

ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487

An abstract graphic composed of various blue geometric shapes, including rectangles and lines, some of which are semi-transparent. The shapes are arranged in a dynamic, overlapping manner, creating a sense of depth and movement. Small white dots are scattered throughout the blue areas, resembling stars or data points. The overall aesthetic is clean, modern, and technological.

Interim Report 2019/2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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



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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2019

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 2019, together with the unaudited comparative figures for the corresponding periods in 2018, are as follows:

	Notes	Three months ended 31 December		Six months ended 31 December	
		2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Revenue	3	1,815,668	2,527,668	3,925,884	4,150,559
Costs of sales/services		(1,050,613)	(1,634,036)	(2,451,199)	(2,756,743)
Gross profit		765,055	893,632	1,474,685	1,393,816
Other income		27,956	33,272	52,456	53,015
Administrative expenses		(769,421)	(849,794)	(1,366,800)	(1,348,327)
Other gains and losses	4	(137,530)	(16,666)	(29,430)	8,994
Finance costs	5	(8,947)	(7,965)	(18,202)	(19,748)
(Loss) Profit before taxation	6	(122,887)	52,479	112,709	87,750
Income tax expense	7	(48,762)	(15,438)	(54,688)	(23,365)
(Loss) profit for the period, attributable to owners of the Company		(171,649)	37,041	58,021	64,385

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2019

	Three months ended 31 December		Six months ended 31 December	
<i>Notes</i>	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive income, after tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	53	176	15	176
Total comprehensive (loss) income for the period	(171,597)	37,217	58,036	64,561
(Losses) earnings per share				
Basic and diluted (S\$ cents per share)	8 (0.02)	0.005	0.01	0.01

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		As at 31 December 2019	As at 30 June 2019
	<i>Notes</i>	S\$	S\$
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	5,080,446	5,316,804
Pledged bank deposits	15	206,947	206,947
Total non-current assets		5,287,393	5,523,751
Current assets			
Inventories		213,584	174,294
Trade receivables	11	2,143,099	1,744,662
Other receivables, deposits and prepayments	12	161,460	122,513
Contract assets	13	65,684	126,040
Contract costs	14	91,128	36,000
Bank balances and cash	15	9,493,695	9,675,472
Total current assets		12,168,650	11,878,981
Total assets		17,456,043	17,402,732

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		As at 31 December	As at
	<i>Notes</i>	2019	30 June
		S\$	S\$
		(Unaudited)	(Audited)
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	16	953,125	794,028
Contract liabilities	13	26,312	57,723
Borrowings due within one year	17	148,701	156,999
Income tax payable		219,742	237,905
Total current liabilities		1,347,880	1,246,655
Non-current liabilities			
Borrowings due after one year	17	1,331,080	1,400,812
Deferred tax liabilities	18	97,217	133,435
Total non-current liabilities		1,428,297	1,534,247
Capital and reserves			
Share capital	19	1,372,630	1,372,630
Reserves		13,307,236	13,249,200
Total equity		14,679,866	14,621,830
Total liabilities and equity		17,456,043	17,402,732

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to equity shareholders of the Company					Total
	Share capital S\$	Share premium S\$	Merger reserve S\$	Translation reserves S\$	Accumulated profits S\$	
	<i>(Note i)</i>					
<hr/>						
Balance at 1 July 2019 (Audited)	1,372,630	8,593,078	524,983	97	4,131,042	14,621,830
Total comprehensive loss						
Profit for the period, attributable to the owners of the Company	-	-	-	-	58,021	58,021
Other comprehensive income for the period	-	-	-	15	-	15
Total	-	-	-	15	58,021	58,036
<hr/>						
Balance at 31 December 2019 (Unaudited)	1,372,630	8,593,078	524,983	112	4,189,063	14,679,866

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2019

	Six months ended	
	31 December	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
<hr/>		
Operating activities		
Profit before taxation	112,709	87,750
Adjustments for:		
Depreciation of property, plant and equipment	262,685	267,177
Unrealised foreign exchange loss	18,460	55,449
Interest income	(52,456)	(53,005)
Finance costs	18,202	19,748
	<hr/>	
Operating cash flows before movements in working capital	359,600	377,119
Movements in working capital		
Increase in trade receivables	(478,269)	(328,458)
Increase in other receivables, deposits and prepayments	(38,947)	(378,720)
Decrease (increase) in contract assets	49,060	(216,137)
Decrease in contract costs	36,000	–
Increase in inventories	(39,290)	(44,220)
Decrease in contract liabilities	(31,411)	–
Increase (Decrease) in trade and other payables	169,190	(27,439)
	<hr/>	
Cash generated from (used in) operations	25,933	(617,855)
Interest received	52,456	43,372
Income tax paid	(109,069)	(163,095)
	<hr/>	
Net cash used in operating activities	(30,680)	(737,578)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2019

	Six months ended 31 December	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Investing activities		
Acquisition of property, plant and equipment, representing	—	—
Net cash used in investing activities	(25,692)	(30,157)
Financing activities		
Repayment of borrowings	(78,030)	(1,704,156)
Interest paid	(28,295)	(19,748)
Net cash used in financing activities	(106,325)	(1,723,904)
Net decrease in cash and cash equivalents	(162,697)	(2,491,639)
Cash and cash equivalents at beginning of the period	9,675,472	11,187,116
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(19,080)	(55,273)
Cash and cash equivalents at end of the period represented by bank balances and cash	9,493,695	8,640,204

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ISP Global Limited 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) on 8 September 2017 and the principal place of business in Hong Kong registered is Suites 1801-03, 18/F, One Taikoo Place, 979 King's Road, Quarry Bay, 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 have been listed on GEM of 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**").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (cont'd)

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 (the “**Board**”) on 7 February 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2017 throughout the reporting period. At the date of issuance of this report, the Group has not applied the following new IFRSs, amendments to IFRSs, amendments to International Accounting Standards (“**IASs**”), and the new interpretations that have been issued but are not yet effective:

IFRS 9 Financial Instruments¹

IFRS 15 Revenue from Contracts with Customers and the related Amendments¹

IFRS 16 Leases²

IFRIC 22 Foreign Currency Transactions and Advance Consideration¹

IFRIC 23 Uncertainty over Income Tax Treatments²

Amendments to IFRSs: Annual Improvements to IFRS Standards 2015-2017 Cycle²

1. Effective for annual periods beginning on or after 1 January 2018, with early application permitted.
2. Effective for annual periods beginning on or after 1 January 2019, with early application permitted.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (1) sale of sound and communication systems and related services (“**Sale of Sound and Communication Systems and Related Services**”), (2) provision of integrated services of sound and communication systems, which 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 2019. An analysis of the Group’s revenue is as follows:

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Revenue from:

Sale of Sound and Communication

Systems and Related Services	1,278,352	2,060,195	2,954,620	3,046,846
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Integrated Services of Sound and

Communication Systems	318,430	248,587	533,492	665,941
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Alert Alarm System Services

	218,886	218,886	437,772	437,772
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	1,815,668	2,527,668	3,925,884	4,150,559
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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (cont'd)

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		Six months	
	ended 31 December		ended 31 December	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Exchange (gains) loss, net	121,904	16,666	24,699	(8,994)
Loss on expected credit losses ("ECL")	15,626	-	4,731	-
	137,530	16,666	29,430	(8,994)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE COSTS

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Interest on:</i>				
Banking borrowings	8,947	7,965	18,202	19,748
	8,947	7,965	18,202	19,748

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. (LOSS) PROFIT BEFORE TAXATION

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

	Three months ended 31 December		Six months ended 31 December	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
<i>Depreciation of property, plant and equipment</i>				
Recognised in costs of sales/services	99,075	99,075	198,149	198,149
Recognised in administrative expenses	32,633	30,350	64,536	63,110
	131,708	129,425	262,685	261,259
Directors' remuneration	299,902	237,231	531,959	358,851
Other staff costs				
– Salaries, wages and other benefit	510,705	502,985	1,035,358	935,052
– Defined contribution plans, including retirement benefits	20,207	29,641	38,541	52,604
– Foreign worker levy and skill development levy	66,463	75,395	136,432	141,608
Total staff costs (inclusive of Directors' remuneration)	897,277	845,252	1,742,290	1,488,115
Recognised in costs of sales/services	417,434	373,066	900,952	774,175
Recognised in administrative expenses	479,843	447,921	841,338	715,925
Total staff costs (inclusive of Directors' remuneration)	897,277	820,987	1,742,290	1,490,100
Cost of materials recognised as costs of sales/services	485,385	1,169,509	1,197,263	1,778,924
Subcontractor costs recognised as costs of sales/services	48,270	15,240	154,836	28,350

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (six months ended 31 December 2018: 17%). A breakdown of the income tax expenses is as follows:

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – Singapore corporate income tax	66,871	38,379	90,906	46,306
Deferred tax	(18,109)	(22,941)	(36,218)	(22,941)
	48,762	15,438	54,688	23,365

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. (LOSSES) EARNINGS PER SHARE FOR THE PERIOD

	Three months		Six months	
	ended 31 December		ended 31 December	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to owners of the Company	(171,649)	37,041	58,021	64,385
Weighted average number of ordinary shares ('000) (Note (a))	800,000	800,000	800,000	800,000
Basic and diluted (losses) earnings per share (S\$ cents per share)	(0.02)	0.005	0.01	0.01

Note:

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

The diluted 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2019, the Group acquired equipment amounting to approximately S\$25,692 (six months ended 31 December 2018: S\$30,157).

11. TRADE 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 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
Trade receivables	2,021,470	1,700,924
Unbilled revenue (<i>Note</i>)	162,454	79,832
Loss allowance	(40,825)	(36,094)
	2,143,099	1,744,662

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES (cont'd)

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

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 ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES (cont'd)

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

31 December 2019	Group					Total
	Trade receivables – days past due					
	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
ECL rate	-	-	-	19%	84%	
Estimated total gross carrying amount at default	1,267,016	407,182	326,479	173,976	9,271	2,183,924
Lifetime ECL	-	-	-	(33,055)	(7,750)	<u>(40,825)</u>
						<u>2,143,099</u>

30 June 2019	Group					Total
	Trade receivables – days past due					
	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
ECL 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)	<u>(36,094)</u>
						<u>1,744,662</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES (cont'd)

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

Group	Lifetime ECL – credit-impaired	
	As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
Balance as at 1 July 2019 and 2018	36,094	81,157
Amount written off	–	(51,695)
Net re-measurement of loss allowance	1,016	14,209
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	3,715	(7,577)
Balance as at end of period	<u>40,825</u>	<u>36,094</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
Deposits	51,466	40,035
Prepayments	91,244	63,091
Advances to staff	18,750	19,387
	<u>161,460</u>	<u>122,513</u>

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
Contract assets		
Retention receivables	<u>65,684</u>	126,040
Contract liabilities		
Advance billing to customer	<u>26,312</u>	57,723

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. CONTRACT ASSETS AND CONTRACT LIABILITIES (cont'd)

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.

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.

14. CONTRACT COSTS

As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
91,128	36,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. CONTRACT COSTS (cont'd)

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

15. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
Pledged bank deposits (Note a)	206,947	206,947
Bank balances and cash (Note b)	9,493,695	9,675,472

Notes:

- a. The balances represent deposits placed to a bank for corresponding amounts of performance guarantee granted to the Group in favour of a customer with a maturity term of 36 months ending in April 2022. The balances carry interest rate of 0.65% (30 June 2019: 0.65%) per annum at 31 December 2019.
- b. Approximately S\$6,161,000 (30 June 2019: S\$5,071,000) included in bank balances carry interest rate ranging from approximately 0.05% to 1.56% (30 June 2019: 0.05% to 2.47%) per annum at 31 December 2019. The remaining bank balances and cash are interest free.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES

	As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
Trade payables	514,287	338,755
Retention payables	26,500	26,500
	540,787	365,255
Other payables:		
Goods and Services Tax ("GST") payable	69,664	64,568
Accrued operating expenses	275,616	301,138
Accrued payroll costs	62,843	61,325
Others	4,215	1,742
	953,125	794,028

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES (cont'd)

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

	As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
Within 30 days	152,051	133,472
31 days to 90 days	355,292	199,665
91 days to 180 days	3,062	1,776
Over 180 days	3,882	3,842
	514,287	338,755

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (30 June 2019: 30 to 60 days) or payable upon delivery.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. BORROWINGS

	As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
Bank loans – Secured	1,479,781	1,557,811
<i>Analysed as:</i>		
Carrying amount repayable within 1 year	148,701	156,999
Carrying amount repayable more than 1 year, but not exceeding 2 years	142,404	139,891
Carrying amount repayable more than 2 years, but not exceeding 5 years	486,473	471,332
Carrying amount repayable more than 5 years	702,203	789,589
	1,479,781	1,557,811
Less: Amount due within 1 year (shown under current liabilities)	(148,701)	(156,999)
Amount shown under non-current liabilities	1,331,080	1,400,812

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 3.87% (30 June 2019: 2.47%) per annum as at 31 December 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. DEFERRED TAX LIABILITIES

	As at 31 December 2019 S\$ (Unaudited)	As at 30 June 2019 S\$ (Audited)
As at period beginning 1 July 2019, 2018	133,435	191,471
Credited to profit or loss for the period:		
Accelerated tax depreciation	<u>(36,218)</u>	<u>(58,036)</u>
As at period end	<u>97,217</u>	133,435

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL (cont'd)

	Company				
	2019	2018	2019	2018	
	Number of shares		Share capital		
			₵	₵	
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.

Notes:

- 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL (cont'd)

- 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.

For the six months ended 31 December 2019 (the “**Relevant Period**”), the Group recorded a net profit of approximately S\$58 thousand as compared to approximately S\$64 thousand for the same period in 2018. The Directors are of the view that the slight decrease in net profit was primarily due to the fact that there were less projects being awarded to the Group during the Relevant Period in the integrated services of sound and communication systems segment when compared to the corresponding period in 2018.

OUTLOOK

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

MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds from the Share Offer 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.

The Group has been assessing the viability of business expansion opportunities in the geographical territories of China and south-eastern Asia. For the avoidance of doubt, in alignment with the use of proceeds as disclosed in the prospectus issued by the Company on 29 December 2017 (the "**Prospectus**"), the Group will not apply funds obtained from the Share Offer in connection with the abovementioned business expansion. Instead, the Group will expect to apply funds generated from operating cash flows in operating subsidiary ISPL Pte Ltd ("**ISPL**").

Being a sound and communication systems solution provider in Singapore, the Group is well-placed to respond to these changing needs with effective communication through its stakeholder channels. Looking forward, the Group will remain cautiously optimistic of its business and expansion opportunities in Singapore and the Asia Pacific region.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Relevant Period, the Group's revenue amounted to approximately S\$3.9 million, which had decreased by approximately S\$0.3 million, or 5.4%, from approximately S\$4.2 million for the period ended 31 December 2018. This was principally due to less projects being awarded to the Group in the integrated sales of sound and communication segment during the Relevant Period compared with the corresponding period in 2018.

Gross profit and gross profit margin

The Group's gross profit increased by approximately S\$0.1 million, or 5.8%, from approximately S\$1.4 million for the six months ended 31 December 2018, to approximately S\$1.5 million for the Relevant Period. The increase in the Group's gross profit was primarily due to lower material purchase costs to complete the sales of sound and communication systems and related services segment, while this reduction in costs was offset by the lower sales from site delays and lesser projects awarded in the integrated sales of sound and communication segment. The Group's gross profit margin increased from 33.5% for the six months ended 31 December 2018, to 37.6% for the Relevant Period. This increase was principally due to the substantial decrease of material 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 2018. The Group will continue to strive to increase its gross margins in future projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income, gains and losses

Other gains decreased by approximately S\$39 thousand, from a gain of approximately S\$9 thousand for the six months ended 31 December 2018, to a loss of approximately S\$30 thousand for the Relevant Period. The decrease was mainly attributed to the increased foreign exchange losses from settlement of trade expenses held in currencies other than S\$, such as US\$ and HK\$, which had appreciated against the S\$ during the Relevant Period.

Administrative expenses

Administrative expenses increased by approximately S\$18 thousand or 1.4%, from approximately S\$1.35 million for the six months ended 31 December 2018, to approximately S\$1.37 million for the Relevant Period. The increase was due to the increase in payroll costs, which were in line with the annual salary increments of existing employees during the Relevant Period.

Finance costs

Finance costs decreased slightly from approximately S\$20 thousand for the six months ended 31 December 2018 to approximately S\$18 thousand for the Relevant Period. Such decrease of the finance costs was due to the repayment of mortgage loan principal during the Relevant Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period

During the Relevant Period, the Group recorded a net profit of approximately S\$58 thousand as compared to a net profit of approximately S\$64 thousand for the same period in 2018. The Directors are of the view that the reduction in net profit was mainly attributable to 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 2018.

Interim dividends

The Directors do not recommend the payment of an interim dividend for the Relevant Period (six months ended 31 December 2018: S\$ Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

Up to 31 December 2019, the net proceeds raised from the Share Offer were utilised in accordance with the designated uses set out in the Prospectus as follows:

Description	Amount designated in the Prospectus	Planned use of proceeds from Listing Date to 31/12/19	Actual use of proceeds from Listing Date to 31/12/19	% utilised
	HK\$M	HK\$M	HK\$M	
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	1.4	0.2	14.3%
Expand and train our sales and marketing, technical and support workforce	11.6	11.6	2.8	24.1%
Purchase transportation vehicles	3.0	3.0	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	44.0	17.0	38.6%

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 31 December 2019:

Purpose	Implementation Plan	Actual implementation activities
Strengthen our marketing efforts in the sound and communication industry in Singapore	<ul style="list-style-type: none"> • Implement corporate branding and identity for our sound and communication services solution operations in Singapore which includes printing of marketing materials and advertisement • Maintain and improve our corporate websites by the external consultant for customised website development • Participate in industry trade show(s) 	<ul style="list-style-type: none"> • Maintained and improved our corporate websites, which included appointing an external consultant for customised website development
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> • Staff costs for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs • Staff costs for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and the associated staff accommodation costs • To provide internal and external trainings and workshops to our sales and technical staff 	<ul style="list-style-type: none"> • New headcount of approximately 8 technicians were recruited by June 2018 • New headcount of approximately two engineers and 9 technicians were recruited by June 2019 • New headcount of approximately two sales and marketing executives were recruited by June 2019 • Provided internal and external trainings and workshops to our technical staff

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Purchase transportation vehicles	<ul style="list-style-type: none"> • Purchase of 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 	<ul style="list-style-type: none"> • Purchased one van for maintenance, operations and transportation of relevant equipment and/or labour • Considered and monitored the Group's current project portfolio but postponed the purchase of lorry due to current different project requirements
Setting up a new sales office in Singapore	<ul style="list-style-type: none"> • Purchase of one new property to be used by our sales and contract department and act as a demonstration facility for our sound and communication systems 	<ul style="list-style-type: none"> • Considered and monitored the Group's project tenders and plan was postponed due to current observed industry customers' requirements
Partial repayment of bank loan	<ul style="list-style-type: none"> • Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore 	<ul style="list-style-type: none"> • The mortgage loan was partially repaid on 11 July 2018
Expansion of our sound and communication services solution business	<ul style="list-style-type: none"> • To explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore, particularly larger scale projects which may be required for the provision of performance bonds 	<ul style="list-style-type: none"> • Postponed due to performance bond not required in recent awarded tenders to the Group • In the process of exploring large scale potential projects which requires the provision of performance bonds
Take steps to obtain higher grade level under our current mechanical and electrical workhead	<ul style="list-style-type: none"> • Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workhead 	<ul style="list-style-type: none"> • Considered and monitored the Group's project portfolio and postponed to April 2020

MANAGEMENT DISCUSSION AND ANALYSIS

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, 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.

As at the date of this report, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong and Singapore. The Group will gradually apply the remaining net proceeds in the manner set out in the Company's Prospectus depending on actual business needs.

The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market conditions to ascertain the business growth of the Group. During the six months ended 31 December 2019, the Directors considered that no modification of the use of proceeds described in the Company's Prospectus was required.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2019, the Group had total assets of approximately S\$17.5 million, total liabilities and shareholders' equity of approximately S\$2.8 million and S\$14.7 million, respectively. The Group's current ratio as at 31 December 2019 was approximately 9.0 compared to 9.3 as at 30 June 2019. The decrease in current ratio was primarily due to S\$0.1 million increase in accounts payables at 31 December 2019.

The gearing ratio for the Group as at 31 December 2019 was 10.1% (30 June 2019:10.7%). 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%.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The 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\$25,692, which was used to purchase property, plant and equipment.

Contingent liabilities

As at 31 December 2019, the Group had no significant contingent liabilities.

Commitments

As at 31 December 2019, the Group had no significant capital and operating lease commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policy

As at 31 December 2019, the total number of employees of the Group was 65 (31 December 2018: 76) and the Directors' emoluments incurred during the Relevant Period were approximately S\$0.5 million (six months ended 31 December 2018: approximately S\$0.4 million).

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Share Option Scheme

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

As of the report 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

Express Ventures, the ultimate holding company of the Group, has sold 1,250,000 and 450,000 shares in the market through various trades on 3 January 2020 and 7 January 2020 respectively, totalling to a sale of 1,700,000 shares on the Stock Exchange. As at the date of this report, Express Ventures reduced its shareholding in the Group from 50.96% to 50.75%. Other than stated above, the Group had no other significant events which were subsequent to the end of the reporting period of this report.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2019, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO), or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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
Mr. Mong Kean Yeow	Express Ventures	Beneficial owner	510	97.14%
Ms. Choon Shew Lang	Express Ventures	Beneficial owner	15	2.86%

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2019, 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	41,650,000	5.21%
Cai Linzhou	Beneficial owner	41,400,000	5.18%

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Save as disclosed above, as at 31 December 2019, 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 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

COMPETITION AND CONFLICT OF INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 Relevant Period.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules on 14 December 2017 (the “**Audit Committee**”). The primary duties of the audit committee include, among others, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the Group’s financial statements, annual report and accounts, half-year report, and quarterly report and significant financial reporting judgements contained therein; and (c) reviewing the financial control, internal control and risk management systems of the Group. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Tang Chi Wai, Mr. 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 2019 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

By order of the Board

ISP Global Limited

Mong Kean Yeow

Chairman and executive Director

Hong Kong, 7 February 2020

As at the date of this report, 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.