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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 2020

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

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

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

*This 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 2020

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 2020, together with the comparative figures for the corresponding periods in 2019 as follows:

	Notes	2020 S\$	2019 S\$
Revenue	3	6,695,314	8,616,802
Costs of sales/services		<u>(4,037,116)</u>	<u>(5,881,472)</u>
Gross profit		2,658,198	2,735,330
Other income		261,782	120,391
Administrative expenses		(2,536,242)	(2,705,452)
Other gains and losses	4	106,276	234,532
Finance costs	5	<u>(35,427)</u>	<u>(38,771)</u>
Profit before taxation		454,587	346,030
Income tax expense	7	<u>(170,365)</u>	<u>(244,478)</u>
Profit for the year	6	<u>284,222</u>	<u>101,552</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>419</u>	<u>97</u>
Other comprehensive income for the year, net of income tax		<u>419</u>	<u>97</u>
Total comprehensive income for the year		<u>284,641</u>	<u>101,649</u>
Basic and diluted earnings per share (S\$ cents)	8	<u>0.04</u>	<u>0.01</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	2020 S\$	2019 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	4,817,053	5,316,804
Pledged bank deposits	17	206,947	206,947
		<u>5,024,000</u>	<u>5,523,751</u>
Current assets			
Inventories	11	547,592	174,294
Trade receivables	12	1,434,658	1,744,662
Other receivables, deposits and prepayments	13	181,631	122,513
Contract assets	14	40,415	126,040
Contract costs	15	–	36,000
Bank balances and cash	16	10,022,877	9,675,472
		<u>12,227,173</u>	<u>11,878,981</u>
Current liabilities			
Trade and other payables	17	548,673	794,028
Contract liabilities	14	55,012	57,723
Borrowings	18	169,453	156,999
Income tax payable		277,919	237,905
		<u>1,051,057</u>	<u>1,246,655</u>
Net current assets		<u>11,176,116</u>	<u>10,632,326</u>
Total assets less current liabilities		<u>16,200,116</u>	<u>16,156,077</u>
Non-current liabilities			
Borrowings	18	1,231,318	1,400,812
Deferred tax liabilities	19	62,327	133,435
		<u>1,293,645</u>	<u>1,534,247</u>
Net assets		<u>14,906,471</u>	<u>14,621,830</u>
EQUITY			
Capital and reserves			
Share capital	20	1,372,630	1,372,630
Reserves		13,533,841	13,249,200
Equity attributable to owners of the Company		<u>14,906,471</u>	<u>14,621,830</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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 1801-3, 18/F, One Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong. The head office and principal place of business of the Group is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The shares 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 control the ultimate holding company and are the controlling shareholders of ISP Global Limited and its subsidiaries (the “**Group**”) (together referred to as the “**Controlling Shareholders**”).

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 14 September 2020.

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

On 1 July 2019, the Group has adopted all the new and revised IFRSs and Interpretations of IFRS (“**IFRIC**”) that are effective and relevant to its operations. The adoption of these new/revised IFRSs and IFRIC does not result in significant changes to the Group’s accounting policies and the effects on the amounts reported for the current or prior periods are disclosed below.

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group’s financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 July 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 July 2019.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within “Administrative expenses” in the statement of profit or loss.

Management has considered and is of the view that the adoption of the new/revised IFRSs, IFRIC and amendments to IFRS that are issued as at the date of authorisation of these financial statements but effective only in future periods will have no material impact on the financial statements of the Group in the period of their initial adoption.

3. REVENUE AND SEGMENT INFORMATION

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

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

	2020 S\$	2019 S\$
<i>Revenue from:</i>		
<i>At a point in time:</i>		
Sale of Sound and Communication Systems and Related Services	5,105,094	6,425,214
<i>Over time:</i>		
Integrated Services of Sound and Communication Systems	714,676	1,316,044
Alert Alarm System Services	875,544	875,544
	<u>6,695,314</u>	<u>8,616,802</u>

Major customers

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

	2020 S\$	2019 S\$
<i>Revenue from:</i>		
Customer I	876,944	880,844
Customer III	729,489	1,284,923
	<u>876,944</u>	<u>1,284,923</u>

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for integrated services of sound and communication systems as at the end of the reporting period is S\$269,610 (2019: S\$860,883). Management expects that the full amount will be recognised as revenue during the next reporting period.

Geographical information

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

4. OTHER GAINS AND LOSSES

	2020 S\$	2019 S\$
Net foreign exchange gain (loss)	137,946	(20,483)
Impairment loss recognised on trade receivables	(31,670)	(6,632)
Provision for litigation claims and legal fees (<i>Note a</i>)	–	(54,992)
Gain on disposal of subsidiaries	–	316,639
	<u>106,276</u>	<u>234,532</u>

Note:

- a. In 2019, the provision for litigation claims and legal fees pertains to expenses incurred from ongoing litigation commenced by a former contractor of ISPL Pte. Ltd. In the current year, there were no further expenses incurred as the litigation was settled out of court.

5. FINANCE COSTS

	2020 S\$	2019 S\$
Interest on bank borrowings	<u>35,427</u>	<u>38,771</u>

6. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2020 S\$	2019 S\$
Expense relating to short-term leases	45,420	–
Payment recognised as an expense during the year:		
– minimum lease payments under operating leases	–	56,692
Depreciation of property, plant and equipment (<i>Note a</i>)	528,230	524,228
Annual audit fees paid to auditors of the Company	115,000	123,000
Directors' remuneration	955,132	710,900
<i>Other staff costs</i>		
– Salaries, wages and other benefit	1,914,234	2,039,179
– Defined contribution plans, including retirement benefits	75,491	95,729
– Foreign worker levy and skill development levy	200,810	300,158
Total staff costs (inclusive of Directors' remuneration) (<i>Note b</i>)	<u>3,145,667</u>	<u>3,145,966</u>
Cost of materials recognised as costs of sales/services	1,819,261	3,685,042
Subcontractor costs recognised as costs of sales/services	<u>246,713</u>	<u>56,360</u>

Notes:

- a. Depreciation of S\$396,297 (2019: S\$396,297) are included in costs of sales/services.
- b. Staff costs of S\$1,575,385 (2019: S\$1,743,772) are included in costs of sales/services.

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (2019: 17%). A breakdown of the income tax expenses is as follow:

	2020 S\$	2019 S\$
<i>Tax expense comprises:</i>		
Current tax		
– Singapore corporate income tax (“CIT”)	251,209	237,905
– (Over) Under provision of prior years’ tax	(9,736)	64,609
Deferred tax (<i>Note 19</i>)	(71,108)	(58,036)
	<u>170,365</u>	<u>244,478</u>

8. EARNINGS PER SHARE

	2020 S\$	2019 S\$
Profit attributable to owners of the Company (S\$)	284,222	101,552
Weighted average number of ordinary shares	<u>800,000,000</u>	<u>800,000,000</u>
Basic and diluted earnings per share (S\$ cents per share)	<u>0.04</u>	<u>0.01</u>

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2020 and 2019.

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the year ended 30 June 2020 (year ended 30 June 2019: nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Computers	Office equipment	Furniture, fixtures and fittings	Motor vehicles	Leasehold land and property	Alert alarm systems	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost:							
At 1 July 2018	18,528	56,481	160,964	134,962	4,938,600	2,752,307	8,061,842
Additions	19,703	15,256	7,300	–	–	–	42,259
Disposal of subsidiaries	(5,355)	(15,256)	–	–	–	–	(20,611)
At 30 June 2019	32,876	56,481	168,264	134,962	4,938,600	2,752,307	8,083,490
Additions	20,420	7,432	–	–	–	–	27,852
Disposals	–	–	–	–	–	–	–
At 30 June 2020	53,296	63,913	168,264	134,962	4,938,600	2,752,307	8,111,342
Accumulated depreciation:							
At 1 July 2018	15,346	53,268	160,126	32,243	319,556	1,662,492	2,243,031
Depreciation for the year	12,814	3,213	2,258	22,493	87,152	396,298	524,228
Disposal of subsidiaries	(573)	–	–	–	–	–	(573)
At 30 June 2019	27,587	56,481	162,384	54,736	406,708	2,058,790	2,766,686
Depreciation for the year	17,820	2,033	2,433	22,494	87,152	396,298	528,230
Exchange differences	(633)	6	–	–	–	–	(627)
At 30 June 2020	44,774	58,520	164,817	77,230	493,860	2,455,088	3,294,289
Carrying amount:							
At 30 June 2019	<u>5,289</u>	<u>–</u>	<u>5,880</u>	<u>80,226</u>	<u>4,531,892</u>	<u>693,517</u>	<u>5,316,804</u>
At 30 June 2020	<u>8,522</u>	<u>5,393</u>	<u>3,447</u>	<u>57,732</u>	<u>4,444,740</u>	<u>297,219</u>	<u>4,817,053</u>

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 2020, the leasehold land and property was pledged to a bank for mortgage loan raised by the Group (Note 18).

11. INVENTORIES

	2020 S\$	2019 S\$
Finished goods	<u>547,592</u>	<u>174,294</u>

12. TRADE RECEIVABLES

	2020 S\$	2019 S\$
Trade receivables	1,464,362	1,700,924
Unbilled revenue (<i>Note a</i>)	38,060	79,832
Less: Allowance for credit losses	<u>(67,764)</u>	<u>(36,094)</u>
	<u>1,434,658</u>	<u>1,744,662</u>

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

The Group grants credit terms to customers typically between 30 to 90 days (2019: 30 to 90 days) from the invoice date for trade receivables. The Group does not charge interest nor hold any collateral over these balances.

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

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

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

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

June 30, 2020	Group Trade receivables					Total
	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
Expected credit loss rate	-	-	-	45%	82%	-
Estimated total gross carrying amount at default	641,975	514,488	207,259	124,243	14,457	1,502,422
Lifetime ECL	-	-	-	(55,909)	(11,855)	<u>(67,764)</u>
						<u><u>1,434,658</u></u>

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

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

Group	Lifetime ECL – credit-impaired 2020 S\$	Lifetime ECL – credit-impaired 2019 S\$
	Balance as at 1 July 2019 and at 1 July 2018	36,094
Amount written off	-	(51,695)
Net re-measurement of loss allowance	-	14,209
Change in loss allowance	<u>31,670</u>	<u>(7,577)</u>
Balance as at 30 June 2020 and at 30 June 2019	<u><u>67,764</u></u>	<u><u>36,094</u></u>

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 S\$	2019 S\$
Deposits	43,131	40,035
Prepayments	122,486	63,091
Advances to staff	16,014	19,387
	<u>181,631</u>	<u>122,513</u>

14. CONTRACT ASSET AND CONTRACT LIABILITIES

	2020 S\$	2019 S\$
Contract assets		
Retention receivables	<u>40,415</u>	<u>126,040</u>
Contract liabilities		
Advance billing to customer	<u>55,012</u>	<u>57,723</u>

Contract Assets

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

Contract Liabilities

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

The Group recognised revenue of S\$57,723 (2019: S\$Nil) which was included in the contract liability balance at the beginning of the period. There was no revenue recognised in the current reporting period relating to performance obligations which were satisfied in a prior year.

15. CONTRACT COSTS

	2020 S\$	2019 S\$
Contract cost	<u>-</u>	<u>36,000</u>

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

In 2020, amortisation amounting to S\$36,000 (2019: S\$Nil) was recognised in profit or loss. There was no impairment loss in relation to the costs capitalised.

16. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2020 S\$	2019 S\$
Pledged bank deposits (<i>Note a</i>)	206,947	206,947
Bank balances and cash (<i>Note b</i>)	<u>10,022,877</u>	<u>9,675,472</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 a maturity term of 36 months ending in April 2022. The balances carry interest rate of 0.65% (2019: 0.65%) per annum at 30 June 2020.
- b. Approximately S\$5,813,000 (2019: S\$5,071,000) included in bank balances carry interest rate ranging from approximately 0.05% to 2.75% (2019: 0.05% to 2.47%) per annum at 30 June 2020. The remaining bank balances and cash are interest free.

17. TRADE AND OTHER PAYABLES

	2020 S\$	2019 S\$
Trade payables	91,311	338,755
Retention payables	<u>26,500</u>	<u>26,500</u>
	<u>117,811</u>	<u>365,255</u>
Other payables:		
Goods and Services Tax (“GST”) payable	60,449	64,568
Advance payments from customers	–	–
Accrued operating expenses	324,142	301,138
Accrued interest payables	–	–
Accrued payroll costs	42,056	61,325
Others	<u>4,215</u>	<u>1,742</u>
	<u>548,673</u>	<u>794,028</u>

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

	2020 S\$	2019 S\$
Within 30 days	26,012	133,472
31 days to 90 days	27,666	199,665
91 days to 180 days	33,851	1,776
Over 180 days	<u>3,782</u>	<u>3,842</u>
	<u>91,311</u>	<u>338,755</u>

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

18. BORROWINGS

	2020 S\$	2019 S\$
Bank loans – Secured	<u>1,400,771</u>	<u>1,557,811</u>
<i>Analysed as:</i>		
Carrying amount repayable within 1 year	169,453	156,999
Carrying amount repayable more than 1 year, but not exceeding 2 years	173,108	139,891
Carrying amount repayable more than 2 years, but not exceeding 5 years	479,113	471,332
Carrying amount repayable more than 5 years	<u>579,097</u>	<u>789,589</u>
	1,400,771	1,557,811
Less: Amount due within 1 year (shown under current liabilities)	<u>(169,453)</u>	<u>(156,999)</u>
Amount shown under non-current liabilities	<u>1,231,318</u>	<u>1,400,812</u>

The loans were secured by the legal mortgage over the Group's leasehold land and property (Note 10) with corporate guarantee provided by the Company. The loans bear floating interest rates with weighted average effective interest rate at 2.38% (2019: 2.47%) per annum as at 30 June 2020.

19. DEFERRED TAX LIABILITIES

	2020 S\$	2019 S\$
As at 1 July	133,435	191,471
Credited to profit or loss for the year:		
Accelerated tax depreciation (<i>Note 7</i>)	<u>(71,108)</u>	<u>(58,036)</u>
As at 30 June	<u>62,327</u>	<u>133,435</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.

20. SHARE CAPITAL

	2020		2019		Company	
	2020	2019	2020	2019	2020	2019
<i>Note</i>	Number of shares		Par Value		Share Capital	
	'000,000	'000,000	HK\$	HK\$	HK\$'000	HK\$'000
Authorised share capital of the Company						
At the beginning of the year						
and as at end of the year	<u>1,500</u>	<u>1,500</u>	<u>0.01</u>	<u>0.01</u>	<u>15,000</u>	<u>15,000</u>
Issued and fully paid share capital:						
	2020		2019		Company	
	Number of shares		Share capital			
			S\$		S\$	
At the beginning of the year or incorporation						
and as at end of the year	<u>800,000,000</u>	<u>800,000,000</u>	<u>1,372,630</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.

MANAGEMENT DISCUSSION AND ANALYSIS

Development of business and prospects

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

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

There was a temporary suspension of all non-essential economic activities, including the closure of most construction worksites and education institutes and workplaces in Singapore between 7 April 2020 and 1 June 2020 (the “**Circuit Breaker**”). The cautious restart of the Singapore economy thereafter has led to a prolonged bearish outlook for industries requiring physical contact, such as the construction sector which is set to contract by 10.3% in 2020 and experience slow growth in 2021.

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

With over 17 years of professional expertise, the Group is well-placed to provide innovative sound and communications systems solutions in support of the evolving education communication landscape and the projected increased healthcare capacities in Singapore. Looking forward, the Group will remain resilient and is cautiously optimistic of our business and expansion opportunities in Singapore and the Asia Pacific region.

Outlook

During the Year, most industries around the world experienced unprecedented levels of economic slowdowns caused by the reductions in demand. In Singapore, the Circuit Breaker substantially delayed most of our previously forecasted sales delivery which resulted in significant delays in recognition of revenues.

Despite this, we, as part of essential services operations, continued to work tirelessly to deliver top-of-the-class maintenance service and round-the-clock support to our public, private, and non-for-profit customers in the healthcare sector. In the near term, we continue to look forward to the stability of cash flow receipts from our existing and newly clinched maintenance contracts in the healthcare sector.

As governments reduce level of movement controls, the economies we operate in will transit towards a “new normal” after COVID-19. During this economic recovery period, we intend to gradually resume sales and installation delivery to project sites in compliance with all existing social distancing measures and regulations.

In our response to this unprecedented pandemic, we seek to optimise our cost structures taking heightened precautionary measures to safeguard employees' health and have adopted a series of measures. One of these measures is maximising employee efficiency and engagement through the implementation of cloud-enabled work collaborations and video meeting solutions in order to enable employees to be able to work safely with social distancing.

We believe that with our healthy level of project and maintenance pipeline, we are poised to ride out the pandemic as we continue to build rapport and mutually beneficial relationships with all our stakeholders in order to create and share value amongst our business partners in the industry chain.

Financial review

Revenue

Our revenue decreased by approximately S\$1.9 million or 22.2% to approximately S\$6.7 million for the year ended 30 June 2020 (the “**Year**”), from approximately S\$8.6 million for the year ended 30 June 2019. This was principally due to the decrease in sales of sound and communication systems and related services caused by project delays during the period of Circuit Breaker measures adopted in Singapore.

Costs of sales/services

Our costs of sales/services decreased by approximately S\$1.9 million or 31.4% to approximately S\$4.0 million for the Year from approximately S\$5.9 million for the year ended 30 June 2019. The decrease in costs was due to lower material purchases during the Year as a result of the project delays.

Gross profit

Our gross profit remained stable at approximately S\$2.7 million for the Year and for year ended 30 June 2019. The Group's gross profit margin increased to 39.8% for the Year, from approximately 31.7% for the year ended 30 June 2019. The increase in gross profit margin was due to the Group's substantial decrease in headcount of operational staff and material costs due to project delays in the integrated services for sound and communication systems segment during the Year.

Other income, gains and losses

Our other income, gains and losses remained stable at approximately S\$0.4 million for the Year and for the year ended 30 June 2019. Such stability was mainly attributed to the increased government support grants for employees' salaries during the Circuit Breaker period and increased foreign exchange gains of monetary assets held in other currencies, such as US\$ and HK\$, which had appreciated against the S\$, which was offset by decrease in one-off gain on disposal of subsidiaries occurred in the year ended 30 June 2019.

Administrative expenses

Our administrative expenses decreased to approximately S\$2.5 million for the Year, by approximately S\$0.2 million or 6.3%, from approximately S\$2.7 million for the year ended 30 June 2019. The decrease was mainly due to the fact that there were decreased payroll costs caused by decreased headcounts even though there were annual salary increments.

Finance costs

Our finance costs decreased to approximately S\$35.4 thousand for the Year, by approximately S\$3.4 thousand or 8.6%, from approximately S\$38.8 thousand for the year ended 30 June 2019. The decrease was mainly due to the repayment of bank mortgage loan during the Year.

Income tax expense

Our income tax expense decreased to approximately S\$170.4 thousand for the Year, by approximately S\$74.1 thousand or 30.3%, from approximately S\$244.5 thousand for the year ended 30 June 2019. The decrease was substantially due to a non-recurrent underprovision of income tax expenses in Singapore subsidiary ISPL for the year ended 30 June 2019.

Profit and other comprehensive income for the year

The Group recorded total comprehensive income for the year of approximately S\$0.3 million for the Year. Compared to the total comprehensive income of approximately S\$0.1 million for the year ended 30 June 2019, the increase was principally caused by cost-saving measures adopted by the Company during the COVID-19 outbreak which had consequently led to the decrease in administrative expenses of approximately S\$0.2 million.

Final dividends

The Board does not recommend the payment of final dividend for the Year (2019: nil).

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

Up to 30 June 2020, we utilised the net proceeds raised from the Listing in accordance with the designated uses set out in the prospectus issued by the Company on 29 December 2017 (the “**Prospectus**”) and the supplemental announcement issued on 31 July 2020 (the “**Supplemental Announcement**”) as follows:

Description	Amount designated in the Prospectus <i>HK\$M</i>	Actual use of proceeds as at 30/06/20 <i>HK\$M</i>	Unutilised amount as at 30/06/20 <i>HK\$M</i>	% utilised as at 30/06/20 %	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.4	1.0	28.6%	31/12/22
Expand and train our sales and marketing, technical and support workforce	11.6	4.7	6.9	40.5%	30/06/23
Purchase transportation vehicles	3.0	0.5	2.5	16.7%	30/06/23
Setting up of a new sales office in Singapore	10.0	–	10.0	0.0%	30/06/22
Partial repayment of bank loan	10.0	10.0	Nil	100.0%	N/A
Resources for the provision of performance bonds	2.0	–	2.0	0.0%	30/06/21
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	–	2.5	0.0%	30/06/23
General working capital and general corporate purposes	3.5	3.5	Nil	100.0%	N/A
Grand total	44.0	19.1	24.9	43.4%	

The following table sets forth the designated and actual implementation plan up to 30 June 2020:

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 update our corporate websites by the external consultant for customised website development • Participate in trade show(s) 	<ul style="list-style-type: none"> • Maintained and improved our corporate websites, by using in-house resources to develop and maintain the Group's website instead of engaging external website designers
Expand and train our sales and marketing, technical and support workforce	<ul style="list-style-type: none"> • Staff cost for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs • Staff cost for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and taking into account potential increase in wage level, and the associated staff accommodation costs • To provide internal and external trainings and workshops to our sales and technical staff 	<ul style="list-style-type: none"> • New headcount of approximately 8 technicians were recruited by June 2018 • New headcount of approximately two engineers and 9 technicians were recruited by June 2019 • New headcount of approximately 2 sales and marketing executives were recruited by June 2019 • Provided internal and external trainings and workshops to our technical staff • In the process to seek suitable candidates to the remaining positions

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

The net proceeds raised from the listing of the shares of the Company (the “**Shares**”) on GEM, after deducting the related expenses, were approximately HK\$44.0 million. As at the disclosures stated in the Supplemental Announcement, the expected timeline for fully utilise the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information available. Given the recent adverse impacts on Singapore economy as a results of the outbreak of COVID-19, it is expected that the unutilised proceeds will be utilised on or before 30 June 2023.

The expected timeline for fully utilise the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this announcement. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and the Group continue to being invited for tender and being awarded projects from its customers during the relevant periods and therefore considers that the delay in use of proceeds and business expansion do not have any material adverse impacts on the operation of the Group. However, due to the adverse impacts of the outbreak of COVID-19 on worldwide economies and the three-phased approach embarked by the Singapore government to resume usual daily activities after the 2020 Singapore Circuit Breaker measures, the Board will continue closely monitor the situation and evaluate the impacts on the timeline to utilise the unutilised proceeds and will keep shareholders and potential investors informed if there is any material changes.

Events after Reporting Period

On 1 August 2020, the Company appointed a new executive Director, Mr. Yuan Jianzhong, and a new independent non-executive Director, Mr. Yuan Shuangshun. The biography of our new executive Director Mr. Yuan Jianzhong, aged 66, who was graduated from Henan University of Economics and Law (河南財經政法大學), formerly known as Henan Institute of Finance (河南財經學院), in China with the degree in economic management. Mr. Yuan Jianzhong specialised in agricultural studies since after his graduation and obtained the professional qualification as an agricultural technology promotion research fellow issued by Henan Municipal People’s Government in May 2001. Mr. Yuan Jianzhong has been a director and the chairman of the board of AgGene Bio-Tech Seed Industry Group (中禾生物種業集團) since August 2013. Mr. Yuan Jianzhong has been promoting new varieties of soybean in China for many years with numerous awards honoured by different levels of governmental bodies.

The biography of our new independent non-executive Director Mr. Yuan Shuangshun, aged 49, who obtained a master of economics from Guangdong Academy of Social Sciences (廣東省社會科學院研究生院) in 2002. Prior to joining the Company, Mr. Yuan Shuangshun has been the executive director of China All Nation International Holdings Group Limited (formerly known as KSL Holdings Limited) (stock code: 8170, the shares of which is listed on GEM) since 1 December 2017 and Mr. Yuan Shuangshun has been the vice president at Shenzhen Right & Sun Investment Holding Co. Ltd (深圳瑞華信投資有限責任公司) for more than 20 years. Mr. Yuan Shuangshun has extensive experience in investment, private equity, corporate finance and capital markets.

Save as disclosed above, Mr. Yuan Jianzhong and Mr. Yuan Shuangshun have not held any positions within the members of the Group as at the date of this announcement. The Group had no other 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 2020, save for the compliance adviser agreement dated 21 August 2017 entered into between the Company and Kingsway Capital Limited, neither Kingsway Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETITION AND CONFLICT OF INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SHARE OPTION SCHEME

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieve a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the shares of the Company were listed on GEM on 16 January 2018. The Company has, so far as applicable, principally complied with the CG Code throughout the Year.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2020 and the figures of our Group’s consolidated results for the Year, contained in this announcement, have been agreed by our Company’s external auditor, Deloitte & Touche LLP, to the figures set out in the audited consolidated financial statements of our Group for the Year.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

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

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

Hong Kong, 14 September 2020

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

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.