

# ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

**Stock Code: 8487**

**Third Quarterly Report 2018/2019**

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

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

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

*This 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 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2019

### UNAUDITED THIRD QUARTERLY RESULTS

The unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31 March 2019, together with the unaudited comparative figures for the corresponding periods in 2018, are as follows:

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2019	2018	2019	2018
		S\$	S\$	S\$	S\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	3	<b>2,556,146</b>	1,321,596	<b>6,716,705</b>	6,203,831
Costs of sales/services		<b>(1,817,770)</b>	(1,000,553)	<b>(4,574,513)</b>	(4,115,992)
<b>Gross profit</b>		<b>748,376</b>	321,043	<b>2,142,192</b>	2,087,839
Other income		<b>32,704</b>	7,416	<b>85,719</b>	8,567
Administrative expenses		<b>(401,501)</b>	(630,423)	<b>(1,749,828)</b>	(1,640,583)
Other gains and losses	4	<b>(56,060)</b>	(291,485)	<b>(47,066)</b>	(2,797,225)
Finance costs	5	<b>(9,512)</b>	(16,581)	<b>(29,260)</b>	(50,790)
<b>Profit (loss) before taxation</b>	6	<b>314,007</b>	(610,030)	<b>401,757</b>	(2,392,193)
Income tax expense	7	<b>(38,124)</b>	(94,944)	<b>(61,489)</b>	(179,293)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2019

	Three months ended 31 March		Nine months ended 31 March		
	Notes	2019	2018	2019	2018
		S\$	S\$	S\$	S\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Profit (loss) for the year, attributable to owners of the Company</b>		<b>275,883</b>	<b>(704,974)</b>	<b>340,268</b>	<b>(2,571,486)</b>
Exchange differences on translation of foreign operations		(17)	-	159	-
<b>Total comprehensive income (loss) for the period attributable to owners of the Company</b>		<b>275,966</b>	<b>(704,974)</b>	<b>340,427</b>	<b>(2,571,486)</b>
<b>Earnings (losses) per share Basic and diluted</b>					
<b>(\$\$ cents per share)</b>	8	<b>0.03</b>	<b>(0.09)</b>	<b>0.06</b>	<b>(0.39)</b>

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2019

	Attributable to equity shareholders of the Company					Total
	Share capital	Share premium	Merger reserve	Translation reserves	Accumulated profits	
	S\$	S\$	S\$	S\$	S\$	
Balance at 1 July						
2018 (Audited)	1,372,630	8,593,078	524,983	-	4,183,552	14,674,243
Total comprehensive income						
Profit for the period, attributable to the owners of the Company	-	-	-	-	340,268	340,268
Other comprehensive income for the period	-	-	-	159	-	159
Total	-	-	-	159	340,268	340,427
Balance at 31 March						
2019 (Unaudited)	1,372,630	8,593,078	524,983	159	4,523,820	15,014,670



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2019

	Attributable to equity shareholders of the Company					Total
	Share capital	Share premium	Merger reserve	Translation reserves	Accumulated profits	
	S\$	S\$	S\$	S\$	S\$	
			(Note i)			
Issue of shares under the capitalisation issue	1,034,483	(1,034,483)	-	-	-	-
Share issuances relating to public offering	338,130	11,496,390	-	-	-	11,834,520
Costs attributable to public offering	-	(1,885,035)	-	-	-	(1,885,035)
Balance at 31 March 2018 (Unaudited)	1,372,630	8,576,872	524,983	-	3,253,619	13,728,104

### 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 shares of the Company (the "**Shares**") on GEM of the Stock Exchange.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

## 1. GENERAL INFORMATION

ISP Global Limited (the “**Company**”) was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”) on 8 September 2017 and the principal place of business in Hong Kong registered is Suites 1604-6, 16/F ICBC Tower, 3 Garden Road Central, Hong Kong. The head office and principal place of business in Singapore 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 on 16 January 2018 (the “**Listing**”).

The Company is a subsidiary of Express Ventures Global Limited (“**Express Ventures**”), a company 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 (together referred to as the “**Controlling Shareholders**”) jointly control the ultimate holding company and are the controlling shareholders of ISP Global Limited and its subsidiaries (the “**Group**”). Pursuant to the reorganisation of the Group in connection with the Listing and the Company underwent a corporate reorganisation (the “**Reorganisation**”), the Company became the holding company of the Group on 8 December 2017.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

## 1. GENERAL INFORMATION (cont'd)

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.

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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

## 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 2018 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 16 Leases<sup>1</sup>

IFRIC 22 Foreign Currency Transactions and Advance Consideration<sup>1</sup>

IFRIC 23 Uncertainty over Income Tax Treatments<sup>1</sup>

Amendments to IFRSs: Annual Improvements to IFRS Standards 2015-2017 Cycle<sup>1</sup>

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

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 31 December 2019 are the same as those followed in the preparation of the Group’s annual financial statement for the year ended 30 June 2019.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

## 2. BASIS OF PREPARATION (cont'd)

### IFRS 9 "Financial instruments"

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

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

The adoption of IFRS 9 has impacted the following areas:

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

## 2. BASIS OF PREPARATION (cont'd)

### IFRS 15 "Revenue from Contracts with Customers"

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

## 2. BASIS OF PREPARATION (cont'd)

### IFRS 15 "Revenue from Contracts with Customers" (cont'd)

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

	Carrying amount as at 30 June 2019 under IAS 18/11	Reclassification	Carrying amount as at 1 July 2019 under IFRS 18
	S\$ (Unaudited)	S\$ (Unaudited)	S\$ (Unaudited)
<hr/>			

#### **Contract assets**

Amounts due from

customers for			
construction work	72,905	(72,905)	–
Contract assets	–	72,905	72,905

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

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

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of (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) 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:

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Revenue from:</i>				
Sale of sound and communication systems and related services	<b>1,874,432</b>	1,086,460	<b>4,921,278</b>	4,508,078
Integrated services of sound and communication systems	<b>472,828</b>	16,250	<b>1,138,769</b>	1,039,095
Alert alarm system services	<b>218,886</b>	218,886	<b>656,658</b>	656,658
	<b>2,566,146</b>	1,321,596	<b>6,716,705</b>	6,203,831

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 3. REVENUE AND SEGMENT INFORMATION (cont'd)

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

### 4. OTHER GAINS AND LOSSES

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Listing expenses	-	240,049	-	2,649,609
Exchange loss, net	50,262	51,436	41,268	132,332
Loss on write-off of property, plant and equipment	-	-	-	15,285
Loss on disposal of subsidiaries	5,798	-	5,798	-
	<b>56,060</b>	291,485	<b>47,066</b>	2,797,226



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 5. FINANCE COSTS

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Interest on:</i>				
Banking borrowings	<b>9,512</b>	16,581	<b>29,260</b>	50,790
	<b>9,512</b>	16,581	<b>29,260</b>	50,790

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 6. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before income tax is arrived at after charging/  
(crediting):

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<hr/>				
<i>Depreciation of property, plant and equipment</i>				
Recognised in costs of sales/services	99,074	99,074	297,223	297,223
Recognised in administrative expenses	32,376	47,161	95,486	137,285
	<b>131,450</b>	144,235	<b>392,709</b>	434,508
<hr/>				
Directors' remuneration	160,057	145,354	518,908	458,734
Other staff costs				
– Salaries, wages and other benefit	502,091	405,782	1,437,143	1,343,747
– Defined contribution plans, including retirement benefits	21,933	28,724	74,537	60,013
– Foreign worker levy and skill development levy	77,149	61,275	218,757	157,645
	<b>761,230</b>	641,135	<b>2,249,345</b>	2,020,139
<hr/>				
Total staff costs (inclusive of Directors' remuneration)	<b>761,230</b>	641,135	<b>2,249,345</b>	2,020,139

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

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

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Recognised in costs of sales/services	<b>486,418</b>	264,739	<b>1,261,114</b>	840,214
Recognised in administrative expenses	<b>274,812</b>	376,396	<b>988,231</b>	1,179,925
Total staff costs (inclusive of Directors' remuneration)	<b>761,230</b>	641,135	<b>2,249,345</b>	2,020,139
Cost of materials recognised as costs of sales/services	<b>1,215,307</b>	619,272	<b>2,970,856</b>	2,379,424
Subcontractor costs recognised as costs of sales/services	<b>16,970</b>	17,468	<b>45,320</b>	599,131

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 7. INCOME TAX EXPENSE

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

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Current tax – Singapore corporate income tax	<b>55,641</b>	133,406	<b>101,947</b>	230,362
Deferred tax	<b>(17,517)</b>	(38,462)	<b>(40,458)</b>	(51,069)
	<b>38,124</b>	94,944	<b>61,489</b>	179,293

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

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

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to owners of the Company	<b>275,865</b>	(704,974)	<b>340,268</b>	(2,571,486)
Weighted average number of ordinary shares ('000) (Note (a))	<b>800,000</b>	800,000	<b>800,000</b>	666,667
Basic and diluted earnings (losses) per share (S\$ cents per share)	<b>0.03</b>	(0.09)	<b>0.06</b>	(0.39)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

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

*Note:*

- (a) In determining the number of shares in issue, the total of 600,000,000 shares issued, 1 share issued on the incorporation of the Company, 9,999 shares issued on the Reorganisation of the Group and 599,990,000 shares issued on capitalisation issue were deemed to have issued since 1 July 2015.

On 16 January 2018, upon its listing on GEM, the Company issued 200,000,000 new ordinary shares at an offer price of HK\$0.35 each and raised gross proceeds of HK\$70,000,000.

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 nine months ended 31 March 2019 (nine months ended 31 March 2018: Nil).

## 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 nine months ended 31 March 2019 (the “**Relevant Period**”), the Group recorded a net profit of approximately S\$0.3 million as compared to a net loss of approximately S\$2.6 million for the same period in 2018. The Directors are of the view that the increase in net profit was primarily due to the non-recurring nature of the listing expenses of approximately S\$2.7 million which was incurred in 2018. Setting aside the listing expenses, the Group’s net profit for the nine months ended 31 March 2018 would have been approximately S\$0.1 million. Due to an increasing number of project quotation invitations received by the Group from potential and current customers, 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 strives to improve its operation efficiency and profitability of its business. The Group plans to expand its manpower capability, and fleet of machinery and equipment, which will enhance its available 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 communications projects which will enhance value to its shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### FINANCIAL REVIEW

#### Revenue

During the Relevant Period, the Group's revenue amounted to approximately S\$6.7 million. The Group's revenue had increased by approximately S\$0.5 million or 8.3% when compared to the same period in 2018. The increase in revenue was mainly due to increased amounts of contracts awarded during the Relevant Period.

#### Gross profit margin

The Group's gross profit remained relatively stable at approximately S\$2.1 million during the Relevant Period and the same period in 2018. The Group's gross profit margin decreased from approximately 33.7 % for the nine months ended 31 March 2018, to 31.9% during the Relevant Period. The decrease in gross profit margin was due to the Group's substantial increase in manpower headcount and manpower costs for the timely completion of the projects in the integrated services for sound and communication systems segment during the Relevant Period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative expenses

Administrative expenses increased by approximately S\$0.1 million or 6.7%, to approximately S\$1.7 million during the Relevant Period, from approximately S\$1.6 million for the nine months ended 31 March 2018. The increase of administrative expenses was due to the increase in directors' remuneration and staff costs as a result of the increment in employee headcount during the Relevant Period.

### Other income

Other income increased significantly by approximately S\$77,000, to approximately S\$86,000 during the Relevant Period, from approximately S\$9,000 for the nine months ended 31 March 2018. The increase was mainly due to increase in interest income from fixed deposits placed from the net proceeds raised from the Share Offer which remained unused.

### Other gains and losses

Other losses decreased significantly by approximately S\$2.8 million, from a loss of approximately S\$2.8 million for the nine months ended 31 March 2018 to a loss of approximately S\$47,000 during the Relevant Period. The decrease in losses was mainly due to non-recurring listing expenses of approximately S\$2.7 million and a non-recurring loss on write-off of equipment of approximately S\$15,000 for the nine months ended 31 March 2018. The decrease in foreign exchange losses from settlement of trade expenses during the Relevant Period has also contributed to such decrease in losses. Included in losses during the Relevant Period is an approximately S\$6,000 loss on disposal of Crosswins Group Limited and its subsidiaries to an independent third party on 28 March 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Finance costs

Finance costs decreased by 42.4% to approximately S\$29,000 during the Relevant Period (nine months ended 31 March 2018: S\$51,000). This was mainly due to partial bank mortgage loan repayment in July 2018.

### Profit for the period

For the Relevant Period, the Group recorded a net profit of approximately S\$0.3 million as compared to a net loss of approximately S\$2.6 million for the same period in 2018. The Directors are of the view that the net profit was primarily due to the non-recurring listing expenses of approximately S\$2.7 million incurred during 2018. Setting aside the listing expenses, the Group's net profit for the nine months ended 31 March 2018 would be approximately S\$0.1 million. The increase in revenue in the sales of sound and communication systems and related services segment and interest income from fixed deposits with banks contributed to the slight increase in net profits for the Relevant Period.

### Dividends

The Directors do not recommend the payment of dividend for the Relevant Period (nine months ended 31 March 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 March 2019, we utilised the net proceeds raised from the Share Offer in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the “Prospectus”) as follows:

Description	Amount designated in the Prospectus HK\$M	Planned use of proceeds from Listing Date to 30/06/19 HK\$M	Actual use of proceeds from Listing Date to 31/03/19 HK\$M	% utilised
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	1.2	0.1	7.1%
Expand and train our sales and marketing, technical and support workforce	11.6	6.5	1.6	13.8%
Purchase transportation vehicles	3.0	1.8	0.5	16.7%
Setting up of a new sales office in Singapore	10.0	10.0	–	0.0%
Partial repayment of bank loan	10.0	10.0	10.0	100.0%
Resources for the provision of performance bonds	2.0	2.0	–	0.0%
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	2.5	–	0.0%
General working capital and general corporate purposes	3.5	3.5	3.5	100.0%
Grand total	44.0	37.5	15.7	35.7%

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 31 March 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"> <li>• Implement corporate branding and identity for our sound and communication services solution operations in Singapore which includes printing of marketing materials and advertisement</li> <li>• Maintain and improve our corporate websites, which includes appointing an external consultant for customised website development</li> <li>• Participate in industry trade show(s)</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained and improved our corporate websites, which included appointing an external consultant for customised website development</li> </ul>
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> <li>• Staff cost for headcount of approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs</li> <li>• Staff cost for headcount of approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and the associated staff accommodation costs</li> <li>• To provide internal and external trainings and workshops to our sales and technical staff</li> </ul>	<ul style="list-style-type: none"> <li>• New headcount of approximately 15 technicians, two engineers, and two sales and marketing executives were recruited by March 2019</li> <li>• Provided internal and external trainings and workshops to our technical staff</li> </ul>

## MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Purchase transportation vehicles	<ul style="list-style-type: none"> <li>• Purchase of one van for maintenance operations and transportation of relevant equipment and/or labour</li> <li>• Purchase of one lorry for delivery and transportation of larger equipment and/or labour</li> </ul>	<ul style="list-style-type: none"> <li>• Purchased one van for maintenance operations and transportation of relevant equipment and/or labour</li> <li>• Considered and monitored Group's current project portfolio but postponed the purchase of lorry due to current different projects requirements</li> </ul>
Setting up a new Sales office in Singapore	<ul style="list-style-type: none"> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Considered and monitored the Group's project tenders and postponed due to current observed industry customers' requirements</li> </ul>
Partial repayment of bank loan	<ul style="list-style-type: none"> <li>• Partial repayment for the bank loan in relation to the mortgage loan secured for the purchase of our head office in Singapore</li> </ul>	<ul style="list-style-type: none"> <li>• The mortgage loan was partially repaid on 11 July 2018</li> </ul>

## MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Resources for the provision of performance bonds	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Postponed due to performance bond not required in recent awarded tenders to the Group</li> <li>In the process of exploring large scale potential projects which requires the provision of performance bonds</li> </ul>
Take steps to obtain higher grade level under our current mechanical and electrical workhead	<ul style="list-style-type: none"> <li>Satisfy the minimum financial requirements for "L6" grade under our current mechanical and electrical workhead</li> </ul>	<ul style="list-style-type: none"> <li>Considered and monitored the Group's project portfolio and postponed to April 2020</li> </ul>

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

### Events after Reporting Period

The Group has 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 March 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:

## 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	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%

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.



## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

### 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 March 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 AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 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	50,000,000	6.25%
Cai Linzhou	Beneficial owner	41,400,000	5.18%

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Save as disclosed above, as at 31 March 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 March 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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

### 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. The Company has, so far as applicable, principally complied with the CG Code throughout the Relevant Period.

### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with rules 5.28 to 5.33 of the GEM Listing Rules on 14 December 2017 (the "**Audit Committee**"). The primary duties of the Audit Committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this 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.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

The unaudited third quarterly results of the Company for the Relevant Period 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, 9 May 2019

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

*This report will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting. This report will also be published on the Company's website at [www.ispg.hk](http://www.ispg.hk).*