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ISP GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8487)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

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

ANNUAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

Annual results

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 30 June 2018, together with the comparative figures for the corresponding periods in 2017 as follows:

	<i>Notes</i>	2018 S\$	2017 S\$
Revenue	3	9,081,860	8,632,027
Costs of sales/services		<u>(5,843,773)</u>	<u>(5,457,763)</u>
Gross profit		3,238,087	3,174,264
Other income		48,463	10,248
Administrative expenses		(1,894,603)	(1,246,788)
Other gains and losses	4	121,907	(33,251)
Listing expenses		(2,665,816)	(209,598)
Finance costs	5	<u>(77,660)</u>	<u>(60,089)</u>
(Loss) Profit before taxation	6	(1,229,622)	1,634,786
Income tax expense	7	<u>(411,931)</u>	<u>(284,190)</u>
<u>(Loss) Profit and total comprehensive (loss) income for the year</u>		<u>(1,641,553)</u>	<u>1,350,596</u>
<u>Basic and diluted (loss) earnings per share (S\$ cents)</u>	8	<u>(0.24)</u>	<u>0.23</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	2018 S\$	2017 S\$
<u>ASSETS AND LIABILITIES</u>			
Non-current assets			
Property, plant and equipment	<u>10</u>	5,818,811	6,331,112
Pledged bank deposits	<u>15</u>	206,947	206,947
		6,025,758	6,538,059
Current assets			
Inventories	<u>11</u>	5,130	19,735
Trade receivables	<u>12</u>	2,115,645	1,708,213
Other receivables, deposits and prepayments	<u>13</u>	163,704	281,473
Amounts due from customers for contract works	<u>14</u>	72,905	416
Bank balances and cash	<u>15</u>	11,187,116	3,709,286
		13,544,500	5,719,123
Current liabilities			
Trade and other payables	<u>16</u>	1,034,158	1,736,950
Borrowings	<u>17</u>	89,137	126,833
Income tax payable		331,207	435,945
		1,454,502	2,299,728
Net current assets		12,089,998	3,419,395
Total assets less current liabilities		18,115,756	9,957,454
Non-current liabilities			
Borrowings	<u>17</u>	3,250,042	3,346,444
Deferred tax liabilities	<u>18</u>	191,471	260,905
		3,441,513	3,607,349
Net assets		14,674,243	6,350,105
<u>EQUITY</u>			
Capital and reserves			
Share capital		1,372,630	525,000
Reserves	<u>19</u>	13,301,613	5,825,105
Equity attributable to owners of the Company		14,674,243	6,350,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

1. GENERAL INFORMATION

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

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

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

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

The consolidated financial statements are approved by the Board of Directors of the Company on 28 September 2018.

2. BASIS OF PREPARATION AND APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

For the purpose of preparing and presenting the 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 announcement, the Group has not applied the following new IFRSs, amendments to IFRSs, amendments to International Accounting Standards (“**IASs**”), and the new interpretations that have been issued but are not yet effective:

IFRS 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.

Except as described below, the management of the Group considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group’s financial position and performance as well as disclosure.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are described below:

- All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at “fair value through other comprehensive income” (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management has performed an assessment on the potential early recognition of credit losses based on the expected credit loss model in relation to the Group’s financial assets measured at amortised costs. Based on the assessment, management of the Group anticipates that the initial adoption of IFRS 9 will not have any significant impact on the Group’s results and financial position as there have not been any significant recoverability issues in regards to the Group’s financial assets and whose credit risk has not increased significantly since initial recognition.

Other than the above, additional disclosures in respect of trade and other receivables including any significant judgements and estimations made, and enhanced disclosures about the Group’s risk management activities as required in the adoption of IFRS 9 may not have any significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities as at 30 June 2018.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, Amendments to IFRS 15 were issued to add clarifications to (i) identifying performance obligations, (ii) principal versus agent considerations, and (iii) licensing application guidance. Amendments also included two additional transition reliefs on contract modifications and completed contracts.

Based on assessment performed by management, the management of the Group anticipates that the initial adoption of IFRS 15 will not have any significant impact on the Group's results and financial position. However, the application of IFRS 15 in the future may result in more disclosures in the financial statements.

IFRS 16 Leases

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

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

The management of the Group anticipate that the application of IFRS 16 may result in more disclosures, but will have no material impact on the amounts recognised as the Group has non-cancellable operating lease commitments of S\$16,650 (2017: S\$14,640) with terms ranging from 4 to 5 months as at 30 June 2018, which qualify for short-term leases upon the application of IFRS 16.

3. REVENUE AND SEGMENT INFORMATION

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

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

	2018 S\$	2017 S\$
<i>Revenue from:</i>		
Sale of Sound and Communication Systems and Related Services	7,200,016	7,133,284
Integrated Services of Sound and Communication Systems	1,006,300	623,199
Alert Alarm System Services	875,544	875,544
	<u>9,081,860</u>	<u>8,632,027</u>

Major customers

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

	2018 S\$	2017 S\$
<i>Revenue from:</i>		
Customer I	1,163,257	N/A*
Customer II	929,444	887,744
	<u>1,163,257</u>	<u>887,744</u>

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

Geographical information

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

4. OTHER GAINS AND LOSSES

	2018 S\$	2017 S\$
Net foreign exchange (gain) loss	(156,768)	33,251
Write-off of trade receivables	19,576	–
Loss on <u>disposal of</u> property, plant and equipment	15,285	–
	<u>(121,907)</u>	<u>33,251</u>

5. FINANCE COSTS

	2018 S\$	2017 S\$
<i>Interest on:</i>		
Bank borrowings	77,660	55,982
Finance leases	–	4,107
	<u>77,660</u>	<u>60,089</u>

6. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation has been arrived at after charging:

	2018 S\$	2017 S\$
<u>Depreciation of property, plant and equipment (Note a)</u>	<u>575,596</u>	577,852
<u>Annual audit fees paid to auditors of the Company</u>	<u>110,000</u>	50,000
<u>Listing expenses (Note c)</u>	<u>2,665,816</u>	<u>209,598</u>
Directors' remuneration	606,600	508,108
Other staff costs		
– Salaries, wages and other benefit	1,807,578	1,550,047
– Defined contribution plans, including retirement benefits	80,985	66,362
– Foreign worker levy and skill development levy	218,576	237,657
	<u>2,713,739</u>	<u>2,362,174</u>
Total staff costs (inclusive of Directors' remuneration) (Note b)		
Cost of materials recognised as costs of sales/services	3,121,432	3,145,946
Subcontractor costs recognised as costs of sales/services	611,673	230,210
	<u>3,733,105</u>	<u>3,376,150</u>

Note:

- a. Depreciation of S\$396,297 (2017: S\$396,297) are included in costs of sales/services.
- b. Staff costs of S\$1,569,580 (2017: S\$1,597,375) are included in costs of sales/services.
- c. Included in listing expenses are audit and non-audit fees of S\$105,000 and S\$33,750 paid to auditors of the Company respectively, and non-audit fees of S\$127,500 paid to other auditors of the Group.

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (year ended 30 June 2017: 17%). A breakdown of the income tax expenses is as follow:

	2018 S\$	2017 S\$
<i>Tax expense comprises:</i>		
Current tax		
– Singapore corporate income tax (“CIT”)	331,207	271,325
– Under (Over) provision in prior years' tax	150,158	(3,584)
Deferred tax (Note 18)	(69,434)	16,449
	<u>411,931</u>	<u>284,190</u>

8. (LOSS) EARNINGS PER SHARE

	2018 S\$	2017 S\$
(Loss) Profit attributable to owners of the Company (S\$)	(1,641,553)	1,350,596
Weighted average number of ordinary shares (Note (a))	690,958,904	600,000,000
Basic and diluted (loss) earnings per share (S\$ cents per share)	(0.24)	0.23

Note:

- (a) The calculation of basic (loss) earnings per share is based on the (loss) profit for the year attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of calculating basic (loss) earnings per share for the years ended 30 June 2018 and 2017 have been determined on the assumption that the Group Reorganisation and capitalisation issue have been effective since 1 July 2016.

Diluted (loss) earnings per share is the same as the basic (loss) earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2018 and 2017.

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the year ended 30 June 2018 (year ended 30 June 2017: S\$0.6 million).

10. PROPERTY, PLANT AND EQUIPMENT

	Computers S\$	Office equipment S\$	Furniture, fixtures and fittings S\$	Motor vehicles S\$	Leasehold land and property S\$	Alert alarm systems S\$	Total S\$
Cost:							
At 30 June 2016	8,121	56,081	160,964	88,407	4,938,600	2,752,307	8,004,480
Additions	4,582	400	-	-	-	-	4,982
At 30 June 2017	12,703	56,481	160,964	88,407	4,938,600	2,752,307	8,009,462
Additions	5,825	-	-	73,055	-	-	78,880
Disposals	-	-	-	(26,500)	-	-	(26,500)
At 30 June 2018	18,528	56,481	160,964	134,962	4,938,600	2,752,307	8,061,842
Accumulated depreciation:							
At 30 June 2016	2,517	15,736	57,518	9,576	145,253	869,898	1,100,498
Depreciation for the year	7,193	18,822	53,655	14,734	87,151	396,297	577,852
At 30 June 2017	9,710	34,558	111,173	24,310	232,404	1,266,195	1,678,350
Depreciation for the year	5,636	18,710	48,953	18,848	87,152	396,297	575,596
Disposals	-	-	-	(10,915)	-	-	(10,915)
At 30 June 2018	15,346	53,268	160,126	32,243	319,556	1,662,492	2,243,031
Carrying amount:							
At 30 June 2017	2,993	21,923	49,791	64,097	4,706,196	1,486,112	6,331,112
At 30 June 2018	3,182	3,213	838	102,719	4,619,044	1,089,815	5,818,811

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Computers	1 year
Office equipment	3 years
Furniture, fixtures and fittings	3 years
Motor vehicles	6 years
Leasehold land and property	Over the remaining lease term, which is 680 months
Alert alarm systems	Over the remaining service contract term, which ranges from 72 to 94 months

As at 30 June 2018, the leasehold land and property was pledged to a bank for mortgage loan raised by the Group (*Note 17*).

11. INVENTORIES

	2018 S\$	2017 S\$
Goods in transit	<u>5,130</u>	<u>19,735</u>

12. TRADE RECEIVABLES

	2018 S\$	2017 S\$
Trade receivables	1,800,805	1,490,542
Unbilled revenue	35,345	86,369
Retention receivables (<i>Note</i>)	<u>279,495</u>	<u>131,302</u>
	<u>2,115,645</u>	<u>1,708,213</u>

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.

The Group grants credit terms to customers typically between 30 to 60 days (2017: 30 to 90 days) from the invoice date for trade receivables. The following is an analysis of trade receivables by age presented based on the invoice date at the end of each reporting period:

	2018 S\$	2017 S\$
<u>Within 30 days</u>	<u>1,169,307</u>	<u>780,658</u>
<u>31 days to 90 days</u>	<u>357,362</u>	<u>530,794</u>
<u>91 days to 180 days</u>	<u>139,231</u>	<u>130,601</u>
<u>181 days to 365 days</u>	<u>49,482</u>	<u>10,941</u>
<u>Over 365 days</u>	<u>85,423</u>	<u>37,548</u>
	<u>1,800,805</u>	<u>1,490,542</u>

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

	2018 S\$	2017 S\$
Within 90 days	1,004,964	600,081
91 days to 180 days	154,843	52,902
181 days to 365 days	49,128	6,763
Over 365 days	<u>23,021</u>	<u>36,216</u>
	<u>1,231,956</u>	<u>695,962</u>

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 S\$	2017 S\$
Deposits	40,998	30,338
Prepayments	104,286	179,569
Deferred listing expenses	–	67,815
Interest receivable	9,633	–
Advances to staff	8,787	3,751
	<u>163,704</u>	<u>281,473</u>

14. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	2018 S\$	2017 S\$
Contract costs incurred plus recognised profits less recognised losses	191,705	4,023,583
Less: Progress billings	<u>(118,800)</u>	<u>(4,023,167)</u>
	<u>72,905</u>	<u>416</u>
<i>Analysed for reporting purposes as:</i>		
Amounts due from customers for contract works	<u>72,905</u>	<u>416</u>

At 30 June 2018, the retention held by customers for contract works are recognised as “retention receivables” set out in Note 12.

15. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2018 S\$	2017 S\$
Pledged bank deposits (<i>Note a</i>)	206,947	206,947
Bank balances and cash (<i>Note b</i>)	<u>11,187,116</u>	<u>3,709,286</u>

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 an original maturity term of 36 months. The balances carry interest rate of 0.65% (2017: 0.65%) per annum at 30 June 2018.
- (b) Approximately S\$7,428,000 (2017: S\$46,000) included in bank balances carry interest rate ranging from approximately 0.05% to 2.1% (2017: 0.05%) per annum at 30 June 2018. The remaining bank balances and cash are interest free.

16. TRADE AND OTHER PAYABLES

	2018 S\$	2017 S\$
Trade payables	594,562	922,272
Retention payables	36,505	51,682
	<u>631,067</u>	<u>973,954</u>
Other payables:		
Goods and Services Tax (“GST”) payable	125,217	120,042
Advance payments from customers	48,156	48,163
Accrued operating expenses	170,567	81,820
Accrued listing expenses	–	177,226
Accrued interest payables	10,093	–
Accrued payroll costs	49,058	17,827
Dividend payable	–	300,000
Others	–	17,918
	<u>1,034,158</u>	<u>1,736,950</u>

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

	2018 S\$	2017 S\$
Within 30 days	270,731	686,828
31 days to 90 days	320,008	118,798
91 days to 180 days	41	112,864
Over 180 days	3,782	3,782
	<u>594,562</u>	<u>922,272</u>

17. BORROWINGS

	2018 S\$	2017 S\$
Bank loans – Secured	<u>3,339,179</u>	<u>3,473,277</u>
<i>Analysed as:</i>		
Carrying amount repayable within 1 year	89,137	126,833
Carrying amount repayable more than 1 year, but not exceeding 2 years	94,226	89,444
Carrying amount repayable more than 2 years, but not exceeding 5 years	320,701	302,215
Carrying amount repayable more than 5 years	2,835,115	2,954,785
	<u>3,339,179</u>	<u>3,473,277</u>
Less: Amount due within 1 year (shown under current liabilities)	<u>(89,137)</u>	<u>(126,833)</u>
Amount shown under non-current liabilities	<u>3,250,042</u>	<u>3,346,444</u>

The loans were secured by the legal mortgage over the Group's leasehold land and property (*Note 10*). The loans bear floating interest rates with weighted average effective interest rate at 6.00% (2017: 6.00%) per annum as at 30 June 2018.

Subsequent to year end, the Group has repaid an amount of approximately S\$1.7 million and has entered into a revised bank loan agreement, converting the loan tenure of the remaining loan from 25 years (which is due for maturity on 11 June 2038) to 15 years (which is due for maturity on 11 June 2028) with the discounted interest rates for the first two years. The Group expects this revision to have significant impact on adoption of IFRS 9 and is currently performing the detailed assessment.

18. DEFERRED TAX LIABILITIES

	2018 S\$	2017 S\$
As at 1 July	260,905	244,456
(Credited) Charged to profit or loss for the year:		
Accelerated tax depreciation (<i>Note 7</i>)	(69,434)	16,449
	<u>191,471</u>	<u>260,905</u>

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.

19. SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Group Reorganisation in the consolidated statement of financial position, the balance as at 1 July 2016 and 30 June 2017 represented the share capital of the Singapore subsidiary as the Company was incorporated in the Cayman Islands on 21 July 2017.

The Company was successfully listed on GEM of the Stock Exchange on 16 January 2018.

	<i>Notes</i>	<u>Number of shares</u>	<u>Par Value HK\$</u>	<u>Share capital HK\$</u>
Authorised share capital:				
At incorporation of the Company on 21 July 2017	(a)	10,000,000	<u>0.01</u>	<u>100,000</u>
Increase on 14 December 2017	(c)	1,490,000,000	<u>0.01</u>	<u>14,900,000</u>
As at 30 June 2018		<u>1,500,000,000</u>	<u>0.01</u>	<u>15,000,000</u>
			<u>Number of shares</u>	<u>Share capital S\$</u>
Issued and fully paid share capital of the Company:				
<u>At incorporation of the Company on 21 July 2017</u>	(a)		<u>1</u>	–
<u>Issue of shares pursuant to the reorganisation</u>	(b)		<u>9,999</u>	17
<u>Issue of shares pursuant to the capitalisation issue</u>	(c)		<u>599,990,000</u>	1,034,483
<u>Issue of shares under the Share Offer</u>	(d)		<u>200,000,000</u>	338,130
<u>As at 30 June 2018</u>			<u>800,000,000</u>	<u>1,372,630</u>

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

Note:

- (a) On 21 July 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each, of which one share was allotted and issued in nil-paid form to the initial subscriber, an independent third party. The said share was transferred to Express Ventures, a company not forming part of the Group and is controlled by Mr. Mong and Ms. Choon on the same date.
- (b) On 8 December 2017, the Company issued and allotted 9,999 new shares of par value HK0.01 each to Express Ventures at the instructions of the Controlling Shareholders, all credited as fully paid.
- (c) Pursuant to written resolution of the sole shareholder of the Company passed on 14 December 2017, it is resolved, among other things:
 - the authorised share capital of the Company was increased from HK\$100,000 to HK\$15,000,000 by the creation of an additional 1,490,000,000 ordinary shares of HK\$0.01 each; and
 - conditional upon the share premium account of the Company being credited as a result of the share offer, the Company was authorised to capitalise the amount of HK\$5,999,900 (equivalent to approximately S\$1,034,483) from the amount standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 599,990,000 ordinary shares for allotment, ranking *pari passu* in all respects with the existing shares.
- (d) The shares of the Company were successfully listed on GEM of the Stock Exchange on 16 January 2018 by way of placing of 180,000,000 ordinary shares and public offer of 20,000,000 ordinary shares at the price of HK\$0.35 per share (“**Share Offer**”). The Company’s share of net proceeds after deducting the underwriting commissions and estimated expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK\$44 million (S\$7 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Development of business and prospects

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

For the year ended 30 June 2018 (the “Year”), the Group recorded a net loss of approximately S\$1.6 million as compared to a net profit of approximately S\$1.4 million for the same period in 2017. The Directors are of the view that the net loss was primarily due to the non-recurring listing expenses (the “Listing Expenses”) of approximately S\$2.7 million incurred during the Year. Setting aside the Listing Expenses, the Group’s net profit for the Year would be approximately S\$1.1 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.

Prospect

Since 2002, the Group has been bringing sound and communication service solutions to the forefront of the Singapore society. The Group currently provides or maintains sound and communication systems and related services to the educational and healthcare industries in Singapore.

It had been a challenging year for the construction sector in Singapore, which had declined by 8.8% in terms of GDP at current market prices in the Year when compared to the same corresponding period of the previous year. Although the Group had managed to establish a 5.2% revenue growth, the Board will continue to strive to bring value to our stakeholders.

A major challenge facing for most urban societies, such as Singapore’s, is how to meet the needs of an aging population. This requires the right mix of action and realism, and long term-planning by government and industry alike. In its “Healthcare 2020” plan which aims to enhance the accessibility, affordability, and quality of healthcare in Singapore, the Ministry of Health in Singapore had increased capacity and supply in Hospital and Specialist Care, and Intermediate and Long-Term Care amongst other initiatives.

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. Moving forward, we will strengthen our team by employing engineer(s) to remain innovative in our integrated systems solutions.

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

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 communication system projects which will enhance value to our shareholders.

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

Financial review

Revenue

Our revenue increased to approximately S\$9.1 million for the Year by approximately S\$0.5 million or 5.2%, from approximately S\$8.6 million for the year ended 30 June 2017. This was principally due to an increase in projects completed during the Year from our integrated services of sound and communication systems.

Costs of sales/services

Our costs of sales/services increased to approximately S\$5.8 million for the Year by approximately S\$0.3 million or 7.1%, from approximately S\$5.5 million for the year ended 30 June 2017. The increase in costs was substantially due to increases in utilisation of services provided by subcontractors during the Year.

Gross profit margin

Our gross profit remained relatively stable at approximately S\$3.2 million for both the Year and year ended 30 June 2017.

Other income, gains and losses

Our other income, gains and losses increased to approximately S\$170.4 thousand for the Year, by approximately S\$193.4 thousand, from losses of approximately S\$23.0 thousand for the year ended 30 June 2017. This increase was mainly due to the foreign exchange gains of monetary assets held in currencies other than S\$, such as US\$ and HK\$, which had appreciated against the S\$. We also recorded an increase in interest income from fixed deposits which further contributed to the increase in other income.

Administrative expenses

Our administrative expenses increased to approximately S\$1.9 million for the Year, by approximately S\$0.7 million or 52.0%, from approximately S\$1.2 million for the year 30 June 2017. The increase was mainly due to both the increased compliance and listing fees, and the increased payroll costs, which were in turn, in line with the increased headcount and annual salary increments.

Listing expenses

Our Listing Expenses increased to approximately S\$2.7 million for the Year, by approximately S\$2.5 million or 11.7 times, from approximately S\$0.2 million for the year ended 30 June 2017. The increase was principally due to incurring of remaining costs related to the Listing which occurred during the Year.

Finance costs

Our finance costs increased to approximately S\$77.7 thousand for the Year, by approximately S\$17.6 thousand or 29.2%, from approximately S\$60.1 thousand for the year ended 30 June 2017. The increase was mainly due to an increase in mortgage interest rates during the Year.

Income tax expense

Our income tax expense increased to approximately S\$0.4 million for the Year, by approximately S\$0.1 million or 44.9%, from approximately S\$0.3 million for the year ended 30 June 2017. The increase was substantially due to the increase in income tax expenses in Singapore subsidiary ISPL, which was in line with the increase in ISPL's profits before taxation.

Loss representing total comprehensive loss for the year

The Group recorded a loss representing total comprehensive loss for the year of approximately S\$1.6 million for the Year. Compared to the profit representing total comprehensive income with approximately S\$1.4 million for the year ended 30 June 2017, the decrease is principally caused by the increase in Listing Expenses of approximately S\$2.5 million.

Final dividends

The Directors do not recommend the payment of final dividend for the Year (year ended 30 June 2017: S\$0.6 million).

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

Up to 30 June 2018, we utilised the net proceeds raised from the IPO 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 30/06/18 HK\$M	Actual use of proceeds from Listing Date to 30/06/18 HK\$M	% utilised
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.7	0.1	7.1%
Expand and train our sales and marketing, technical and support workforce	11.6	1.1	0.1	0.9%
Purchase transportation vehicles	3.0	0.5	0.5	16.7%
Setting up of a new sales office in Singapore	10.0	–	–	0.0%
Partial repayment of bank loan	10.0	10.0	–	0.0%
Resources for the provision of performance bonds	2.0	1.0	–	0.0%
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	2.5	–	0.0%
General working capital and general corporate purposes	3.5	3.5	3.5	100.0%
Grand total	44.0	19.3	4.2	9.5%

The following table sets forth the designated and actual implementation plan up to 30 June 2018:

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, which includes appointing an 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"> • New headcount of approximately one project manager, two engineers and 10 technicians to be recruited by February 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 • Provided internal and external trainings and workshops to our technical staff

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 	<ul style="list-style-type: none"> • Purchased of one van for maintenance operations and, transportation of relevant equipment and/or labour
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"> • Considered and contacted the bank for re-mortgage contract. Repayment was postponed to July 2018
Resources for the provision of performance bonds	<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 2019 in conjunction with expiry of ME04 L5 workhead

The net proceeds from the Listing, after deducting the related expenses, were approximately HK\$44.0 million. After the Listing, a part of these proceeds has been applied in accordance with the future plans and use of proceeds as set out in the Prospectus. 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

On 26 July 2018, Express Ventures successfully completed the placing of 26,300,000 shares by the placing agent to certain investors (the “**Placees**”) at HK\$1.90 per Placing Share. To the best knowledge of the Board, and having made all reasonable enquiries and as confirmed by the placing agent, the Placees (and, where applicable, each of their respective ultimate beneficial owners) are not connected persons (as defined in the GEM Listing Rules) and are third parties independent of and not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with Express Ventures and the Company or any of its connected persons. As at the date of this announcement, Express Ventures holds 573,700,000 Shares, representing approximately 71.71% of the issued share capital of the Company.

On 7 September 2018, the Company appointed Mr. He Pengfei (“**Mr. He**”) as executive director. Mr. He has entered into a service agreement with the Company. The principal particulars of the service agreement are: – (a) for a term of three years commencing from 7 September 2018, which may be terminated by not less than three months’ notice served by either party on the other; and (b) subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the amended and restated memorandum and articles of association of the Company (the “**Articles of Association**”). In accordance with the Articles of Association, Mr. He will hold office until the next annual general meeting of the Company. Under the service agreement, Mr. He is entitled to a remuneration of HK\$180,000 per annum, which was determined with reference to his duties and responsibilities with the Group.

On 7 September 2018, Mr. Lee Ka Hok George has tendered his resignation as (i) the company secretary of the Company (the “**Company Secretary**”); (ii) an authorized representative of the Company under the GEM Listing Rules and (iii) an authorized representative of the Company under the Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (collectively, the “**Authorised Representative**”). Ms. Tang Lo Nar was appointed as the Company Secretary and the Authorised Representative with effect from 7 September 2018.

Save as disclosed above, the Group had no significant events from the end of the reporting period to the date of this announcement.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Kingsway Capital Limited, as at 30 June 2018, save for the compliance adviser agreement dated 21 August 2017 entered into between the Company and Kingsway Capital Limited, neither Kingsway Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

NO CHANGE IN INFORMATION OF DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business or interest that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as required to be disclosed pursuant to rule 11.04 of the GEM Listing Rules during the year ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Board confirms that neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date up to the Year.

SHARE OPTION SCHEME

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieve a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the Listing Date. The Company has, so far as applicable, principally complied with the CG Code throughout the period from the Listing Date to 30 June 2018.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2018.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

Unless otherwise specified in this announcement and for the purpose of illustration only, S\$ is translated into HK\$ at the rate of S\$1 = HK\$5.85. No representation is made that any amounts in S\$ have been or could be converted at the above rate 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, 28 September 2018

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

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