

ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487



Interim Report 2017

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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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CORPORATE INFORMATION

BOARD OF DIRECTORS **Executive Directors**

Mr. Mong Kean Yeow
(Chairman)

Ms. Choon Shew Lang

Independent **Non-Executive Directors**

Mr. Tang Chi Wai

Mr. Lim Loo Kit

Mr. Lim Meng Yi

AUDIT COMMITTEE

Mr. Tang Chi Wai *(Chairman)*

Mr. Lim Loo Kit

Mr. Lim Meng Yi

REMUNERATION **COMMITTEE**

Mr. Lim Meng Yi *(Chairman)*

Mr. Tang Chi Wai

Ms. Choon Shew Lang

NOMINATION **COMMITTEE**

Mr. Mong Kean Yeow
(Chairman)

Mr. Lim Loo Kit

Mr. Lim Meng Yi

COMPANY SECRETARY

Mr. Lee Ka Hok George

AUTHORISED **REPRESENTATIVES**

Ms. Choon Shew Lang

Mr. Lee Ka Hok George

REGISTERED OFFICE

Clifton House

75 Fort Street

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

HEADQUARTERS AND **PRINCIPAL PLACE OF** **BUSINESS**

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#01-39 LINK@AMK

Singapore 569139

PRINCIPAL PLACE OF **BUSINESS IN HONG** **KONG**

Suites 1604-6, 16/F

ICBC Tower, 3 Garden Road

Central, Hong Kong

COMPLIANCE ADVISER

Kingsway Capital Limited

7/F, Tower One, Lippo Centre

89 Queensway

Hong Kong

CORPORATE INFORMATION

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL BANK

United Overseas Bank Limited

COMPANY'S WEBSITE

www.ispg.hk

STOCK CODE

8487

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
6 Shenton Way
OUE Downtown 2, #33-00
Singapore 068809

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2017

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 2017, together with the unaudited comparative figures for the corresponding periods in 2016, are as follows:

	Notes	Three months ended 31 December		Six months ended 31 December	
		2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Revenue	3	2,091,568	2,267,103	4,882,235	4,157,910
Costs of sales/services		(1,407,350)	(1,344,908)	(3,115,439)	(2,419,313)
Gross profit		684,218	922,195	1,766,796	1,738,597
Other income		1,149	4,313	1,151	4,551
Administrative expenses		(578,611)	(322,210)	(1,010,160)	(590,542)
Other expenses and losses	4	(1,001,853)	(5,801)	(2,505,741)	(11,322)
Finance costs	5	(16,929)	(14,732)	(34,209)	(29,783)
(Loss)/profit before taxation	6	(912,026)	583,764	(1,782,163)	1,111,501
Income tax expense	7	(14,349)	(68,359)	(84,349)	(140,302)
(Loss)/profit for the year, representing total comprehensive income for the period attributable to owners of the Company		(926,375)	515,405	(1,866,512)	971,198
(Losses)/earnings per share Basic and diluted (S\$ cents per share)	8	(0.15)	0.09	(0.31)	0.16

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		As at 31 December 2017 S\$ (Unaudited)	As at 30 June 2017 S\$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	6,104,009	6,331,112
Pledged bank deposits	12	<u>206,947</u>	206,947
Total non-current assets		<u>6,310,956</u>	6,538,059
Current assets			
Inventories		–	19,735
Trade receivables	11	2,023,101	1,708,213
Other receivables, deposits and prepayments	11	878,748	281,473
Amounts due from customers for contract works		5,032	416
Bank balances and cash		<u>1,387,993</u>	3,709,286
Total current assets		<u>4,294,873</u>	5,719,123
Total assets		<u>10,605,829</u>	12,257,182

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		As at 31 December 2017 S\$ (Unaudited)	As at 30 June 2017 S\$ (Audited)
LIABILITIES AND EQUITY			
Current liabilities			
	13	2,021,199	1,736,950
Trade and other payables			
Amounts due to customers for contract works		56,249	–
Borrowings due within one year		115,142	126,833
Income tax payable		389,509	435,945
		2,582,099	2,299,728
Total current liabilities			
Non-current liabilities			
Borrowings due after one year		3,291,839	3,346,444
Deferred tax liabilities		248,298	260,905
		3,540,137	3,607,349
Total non-current liabilities			
Capital and reserves			
Share capital	14	1,034,500	525,000
Reserves	15	3,449,093	5,825,105
		4,483,593	6,350,105
Total equity			
Total liabilities and equity		10,605,829	12,257,182

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	Attributable to equity shareholders of the Company				
	Share capital	Share premium	Merger reserve	Accumulated profits	Total
	S\$	S\$	S\$	S\$	S\$
Balance at 1 July 2016 (Audited)	525,000	–	–	5,074,509	5,599,509
Profit for the year, representing total comprehensive income for the period attributable to the owners of the Company	–	–	–	971,198	971,198
Balance at 31 December 2016 (Unaudited)	525,000	–	–	6,045,707	6,570,707

Notes:

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2017

	Six months ended 31 December	
	2017	2016
	S\$	S\$
	(Unaudited)	(Unaudited)
Operating activities		
(Loss)/Profit before taxation	(1,782,163)	1,111,501
Adjustments for:		
Depreciation of property, plant and equipment	288,273	288,684
Loss on write off property, plant and equipment	15,285	–
Interest income	(4)	(20)
Finance costs	34,209	29,783
Operating cash flows before movements in working capital	(1,444,400)	1,429,948
Movements in working capital		
Increase in trade receivables	(314,887)	(330,171)
Increase in other receivables, deposits and prepayments	(597,275)	(173,812)
Decrease/(increase) in net amounts due from customers for contract works	51,633	(19,283)
Decrease in inventories	19,735	–
Decrease in trade and other payables	584,246	216,253
Cash (used in)/generated from operations	(1,700,948)	1,122,935
Interest received	4	20
Income tax paid	(143,390)	–

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2017

	Six months ended 31 December	
	2017	2016
	S\$	S\$
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(1,844,334)	1,122,955
Investing activities		
Acquisition of property, plant and equipment	(76,755)	(1,482)
Proceeds from sale of property, plant and equipment	300	–
Net cash used in investing activities	(76,455)	(1,482)
Financing activities		
Dividends paid (<i>Note 9</i>)	(300,000)	–
Repayment of borrowings	(66,296)	(68,880)
Repayment of finance leases	–	(9,335)
Interest paid	(34,209)	(29,783)
Net cash used in financing activities	(400,505)	(107,998)
Net (decrease)/increase in cash and cash equivalents	(2,321,294)	1,013,475
Cash and cash equivalents at beginning of the period	3,709,286	1,157,585
Cash and cash equivalents at end of the period represented by bank balances and cash	1,387,992	2,171,060

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 July 2017. The shares of the Company (the “**Shares**”) have been listed on GEM of the Stock Exchange on 16 January 2018 (the “**Listing**”). Its parent and ultimate holding company is Express Ventures Global Limited (“**Express Ventures**”), a company incorporated in the British Virgin Islands and 97.14% and 2.86% owned by the executive Directors of the Company, Mr. Mong Kean Yeow and Ms. Choon Shew Lang respectively.

Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the prospectus (the “**Prospectus**”) of the Company dated 29 December 2017.

The registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The Company is an investment holding company and the principal activities of its operating subsidiary 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

1. GENERAL INFORMATION (cont'd)

Prior to the Reorganisation, ISPL Pte. Ltd. (“**ISPL**”), the only operating subsidiary of the Group, was controlled by Mr. Mong Kean Yeow and Ms. Choon Shew Lang, who are spouses and owned 97.14% and 2.86% equity interests in ISPL respectively. As part of the Reorganisation, investment holding company, Holy Ark Limited (“**Holy Ark**”) and the Company, were incorporated and interspersed between ISPL and the Controlling Shareholders. Since then, the Company became the holding company of the Group on 8 December 2017. The Group comprising the Company, Holy Ark and ISPL, resulting from the Reorganisation has always been under the common control of Mr. Mong Kean Yeow and Ms. Choon Shew Lang during the Track Record Period and before and after the Reorganisation. Therefore, it is regarded as a continuing entity and the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

2. BASIS OF PREPARATION

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:

Amendments to IFRSs: Annual Improvements to IFRS Standards 2014-2016 Cycle¹

IFRS 9 Financial Instruments²

IFRS 15 Revenue from Contracts with Customers and the related Amendments²

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers²

IFRIC 22 Foreign Currency Transactions and Advance Consideration²

IFRIC 23 Uncertainty over Income Tax Treatments³

IFRS 16 Leases³

IFRS 17 Insurance Contracts⁴

¹ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate, with early application permitted.

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after 1 January 2021

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

2. BASIS OF PREPARATION (cont'd)

Except for the possibility that the application of IFRS 9, IFRS 15, and IFRS 16 in the future may result in more disclosures in the consolidated financial statements of the Group, the management of the Group considers that the application of the other new IFRSs and amendments to IFRSs, amendments to IASs and new interpretations is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in future.

3. REVENUE AND SEGMENT INFORMATION

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

3. REVENUE AND SEGMENT INFORMATION (cont'd)

	Three months ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Revenue from:</i>				
Sale of Sound and Communication Systems and Related Services	1,372,587	1,818,113	3,421,618	3,213,341
Integrated Services of Sound and Communication Systems	500,095	230,104	1,022,845	506,797
Alert Alarm System Services	218,886	218,886	437,772	437,772
	2,091,568	2,267,103	4,882,235	4,157,910

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 are derived solely from Singapore, based on the location where products and services are delivered.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

4. OTHER EXPENSES AND LOSSES

	Three months		Six months	
	ended 31 December		ended 31 December	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Listing expenses	937,706	–	2,409,561	–
Exchange loss, net	48,862	5,801	80,895	11,322
Loss on write-off of property, plant and equipment	15,285	–	15,285	–
	1,001,853	5,801	2,505,741	11,322

5. FINANCE COSTS

	Three months		Six months	
	ended 31 December		ended 31 December	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Interest on:</i>				
Banking borrowings	16,929	14,051	34,209	28,350
Finance leases	–	681	–	1,433
	16,929	14,732	34,209	29,783

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

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	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Depreciation of property, plant and equipment</i>				
Recognised in costs of sales/services	99,074	99,074	198,149	198,149
Recognised in administrative expenses	45,621	45,323	90,124	90,535
	144,695	144,397	288,273	288,684
Directors' remuneration	181,260	74,522	313,380	127,446
Other staff costs				
– Salaries, wages and other benefit	505,467	349,864	937,965	664,942
– Defined contribution plans, including retirement benefits	11,873	20,473	31,289	33,787
– Foreign worker levy and skill development levy	47,478	60,716	96,369	116,985

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

6. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

	Three months		Six months	
	ended 31 December		ended 31 December	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total staff costs (inclusive of Directors' remuneration)	746,078	505,575	1,379,003	943,160
Recognised in costs of sales/services	273,888	360,445	575,476	662,345
Recognised in administrative expenses	472,190	145,130	803,527	280,815
Total staff costs (inclusive of Directors' remuneration)	746,078	505,575	1,379,003	943,160
Cost of materials recognised as costs of sales/services	799,418	831,191	1,760,152	1,438,869
Subcontractor costs recognised as costs of sales/services	234,970	54,198	581,663	119,951

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (six months ended 31 December 2016: 17%). A breakdown of the income tax expenses is as follow:

	Three months ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – Singapore corporate income tax	46,380	68,359	96,956	140,302
Deferred tax	(32,031)	–	(12,607)	–
	14,349	68,359	84,349	140,302

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

	Three months ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to owners of the Company	(926,863)	515,405	(1,866,512)	971,198
Weighted average number of ordinary shares ('000)	600,000	600,000	600,000	600,000
Basic and diluted (losses)/earnings per share (S\$ cents per share)	(0.15)	0.09	(0.31)	0.16

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

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

The calculation of basic (losses)/earnings per Share is based on the (loss)/profit for the period attributable to owners of the Company and the weighted average number of Shares in issue. The number of Shares for the purpose of basic earnings per Share for the period ended 31 December 2016 is based on 600,000,000 Shares, which were issued pursuant to the capitalisation issue as detailed in note 14, and deemed to have been issued since 1 July 2015.

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

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the six months ended 31 December 2017 (six months ended 31 December 2016: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2017, the Group acquired equipment amounting to approximately S\$76,755 (six months ended 31 December 2016: S\$4,982).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

11. TRADE AND OTHER RECEIVABLES

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

	As at 31 December 2017 S\$ (Unaudited)	As at 30 June 2017 S\$ (Audited)
Within 30 days	794,791	780,658
31 days to 90 days	466,180	530,794
91 days to 180 days	42,946	130,601
181 days to 365 days	185,685	10,941
Over 365 days	94,280	37,548
Trade receivables	1,583,882	1,490,542
Unbilled revenue	263,801	86,369
Retention receivables (Note)	175,418	131,302
	2,023,101	1,708,213
Deposits	42,938	30,338
Prepayments	37,615	179,569
Deferred listing expenses	793,080	67,815
Others	5,115	3,751
	2,901,849	1,989,686

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

11. TRADE AND OTHER RECEIVABLES (cont'd)

Note: Retention receivables represent monies withheld by customers of contract works that will be released after the end of warranty period of the relevant contracts, and are classified as current as they are expected to be received within the Group's normal operating cycle.

12. PLEDGED BANK DEPOSIT

The balances represent deposits placed in a bank for corresponding amounts of performance guarantee granted by the Group in favour of a customer with an original maturity term of 36 months. The balances carry interest rate of 0.65% per annum as at 31 December 2017 and 30 June 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

13. TRADE AND OTHER PAYABLES

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

	As at 31 December 2017 S\$ (Unaudited)	As at 30 June 2017 S\$ (Audited)
Within 30 days	254,454	686,828
31 days to 90 days	123,477	118,798
91 days to 180 days	–	112,864
Over 180 days	5,382	3,782
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Trade payables	383,313	922,272
Retention payables	51,794	51,682
	<hr/>	<hr/>
	435,107	973,954
	<hr/>	<hr/>
Goods and Services Tax (“GST”) payable	52,702	120,042
Advance payments from customers	180,840	48,163
Accrued operating expenses	95,890	81,820
Accrued listing expenses	1,231,899	177,226
Accrued payroll costs	24,665	17,827
Dividends payable	–	300,000
Others	96	17,918
	<hr/>	<hr/>
	2,021,199	1,736,950
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

13. TRADE AND OTHER PAYABLES (cont'd)

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

14. SHARE CAPITAL

As at 31 December 2017, the share capital represents the aggregate of paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the Reorganisation.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

14. SHARE CAPITAL (cont'd)

Notes:

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 21 July 2017 with an initial authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares with par value of HK\$0.01 each and one nil-paid subscriber share was issued and allotted to the subscriber which was subsequently transferred to Express Ventures on the same date. Upon the execution of the transfer on 8 December 2017, as detailed in (c), the nil-paid subscriber share was eventually considered to be paid up.
- (b) Pursuant to the resolutions passed by the sole shareholder of the Company on 14 December 2017, the authorised share capital of the Company was increased from HK\$100,000 to HK\$15,000,000 divided into 1,500,000,000 ordinary shares by the creation of an additional 1,490,000,000 ordinary shares of HK\$0.01 each, ranking pari passu in all respects with the existing shares.
- (c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Holy Ark Limited from Mr. Mong Kean Yeow and Ms. Choon Shew Lang on 8 December 2017, the Company issued and allotted 9,999 ordinary shares to Express Ventures, all credited as fully paid respectively. The historical exchange rate applied was S\$1 = HK\$5.7716.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

14. SHARE CAPITAL (cont'd)

Notes: (cont'd)

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

15. RESERVES

As at 31 December 2017 and 30 June 2017, the reserves represented the share premium, merger reserve, and accumulated profits of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT OF BUSINESS AND PROSPECTS

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

For the six months ended 31 December 2017, the Group recorded a net loss of approximately S\$1.9 million as compared to a net profit of approximately S\$1.0 million for the same period in 2016. The Directors are of the view that the net loss was primarily due to the non-recurring listing expenses of approximately S\$2.4 million incurred during 2017. Setting aside the listing expenses, the Group's net profit for the six months ended 31 December 2017 would be approximately S\$0.5 million. In view of the fact that there has been an increasing number of project quotation invitations received by the Group from potential and current customers, and that the net proceeds from the Share Offer (as defined herein) are expected to allow expansion of the Group's operational capacity, the Directors are cautiously optimistic about the Group's business outlook.

OUTLOOK

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2017, the Group's revenue amounted to approximately S\$4.9 million. The Group's revenue had increased by S\$0.7 million or 17.4% when compared to the same period in 2016. The increase in revenue was mainly due to increased amounts of contracts awarded during the period in 2017.

Gross profit margin

Our gross profit increased by approximately S\$0.1 million or 1.6%, from approximately S\$1.7 million for the six months ended 31 December 2016, to S\$1.8 million for the six months ended 31 December 2017. The increase in the Group's gross profit was primarily due to the increase in our revenue. The Group's gross profit margin decreased from 41.8% for the six months ended 31 December 2016, to 36.2% for the six months ended 31 December 2017. This decrease was due to the Group's substantial increase in subcontractor costs, incurred due to the lack of manpower and for the timely completed projects in the integrated services for sound and communication systems segment during the six months ended 31 December 2017. However, the Group will strive to reduce costs and reliance on subcontractors by expanding our labour force so as to increase our gross margins in future projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

Administrative expenses increased by approximately S\$0.4 million or 71.1%, from approximately S\$0.6 million for the six months ended 31 December 2016, to S\$1.0 million for the six months ended 31 December 2017. The increase was due to the increase in directors' remuneration and staff costs as a result of the increment in employee headcount during the six months ended 31 December 2017. The increase in fixed staff costs is in line with the increase in number of projects undertaken during the six months ended 31 December 2017, when compared to the six months ended 31 December 2016.

Other expenses and losses

Other expenses and losses increased by approximately S\$2.5 million or 220 times, from approximately S\$11,000 for the six months ended 31 December 2016, to S\$2.51 million for the six months ended 31 December 2017. The increase was mainly due to non-recurring listing expenses of approximately S\$2.4 million. The remainder of the increase was attributed to increased foreign exchange losses from settlement of expenses with professional parties, and loss on write-off of equipment.

Finance costs

Finance costs remained relatively stable at S\$0.03 million for the six months ended 31 December 2017 (six months ended 31 December 2016: S\$0.03 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the period

For the six months ended 31 December 2017, the Group recorded a net loss of approximately S\$1.9 million as compared to a net profit of approximately S\$1.0 million for the same period in 2016. The Directors are of the view that the net loss was primarily due to the non-recurring listing expenses of approximately S\$2.4 million incurred during 2017. Setting aside the listing expenses, the Group's net profit for the six months ended 31 December 2017 would be approximately S\$0.5 million.

Interim dividends

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2017 (six months ended 31 December 2016: S\$ Nil).

Comparison between business objectives with actual business progress

The Company was listed on GEM on 16 January 2018. The period of time from the Latest Practicable Date (that is, 20 December 2017, as defined in the Prospectus) to 31 December 2017 was relatively short and as at 31 December 2017, when compared to the Latest Practicable Date, no material progress was made in realising the objectives stated in the Prospectus. The Group is in its preliminary stage of implementing its business objectives and strategies as disclosed in the Prospectus. The Group will strive to achieve the milestone events as stated in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of proceeds from the Share Offer

The net proceeds from the Share Offer (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK\$44 million which will be used for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus, namely:

- Approximately HK\$11.6 million, representing approximately 26.4% of the net proceeds received by the Company, will be used to expand and train our sales and marketing, technical and support workforce;
- Approximately HK\$10.0 million, representing approximately 22.7% of the net proceeds received by the Company, will be used to set up a new sales office in Singapore;
- Approximately HK\$10.0 million, representing approximately 22.7% of the net proceeds received by the Company, will be used to partially repay a bank loan;
- Approximately HK\$3.0 million, representing approximately 6.8% of the net proceeds received by the Company, will be used to purchase transportation vehicles;

MANAGEMENT DISCUSSION AND ANALYSIS

- Approximately HK\$2.5 million, representing approximately 5.7% of the net proceeds received by the Company, will be used to take steps to obtain higher grade level under our current mechanical and electrical workhead;
- Approximately HK\$2.0 million, representing approximately 4.5% of the net proceeds received by the Company, will be used as resources for the provision of performance bonds;
- Approximately HK\$1.4 million, representing approximately 3.2% of the net proceeds received by the company, will be used to strengthen our marketing efforts in the sound and communication industry in Singapore; and
- Approximately HK\$3.5 million, representing approximately 8.0% of the net proceeds received by the Company, will be used as our general working capital and for general corporate purposes.

As the reporting period ended before our Listing Date, there were no utilisation of the proceeds as at 31 December 2017. The net proceeds raised by the Group will be applied in the manner consistent with the proposed allocations.

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 which will be used 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 Listing. The capital of the Group only comprises of ordinary shares.

As at 31 December 2017, the Group had total assets of approximately S\$10.6 million, total liabilities and shareholders’ equity of approximately S\$6.1 million and S\$4.5 million, respectively. The Group’s current ratio as at 31 December 2017 was approximately 1.7 compared to 2.5 as at 30 June 2017. The increase in total liabilities and the decrease in current ratio was primarily due to listing expenses which amounted to approximately of S\$1.2 million accrued as at 31 December 2017. There was no corresponding increase in shareholders’ equity from the Listing, as it took place after the reporting period, on 16 January 2018.

The gearing ratio for the Group as at 31 December 2017 was 76.0% (30 June 2017: 54.7%). 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

In preparation for the Listing, the Company underwent the Reorganisation, the details of which are set out in the section headed “History, Development and Reorganisation” of the Prospectus. Save as disclosed herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 31 December 2017.

Foreign exchange exposure

Our Group’s transactions are mainly denominated in Singapore dollars which is the functional and presentation currency of the Group. Significant fluctuations in realised foreign exchange losses observed in the six months ended 31 December 2017 amounted to S\$0.09 million due to the monies paid in connection with the Listing.

Capital expenditure

Total capital expenditure for the six months ended 31 December 2017 was approximately S\$76,755, which was used to purchase property, plant and equipment.

Contingent liabilities

As at 31 December 2017, the Group had no significant contingent liabilities.

Commitments

As at 31 December 2017, the Group had no significant capital and operating lease commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

Human resources

As at 31 December 2017, the total number of employees of the Group was 51 (31 December 2016: 48) and the related costs including directors' emoluments incurred during the six months ended 31 December 2017 were approximately S\$0.3 million (six months ended 31 December 2016: S\$0.1 million)

Save as disclosed in this report, there has been no further material change to the information contained in the Prospectus which necessitates additional disclosure to be made herein.

Events after reporting period

Save for the successful listing of the Group on the GEM on 16 January 2018, the Group had no 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 2017, 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:

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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	600,000,000	75%
Ms. Choon Shew Lang (Note)	Interest in a controlled corporation; interest held jointly with another person	600,000,000	75%

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 the 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Long position in ordinary shares of associated corporation – Express Ventures

<u>Name</u>	<u>Name of associated corporation</u>	<u>Capacity/Nature</u>	<u>Number of Shares held/interested</u>	<u>Percentage of shareholding</u>
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 2017, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2017, so far as is known to the Directors of the Company, 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

<u>Name</u>	<u>Capacity/Nature</u>	<u>Number of Shares held/interested</u>	<u>Percentage of shareholding</u>
Express Ventures	Beneficial owner	600,000,000	75%

Save as disclosed above, as at 31 December 2017, 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 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.

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 31 December 2017, 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 from the Listing Date up to the date of this report.

NO CHANGE IN INFORMATION OF DIRECTORS

As the Listing occurred after 31 December 2017, 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 to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25%.

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 six months ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2017.

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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieve a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the Listing Date. As the Listing occurred after 31 December 2017, the CG Code had not been applicable to the Company during the reporting period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

The unaudited interim results of the Company for the six month ended 31 December 2017 have not been audited by the Company's independent auditors, but have been reviewed by the audit committee members who have provided advice and comments thereon.

Unless otherwise specified in this 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, 12 February 2018

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.