
	244,478	411,931

8. EARNINGS (LOSS) PER SHARE

	2019	2018
	S$	*S$*
Profit (Loss) attributable to owners of the Company (S$)	**101,552**	(1,641,553)
Weighted average number of ordinary shares *(Note (a))*	**800,000,000**	690,958,904
Basic and diluted earnings (loss) per share (S$ cents per share)	**0.01**	(0.24)

Note:

(a) The calculation of basic earnings (loss) per share is based on the profit (loss) for the year attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of calculating basic earnings (loss) per share for the years ended 30 June 2019 and 2018 have been determined on the assumption that the Group Reorganisation and capitalisation issue have been effective since 1 July 2016.

Diluted earnings (loss) per share is the same as the basic earnings (loss) per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2019 and 2018.

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the year ended 30 June 2019 (year ended 30 June 2018: S$0.3 million).

10. PROPERTY, PLANT AND EQUIPMENT

	Computers	Office equipment	Furniture, fixtures and fittings	Motor vehicles	Leasehold land and property	Alert alarm systems	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Cost:							
At 1 July 2017	12,703	56,481	160,964	88,407	4,938,600	2,752,307	8,009,462
Additions	5,825	–	–	73,055	–	–	78,880
Disposals	–	–	–	(26,500)	–	–	(26,500)
At 30 June 2018	18,528	56,481	160,964	134,962	4,938,600	2,752,307	8,061,842
Additions	19,703	15,256	7,300	–	–	–	42,259
Disposal of subsidiaries	(5,355)	(15,256)	–	–	–	–	(20,611)
At 30 June 2019	32,876	56,481	168,264	134,962	4,938,600	2,752,307	8,083,490
Accumulated depreciation:							
At 1 July 2017	9,710	34,558	111,173	24,310	232,404	1,266,195	1,678,350
Depreciation for the year	5,636	18,710	48,953	18,848	87,152	396,297	575,596
Disposals	–	–	–	(10,915)	–	–	(10,915)
At 30 June 2018	15,346	53,268	160,126	32,243	319,556	1,662,492	2,243,031
Depreciation for the year	12,814	3,213	2,258	22,493	87,152	396,298	524,228
Disposal of subsidiaries	(573)	–	–	–	–	–	(573)
At 30 June 2019	27,587	56,481	162,384	54,736	406,708	2,058,790	2,766,686
Carrying amount:							
At 30 June 2018	3,182	3,213	838	102,719	4,619,044	1,089,815	5,818,811
At 30 June 2019	5,289	–	5,880	80,226	4,531,892	693,517	5,316,804

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 remaining lease term, which is 680 months
Alert alarm systems	Over the remaining service contract term, which ranges from 72 to 94 months

As at 30 June 2019, the leasehold land and property was pledged to a bank for mortgage loan raised by the Group *(Note 17)*.

11. INVENTORIES

	2019	2018
	S$	*S$*
Goods in transit	**–**	5,130
Finished goods	**174,294**	–
	174,294	5,130

12. TRADE RECEIVABLES

	2019	2018
	S$	*S$*
Trade receivables	**1,700,924**	1,800,805
Unbilled revenue *(Note a)*	**79,832**	35,345
Retention receivables *(Note b)*	**–**	279,495
Loss allowance	**(36,094)**	–
	1,744,662	2,115,645

Note a: Unbilled revenue relates to accrued revenue for which the contract works has been performed before year end but no billing has been raised to customers. The Group's rights of the unbilled revenue are unconditional.

Note b: As at 30 June 2019, retention receivables has been recognised as "contract assets" set out in Note 15.

The Group grants credit terms to customers typically between 30 to 90 days (2018: 30 to 90 days) from the invoice date for trade receivables. The Group does not charge interest nor hold any collateral over these balances.

In 2019, the loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

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

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

	Group					
	Trade receivables – days past due					
June 30, 2019	**< 30 days**	**31 – 90 days**	**91 – 180 days**	**181 – 365 days**	**>365 days**	**Total**
Expected credit loss rate	**–**	**–**	**–**	**19%**	**84%**	
Estimated total gross carrying amount at default	**754,853**	**548,929**	**334,350**	**128,785**	**13,839**	**1,780,756**
Lifetime ECL	**–**	**–**	**–**	**(24,469)**	**(11,625)**	**(36,094)**
						1,744,662

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

Group	**Lifetime ECL – credit-impaired**
	S$
Balance as at 1 July 2018	81,157
Amount written off	(51,695)
Net re-measurement of loss allowance	14,209
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(7,577)
Balance as at 30 June 2019	36,094

Previous accounting policy for impairment of trade receivables

In 2018, trade receivables are considered to be impaired when there is objective evidence of impairment.

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

The carrying values of trade receivables approximate their fair values. Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts, determined by reference to individual customer's credit quality. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and no impairment is considered necessary for those balances which are not past due at each reporting date.

Included in the Group's trade receivables are carrying amounts of S$1,231,956 which are past due at 30 June 2018, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer.

The following is an analysis of trade receivables by age, presented based on the due date at the end of each reporting period:

Receivables that are past due but not impaired

	2018
	S$
Within 90 days	1,004,964
91 days to 180 days	154,843
181 days to 365 days	49,128
Over 365 days	23,021
	1,231,956

In the opinion of the management of the Group, trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

The Group does not charge interest nor hold any collateral over these balances.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	S$	*S$*
Deposits	**40,035**	40,998
Prepayments	**63,091**	104,286
Interest receivable	**–**	9,633
Advances to staff	**19,387**	8,787
	122,513	163,704

14. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	2019	2018
	S$	*S$*
Contract costs incurred plus recognised profits less recognised losses	**–**	191,705
Less: Progress billings	**–**	(118,800)
	–	72,905
Analysed for reporting purposes as:		
Amounts due from customers for contract works	**–**	72,905

15. CONTRACT ASSET AND CONTRACT LIABILITIES

	2019	2018
	S$	*S$*
Contract assets		
Retention receivables	**126,040**	–
Contract liabilities		
Advance billing to customer	**57,723**	–

Contract Assets

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

At 30 June 2018, the contract assets relating to retention receivables held by customers for contract works are recognised as "retention receivables" set out in Note 12.

Contract Liabilities

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

16. CONTRACT COSTS

	2019	2018
	S$	*S$*
Contract cost	**36,000**	–

The contract cost represent the costs that relate directly to a contract that will be used in satisfying performance obligation in the future.

17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2019	2018
	S$	*S$*
Pledged bank deposits *(Note a)*	**206,947**	206,947
Bank balances and cash *(Note b)*	**9,675,472**	11,187,116

Notes:

a. The balances represent deposits placed to a bank for corresponding amounts of performance guarantee granted to the Group in favour of a customer with a maturity term of 36 months ending in April 2022. The balances carry interest rate of 0.65% (2018: 0.65%) per annum at 30 June 2019.

b. Approximately S$5,071,000 (2017: S$7,428,000) included in bank balances carry interest rate ranging from approximately 0.05% to 2.47% (2018: 0.05% to 2.19%) per annum at 30 June 2019. The remaining bank balances and cash are interest free.

18. TRADE AND OTHER PAYABLES

	2019	2018
	S$	*S$*
Trade payables	**338,755**	594,562
Retention payables	**26,500**	36,505
	365,255	631,067
Other payables:		
Goods and Services Tax ("**GST**") payable	**64,568**	125,217
Advance payments from customers	**–**	48,156
Accrued operating expenses	**301,138**	170,567
Accrued interest payables	**–**	10,093
Accrued payroll costs	**61,325**	49,058
Others	**1,742**	–
	794,028	1,034,158

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

	2019	2018
	S$	*S$*
Within 30 days	**133,472**	270,731
31 days to 90 days	**199,665**	320,008
91 days to 180 days	**1,776**	41
Over 180 days	**3,842**	3,782
	338,755	594,562

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (2018: 30 to 60 days) or payable upon delivery.

19. BORROWINGS

	2019	2018
	S$	*S$*
Bank loans – Secured	**1,557,811**	3,339,179
Analysed as:		
Carrying amount repayable within 1 year	**156,999**	89,137
Carrying amount repayable more than 1 year, but not exceeding 2 years	**139,891**	94,226
Carrying amount repayable more than 2 years, but not exceeding 5 years	**471,332**	320,701
Carrying amount repayable more than 5 years	**789,589**	2,835,115
	1,557,811	3,339,179
Less: Amount due within 1 year (shown under current liabilities)	**(156,999)**	(89,137)
Amount shown under non-current liabilities	**1,400,812**	3,250,042

The loans were secured by the legal mortgage over the Group's leasehold land and property (Note 10) with corporate guarantee provided by the Company. The loans bear floating interest rates with weighted average effective interest rate at 2.47% (2018: 6.00%) per annum as at 30 June 2019.

20. DEFERRED TAX LIABILITIES

	2019	2018
	S$	*S$*
As at 1 July	**191,471**	260,905
Credited to profit or loss for the year:		
Accelerated tax depreciation *(Note 7)*	**(58,036)**	(69,434)
As at 30 June	**133,435**	191,471

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.

21. SHARE CAPITAL

		Company					
		2019	2018	**2019**	2018	**2019**	2018
		Number of shares		**Par Value**		**Share Capital**	
	Note	***'000,000***	*'000,000*	***HK$***	*HK$*	***HK$'000***	*HK$'000*
Authorised share capital of the Company							
At beginning of the year or incorporation of the Company on 21 July 2017	*(a)*	**1,500**	10	**0.01**	0.01	**15,000**	100
Increase on 14 December 2017	*(c)*	**–**	1,490	**–**	0.01	**–**	14,900
As at end of the year		**1,500**	1,500	**0.01**	0.01	**15,000**	15,000

		Company			
		2019	2018	**2019**	2018
		Number of shares		**Share capital**	
				S$	*S$*
Issued and fully paid share capital:					
At the beginning of the year or incorporation of the Company on 21 July 2017	*(a)*	**800,000,000**	1	**1**	–
Issue of shares pursuant to the reorganisation	*(b)*	**–**	9,999	**9,999**	17
Issue of shares pursuant to the capitalisation issue	*(c)*	**–**	599,990,000	**599,990,000**	1,034,483
Issue of shares under the Share Offer	*(d)*	**–**	200,000,000	**200,000,000**	338,130
As at end of the year		**800,000,000**	800,000,000	**800,000,000**	1,372,630

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

Note:

a. On 21 July 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$100,000 divided into 10,000,000 shares of HK$0.01 each, of which one share was allotted and issued in nil-paid form to the initial subscriber, an independent third party. The said share was transferred to Express Ventures, a company not forming part of the Group and is controlled by Mr. Mong and Ms. Choon on the same date.

b. On 8 December 2017, the Company issued and allotted 9,999 new shares of par value HK0.01 each to Express Ventures at the instructions of the Controlling Shareholders, all credited as fully paid.

c. Pursuant to written resolution of the sole shareholder of the Company passed on 14 December 2017, it is resolved, among other things:

- the authorised share capital of the Company was increased from HK$100,000 to HK$15,000,000 by the creation of an additional 1,490,000,000 ordinary shares of HK$0.01 each; and

- conditional upon the share premium account of the Company being credited as a result of the share offer, the Company was authorised to capitalise the amount of HK$5,999,900 (equivalent to approximately S$1,034,483) from the amount standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 599,990,000 ordinary shares for allotment, ranking pari passu in all respects with the existing shares.

d. The shares of the Company were successfully listed on GEM of the Stock Exchange on 16 January 2018 by way of placing of 180,000,000 ordinary shares and public offer of 20,000,000 ordinary shares at the price of HK$0.35 per share ("**Share Offer**"). The Company's share of net proceeds after deducting the underwriting commissions and estimated expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK$44 million (S$7 million).

Included in share issue expenses are audit fees and non-audit fees of S$35,000 and S$11,250 paid to the auditors of the Company respectively, and non-audit fees of S$42,500 paid to other auditors of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Development of business and prospects

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

Since 2002, the Group has been providing and maintaining sound and communication service solutions to our clients in the education and healthcare sectors in Singapore.

With 17 years of professional expertise, the Group is well-placed to provide innovative sound and communications systems solutions in support of the evolving education communication landscape and the projected increased healthcare capacities in Singapore.

Forecasting a slowdown in growth of Singapore's construction sector, the Group has, in recent years, accepted more maintenance and other service contracts for sound and communications system solutions as part of our effort to maintain direct stakeholder relationships with institutions in the healthcare and education sectors. The Board will continue to strive to bring value to our stakeholders. The Group intends to strengthen our team by employing engineer(s) to remain innovative in our integrated systems solutions.

Looking forward, the Group will remain cautiously optimistic of our business and expansion opportunities in Singapore and the Asia Pacific region.

Outlook

The shares of the Company (the "**Shares**") were listed on GEM (the "**Listing**") on 16 January 2018 (the "**Listing Date**") by way of 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 communication system projects which will enhance value to our shareholders.

The net proceeds from the Listing 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

Our revenue decreased by approximately S$0.5 million or 5.1% to approximately S$8.6 million for the year ended 30 June 2019 (the "**Year**"), from approximately S$9.1 million for the year ended 30 June 2018. This was principally due to a decrease in sales of sound and communication systems and related services.

Costs of sales/services

Our costs of sales/services increased by approximately S$0.1 million or 0.6% to approximately S$5.9 million for the Year from approximately S$5.8 million for the year ended 30 June 2018. The increase in costs was due to higher material purchase costs during the Year.

Gross profit

Our gross profit decreased by approximately S$0.5 million or to approximately S$2.7 million for the Year from approximately S$3.2 million for year ended 30 June 2018. The Group's gross profit margin decreased to 31.7% for the Year, from approximately 35.7% for the year ended 30 June 2018. The decrease in gross profit margin was due to the Group's substantial increase in headcount of operational staff and material costs for the timely completion of the projects in the integrated services for sound and communication systems segment during the Year.

Other income, gains and losses

Our other income, gains and losses increased to approximately S$354.9 thousand for the Year, by approximately S$184.5 thousand, from gains of approximately S$170.4 thousand for the year ended 30 June 2018. This increase was mainly due to gains recognised upon disposal of Crosswins Group Holdings Limited during the Year. We also recorded an increase in interest income from fixed deposits which further contributed to the increase in other income. The increase in other gains was offset by recognising expected credit losses on trade receivables in the Group, and higher foreign exchange losses of monetary assets held in currencies other than S$, such as US$ and HK$, which had depreciated against the S$.

Administrative expenses

Our administrative expenses increased to approximately S$2.7 million for the Year, by approximately S$0.8 million or 42.8%, from approximately S$1.9 million for the year ended 30 June 2018. The increase was mainly due to the increased compliance fees, and the increased payroll costs, which were in turn, in line with the increased headcount and annual salary increments.

Listing expenses

No listing expenses were incurred during the Year. Listing expenses incurred for the year ended 30 June 2018 was approximately S$2.7 million.

Finance costs

Our finance costs decreased to approximately S$38.8 thousand for the Year, by approximately S$38.9 thousand or 50.1%, from approximately S$77.7 thousand for the year ended 30 June 2018. The decrease was mainly due to the partial repayment of bank mortgage loan during the Year.

Income tax expense

Our income tax expense decreased to approximately S$0.2 million for the Year, by approximately S$0.2 million or 40.7%, from approximately S$0.4 million for the year ended 30 June 2018. The decrease was substantially due to the decrease in income tax expenses in Singapore subsidiary ISPL, which was in line with the decrease in ISPL's profits before taxation.

Profit (loss) and other comprehensive income (loss) for the year

The Group recorded total comprehensive income for the year of approximately S$0.1 million for the Year. Compared to the loss representing total comprehensive loss of approximately S$1.6 million for the year ended 30 June 2018, the increase is principally caused by the decrease in listing expenses of approximately S$2.7 million, which was mainly offset by increase in administrative expenses of S$0.8 million.

Final dividends

The Board does not recommend the payment of final dividend for the Year (2018: nil).

Use of proceeds from Listing and Comparison of Business Objectives with Actual Business Progress

Up to 30 June 2019, we utilised the net proceeds raised from the Listing 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 30/06/19**	**Actual use of proceeds from Listing Date to 30/06/19**	
	HK$M	*HK$M*	*HK$M*	***% utilised***
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	1.2	0.2	14.3%
Expand and train our sales and marketing, technical and support workforce	11.6	6.5	2.0	17.2%
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	2.0	–	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	37.5	16.2	36.8%

The following table sets forth the designated and actual implementation plan up to 30 June 2019:

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, which included appointing an external consultant for customised website development
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 approximately 8 technicians were recruited by June 2018 • New headcount of approximately two engineers and 9 technicians were recruited by June 2019 • New headcount of approximately 2 sales and marketing executives were recruited by June 2019 • Provided internal and external trainings and workshops to our technical staff

Purpose	Implementation Plan	Actual implementation activities
Purchase transportation vehicles	• Purchase of one van for maintenance operations and, transportation of relevant equipment and/or labour	• Purchased one van 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	• Considered and monitored Group's current project portfolio but postponed the purchase of lorry due to current different project requirements
Setting up a new sales office in Singapore	• 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
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

Purpose	Implementation Plan	Actual implementation activities
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 2020

The net proceeds from the Listing, after deducting the related expenses, were approximately HK$44.0 million. After the Listing, a part of these proceeds has been applied in accordance with the future plans and use of proceeds as set out in the Prospectus, and the remainder of which will be deployed in accordance with previously stated as soon as the opportunity arises. 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.

Events after Reporting Period

There are no significant events after reporting period.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Kingsway Capital Limited, as at 30 June 2019, 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 Year and up to the date of this announcement.

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

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.

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 Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 14 December 2017. No share option has been granted under the Share Option Scheme since its adoption.

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 throughout the period from the Listing Date to 30 June 2019.

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 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. 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 Audit Committee has reviewed the annual results of the Group for the Year.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ispg.hk). The annual report of the Company for the Year containing all the relevant information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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 or at any other rates or at all.

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

Hong Kong, 27 September 2019

As at the date of this announcement, the executive Directors are Mr. Mong Kean Yeow and Ms. Choon Shew Lang, 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.