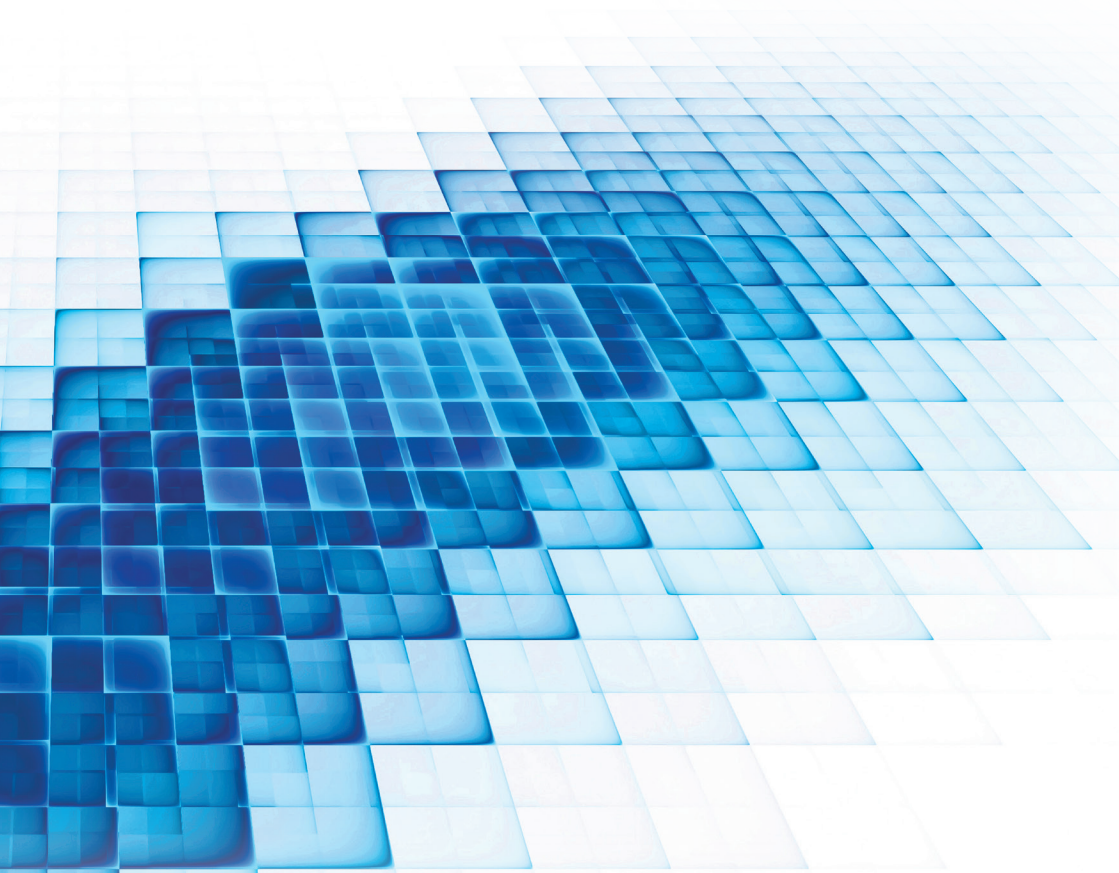


ISP Global Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8487



Interim Report
2020/2021



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

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

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

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



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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2020

UNAUDITED INTERIM RESULTS

The unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 31 December 2020, together with the unaudited comparative figures for the corresponding periods in 2019, are as follows:

	Notes	Three months ended 31 December		Six months ended 31 December	
		2020	2019	2020	2019
		S\$	S\$	S\$	S\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	3,532,502	1,815,668	4,581,675	3,925,884
Costs of sales/services		(2,614,539)	(1,050,613)	(3,163,344)	(2,451,199)
Gross profit		917,963	765,055	1,418,331	1,474,685
Other income		129,580	27,956	248,436	52,456
Administrative expenses		(856,894)	(769,421)	(1,450,612)	(1,366,800)
Other gains and losses	4	(48,585)	(137,530)	(220,883)	(29,430)
Share of loss in associates		(15,958)	–	(15,958)	–
Finance costs	5	(5,624)	(8,947)	(12,286)	(18,202)
Profit (loss) before taxation	6	120,482	(122,887)	(32,972)	112,709
Income tax (expense) recovered	7	(13,742)	(48,762)	44,159	(54,688)
Profit (loss) for the period		106,740	(171,649)	11,187	58,021

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2020

	Three months ended 31 December		Six months ended 31 December	
<i>Notes</i>	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive income, after tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	<u>7,666</u>	52	<u>6,575</u>	15
Total comprehensive income (loss) for the period	<u>114,406</u>	(171,597)	<u>17,762</u>	58,036
Profit (loss) for the period attributable to:				
Owners of the Company	<u>52,737</u>	(171,649)	<u>(42,816)</u>	58,021
Non-Controlling Interest	<u>54,003</u>	-	<u>54,003</u>	-
Profit (loss) for the period	<u>106,740</u>	(171,649)	<u>11,187</u>	58,021

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2020

	Three months ended 31 December		Six months ended 31 December	
<i>Notes</i>	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<hr/>				
Total comprehensive income				
(loss) for the period				
attributable to:				
Owners of the Company	61,261	(171,597)	(35,383)	58,036
Non-Controlling Interest	53,145	–	53,145	–
	<hr/>			
Total comprehensive income				
(loss) for the period	114,406	(171,597)	17,762	58,036
	<hr/>			
Earnings (losses) per share				
Basic and diluted (S\$ cents				
per share)	8	0.01	(0.02)	(0.01)
		0.01	(0.01)	0.01
	<hr/>			

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	4,599,377	4,817,053
Pledged bank deposits	15	206,947	206,947
Investments in associates		171,430	–
Goodwill on consolidation	14	259,668	–
Total non-current assets		<u>5,237,422</u>	<u>5,024,000</u>
Current assets			
Inventories		2,203,615	547,592
Trade receivables	11	2,315,549	1,434,658
Other receivables, deposits and prepayments	12	2,912,836	181,631
Contract assets	13	43,975	40,415
Bank balances and cash	15	9,843,971	10,022,877
Total current assets		<u>17,319,946</u>	<u>12,227,173</u>
Total assets		<u>22,557,368</u>	<u>17,251,173</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		As at 31 December	As at 30 June
	<i>Notes</i>	2020	2020
		S\$	S\$
		(Unaudited)	(Audited)
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade and other payables	16	5,946,866	548,673
Contract liabilities	13	55,626	55,012
Borrowings due within one year	17	166,420	169,453
Income tax payable		177,612	277,919
		<hr/>	<hr/>
Total current liabilities		6,346,524	1,051,057
Non-current liabilities			
Borrowings due after one year	17	1,152,557	1,231,318
Deferred tax liabilities	18	34,498	62,327
		<hr/>	<hr/>
Total non-current liabilities		1,187,055	1,293,645
Capital and reserves			
Share capital	19	1,372,630	1,372,630
Reserves		13,498,458	13,533,841
Non-controlling interest		152,701	–
		<hr/>	<hr/>
Total equity		15,023,789	14,906,471
		<hr/>	<hr/>
Total liabilities and equity		22,557,368	17,251,173

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Attributable to equity shareholders of the Company					Equity attributable to owners of the company		Non-Controlling Interest	Total
	Share capital	Share premium	Merger reserve	Translation reserves	Accumulated profits				
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	
	<i>(Note 1)</i>								
Balance at 1 July									
2020 (Audited)	1,372,630	8,593,078	524,983	516	4,415,264	14,906,471	-	14,906,471	
Total comprehensive income (loss) for the period									
Profit (loss) for the period	-	-	-	-	(42,816)	(42,816)	54,003	11,187	
Other comprehensive income (loss) for the period	-	-	-	7,433	-	7,433	(858)	6,575	
Total	-	-	-	7,433	(42,816)	(35,383)	53,145	17,762	
Non-controlling interest, arising from acquisition of a subsidiary representing transactions with owners, recognised directly in equity	-	-	-	-	-	-	99,556	99,556	
Balance at 31 December									
2020 (Unaudited)	1,372,630	8,593,078	524,983	7,949	4,372,448	14,871,088	152,701	15,023,789	

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to equity shareholders of the Company					Total
	Share capital S\$	Share premium S\$	Merger reserve S\$	Translation reserves S\$	Accumulated profits S\$	
			<i>(Note i)</i>			
Balance at 30 June 2019	1,372,630	8,593,078	524,983	-	4,183,552	14,674,243
Effects of adopting IFRS 9	-	-	-	-	(81,157)	(81,157)
Effects of adopting IFRS 15	-	-	-	-	(72,905)	(72,905)
Balance at 1 July 2019 (Audited)	1,372,630	8,593,078	524,983	-	4,029,490	14,520,181
Total comprehensive income						
Profit for the period, attributable to the owners of the Company	-	-	-	-	64,385	64,385
Other comprehensive income for the period	-	-	-	176	-	176
Total comprehensive income	-	-	-	176	64,385	64,561
Balance at 31 December 2019 (Unaudited)	1,372,630	8,593,078	524,983	176	4,093,875	14,584,742

Note:

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2020

	Six months ended	
	31 December	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Operating activities		
(Loss)profit before taxation	(35,383)	112,709
Adjustments for:		
Share of losses of associates	15,958	–
Depreciation of property, plant and equipment	266,410	262,685
Unrealised foreign exchange loss	45,376	18,460
Impairment losses, net of reversals, on financial assets and other items subject to ECL	41,058	–
Interest income	(6,430)	(52,456)
Finance costs	12,286	18,202
Operating cash flows before movements in working capital	339,275	359,600
Movements in working capital		
Increase in trade receivables	(921,949)	(478,269)
Increase in other receivables, deposits and prepayments	(2,731,205)	(38,947)
(Increase) decrease in contract assets	(3,560)	49,060
Decrease in contract costs	–	36,000
Increase in inventories	(1,656,023)	(39,290)
Increase (decrease) in contract liabilities	614	(31,411)
Increase in trade and other payables	5,398,193	169,190
Cash generated from operations	425,345	25,933
Interest received	6,430	52,456
Income tax paid	(83,977)	(109,069)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2020

	Six months ended	
	31 December	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Net cash generated from (used in) operating activities	347,798	(30,680)
Investing activities		
Acquisition of property, plant and equipment	(48,342)	(25,692)
Additions to investment in associates	(188,570)	–
Net cash used in investing activities	(236,912)	(25,692)
Financing activities		
Repayment of borrowings	(81,794)	(78,030)
Interest paid	(12,286)	(28,295)
Net cash used in financing activities	(94,080)	(106,325)
Net increase (decrease) in cash and cash equivalents	16,806	(162,697)
Cash and cash equivalents at beginning of the period	10,022,877	9,675,472
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(195,712)	(19,080)
Cash and cash equivalents at end of the period represented by bank balances and cash	9,843,971	9,493,695

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ISP Global Limited was incorporated and registered as an exempted Company in the Cayman Islands with limited liability on 21 July 2017 and its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 8 September 2017 and the principal place of business in Hong Kong registered is Suites 1801-03, 18/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. The head office and principal place of business of the Group is at No. 3 Ang Mo Kio Street 62, #01-39, LINK@AMK, Singapore 569139. The Shares have been listed on GEM of the Stock Exchange with effect from 16 January 2018.

The Company is 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, provision of alert alarm system services in Singapore, and provision of e-commerce services.

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

The unaudited condensed consolidated financial statements are approved by the board of Directors (the “**Board**”) on 11 February 2021.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the unaudited condensed consolidated financial statement for the reporting period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 July 2020 throughout the reporting period. At the date of issuance of this report, the Group has not applied the following new IFRSs, amendments to IFRSs, amendments to International Accounting Standards (“**IASs**”), and the new interpretations that have been issued but are not yet effective:

Amendments to References to the Conceptual Framework
in IFRSs¹

Amendments resulting from Annual Improvements to
IFRS Standards 2018-2020¹

- ¹: Effective for annual periods beginning on or after 1 January 2022, with early application permitted.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (1) sale of sound and communication systems and related services (“**Sale of Sound and Communication Systems and Related Services**”), (2) provision of integrated services of sound and communication systems, which includes installation and customisation of sound and communication systems in buildings in Singapore (“**Integrated Services of Sound and Communication Systems**”), (3) provision of alert alarm system services (“**Alert Alarm System Services**”), (4) provision E-commerce services (“**E-commerce**”) to external customers. An analysis of the Group’s revenue is as follows:

	Three months ended		Six months ended	
	31 December		31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Revenue from:</i>				
Sale of Sound and Communication				
Systems and Related Services	1,126,164	1,278,352	1,846,451	2,954,620
Integrated Services of Sound and				
Communication Systems	-	318,430	110,000	533,492
Alert Alarm System Services	218,886	218,886	437,772	437,772
E-commerce	2,187,452	-	2,187,452	-
	3,532,502	1,815,668	4,581,675	3,925,884

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Information about the Major Customers

Revenue from external customers contributing over 10% of total revenue of the Group are as follows:

	Six months ended 31 December	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Customer I	— [^]	539,832
Customer II	— [^]	519,830
Customer III	— [^]	439,172

[^] For the six months ended 31 December 2020, the corresponding revenue from that customer did not amount to more than 10% of total Group revenue for the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Geographical information

The Group revenue from customers and information about its specified non-current assets, comprising property, plant and equipment, goodwill on consolidation, and interest in an associate, by geographical location are detailed below.

a) Revenue from external customers

	Three months ended		Six months ended	
	31 December		31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Singapore	1,345,050	1,815,668	2,394,223	3,925,884
China	2,187,452	-	2,187,452	-
	3,532,502	1,815,668	4,581,675	3,925,884

b) Non-current assets

	As at	As at
	31 December	30 June
	2020	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Singapore	4,802,170	5,024,000
China	431,098	-
Malaysia	4,154	-
	5,237,422	5,024,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER GAINS AND LOSSES

	Three months ended		Six months ended	
	31 December		31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net foreign exchange loss	79,928	121,904	179,825	24,699
Loss (reversed) recognised on expected credit losses ("ECL") on trade receivables	(31,343)	15,626	41,058	4,731
	48,585	137,530	220,883	29,430

5. FINANCE COSTS

	Three months ended		Six months ended	
	31 December		31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Interest on:</i>				
Banking borrowings	5,624	8,947	12,286	18,202

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT (LOSS) BEFORE TAXATION

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

	Three months ended 31 December		Six months ended 31 December	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Depreciation of property, plant and equipment (<i>Note a</i>)	133,741	131,708	266,410	262,685
Directors' remuneration	234,660	299,902	442,530	531,959
Other staff costs				
– Salaries, wages and other benefit	469,507	510,705	860,131	1,035,358
– Defined contribution plans, including retirement benefits	22,231	20,207	42,433	38,541
– Foreign worker levy and skill development levy	40,002	66,463	44,495	136,432
Total staff costs (inclusive of Directors' remuneration) (<i>Note b</i>)	766,400	897,277	1,389,589	1,742,290
Cost of materials recognised as costs of sales/services	2,150,627	485,385	2,279,495	1,197,263
Subcontractor costs recognised as costs of sales/services	24,036	48,270	68,396	154,836

Notes:

- For the Relevant Period, depreciation of S\$198,149 (period ended 31 December 2019: S\$198,149) is included in costs of sales/services.
- For the Relevant Period, staff costs of S\$617,305 (period ended 31 December 2019: S\$900,952) is included in costs of sales/services.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE (RECOVERED)

Singapore corporate income tax has been provided at the rate of 17% (six months ended 31 December 2019: 17%). Singapore corporate income tax has been provided at the rate of 17%. The People's Republic of China ("PRC") corporate income tax has been provided at the rate of 25%. A breakdown of the income tax expenses is as follows:

	Three months ended		Six months ended	
	31 December		31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax expense (recovered) –				
Singapore corporate income tax	21,714	66,871	(22,166)	90,906
Current tax – PRC corporate				
income tax	5,836	–	5,836	–
Deferred tax	(13,808)	(18,109)	(27,829)	(36,218)
	13,742	48,762	(44,159)	54,688

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS (LOSSES) PER SHARE FOR THE PERIOD

	Three months ended		Six months ended	
	31 December		31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to owners of the Company	52,737	(171,649)	(42,816)	58,021
Weighted average number of ordinary shares ('000) (Note (a))	800,000	800,000	800,000	800,000
Basic and diluted earnings (losses) per share (S\$ cents per share)	0.01	(0.02)	(0.01)	0.01

Note:

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, the Group acquired equipment amounting to approximately S\$48,342 (six months ended 31 December 2019: S\$25,692).

11. TRADE RECEIVABLES

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

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Trade receivables	2,369,739	1,464,362
Unbilled revenue (<i>Note</i>)	54,632	38,060
Loss allowance	(108,822)	(67,764)
	2,315,549	1,434,658

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES (Cont'd)

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

The Group grants credit terms to customers typically between 30 to 90 days (30 June 2020: 30 to 90 days) from the invoice date for trade receivables. The Group does not charge interest nor hold any collateral over these balances.

In 2020, the loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES (Cont'd)

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

December 31, 2020	Group					Total
	Trade receivables – days past due					
	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
ECL rate	-	-	-	45%	82%	
Estimated total gross						
carrying amount at default	1,912,927	209,425	74,541	210,026	17,452	2,424,371
Lifetime ECL	-	-	-	(94,512)	(14,310)	<u>(108,822)</u>
						<u>2,315,549</u>

June 30, 2020	Group					Total
	Trade receivables – days past due					
	< 30 days	31 – 90 days	91 – 180 days	181 – 365 days	>365 days	
ECL 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>1,434,658</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES (Cont'd)

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

Group	Lifetime ECL – credit-impaired	
	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Balance as at 1 July 2020 and 2019	67,764	36,094
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	41,058	31,670
Balance as at end of period	108,822	67,764

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Deposits	78,771	43,131
Prepayments	2,811,475	122,486
Advances to staff	22,590	16,014
	2,912,836	181,631

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Contract assets		
Retention receivables	43,975	40,415
Contract liabilities		
Advance billing to customer	55,626	55,012
	55,626	55,012



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Contract Assets

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

Contract Liabilities

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

The Group recognised revenue of S\$55,012 (30 June 2020: S\$57,723) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. GOODWILL ON CONSOLIDATION

	As at 31 December 2020 S\$ (Unaudited)
<hr/>	
Cost:	
At 1 July 2020	–
Arising on acquisition of a subsidiary	<u>259,668</u>
At 31 December 2020	<u>259,668</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (“CGUs”) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	As at 31 December 2020 S\$ (Unaudited)
<hr/>	
E-commerce:	
團多多（深圳）商業顧問有限公司 (single CGU)	<u>259,668</u>
	<u>259,668</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Pledged bank deposits (Note a)	206,947	206,947
Bank balances and cash (Note b)	<u>9,843,871</u>	<u>10,022,877</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% (30 June 2020: 0.65%) per annum at 31 December 2020.
- b. Approximately S\$609,000 (30 June 2020: S\$5,813,000) included in bank balances carry interest rate of approximately 0.05% (30 June 2020: ranging from 0.05% to 2.75%) per annum at 31 December 2020. The remaining bank balances and cash are interest free.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Trade payables	5,691,042	91,311
Retention payables	26,500	26,500
	5,717,542	117,811
Other payables:		
Goods and Services Tax ("GST") payable	49,666	60,449
Accrued operating expenses	118,073	324,142
Accrued payroll costs	52,330	42,056
Others	9,255	4,215
	5,946,866	548,673

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES (Cont'd)

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

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Within 30 days	5,654,633	26,012
31 days to 90 days	31,916	27,666
91 days to 180 days	50	33,851
Over 180 days	4,443	3,782
	<u>5,691,042</u>	<u>91,311</u>

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (30 June 2020: 30 to 60 days) or payable upon delivery.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. BORROWINGS

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Bank loans – Secured	1,318,977	1,400,771
<i>Analysed as:</i>		
Carrying amount repayable within 1 year	166,420	169,453
Carrying amount repayable more than 1 year, but not exceeding 2 years	160,003	173,108
Carrying amount repayable more than 2 years, but not exceeding 5 years	497,347	479,113
Carrying amount repayable more than 5 years	495,207	579,097
	1,318,977	1,400,771
Less: Amount due within 1 year (shown under current liabilities)	(166,420)	(169,453)
Amount shown under non-current liabilities	1,152,557	1,231,318

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. BORROWINGS (Cont'd)

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 1.75% (30 June 2020: 2.38%) per annum as at 31 December 2020.

18. DEFERRED TAX LIABILITIES

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
As at period beginning		
1 July 2020, 2019	62,327	133,435
Credited to profit or loss for the period:		
Accelerated tax depreciation	(27,829)	(71,108)
As at period end	34,498	62,327

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL

	Company					
	As at		As at		As at	
	31	As at	31	As at	31	As at
	December	30 June	December	30 June	December	30 June
	2020	2020	2020	2020	2020	2020
<i>Notes</i>	Number of shares		Par Value		Share Capital	
	<i>'000,000</i>	<i>'000,000</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised share capital						
of the Company:						
At beginning of the year or incorporation of the Company on						
21 July 2017	(a)	1,500	10	0.01	0.01	15,000 100
Increase on						
14 December 2017	(c)	-	1,490	-	0.01	- 14,900
As at end of the period/year		1,500	1,500	0.01	0.01	15,000 15,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL (Cont'd)

	Company			
	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020
	Number of shares		Share capital	
			HK\$	US\$
Issued and fully paid share capital:				
At the beginning of the year or incorporation of the Company on 21 July 2017	(a) 800,000,000	1	1	-
Issue of shares pursuant to the reorganisation	(b) -	9,999	9,999	17
Issue of shares pursuant to the capitalisation issue	(c) -	599,990,000	599,990,000	1,034,483
Issue of shares under the Share Offer	(d) -	200,000,000	200,000,000	338,130
As at end of the year	800,000,000	800,000,000	800,000,000	1,372,630

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

Notes:

- 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL (Cont'd)

- b. On 8 December 2017, the Company issued and allotted 9,999 new shares of par value HK0.01 each to Express Ventures at the instructions of the Controlling Shareholders, all credited as fully paid.
- c. Pursuant to written resolution of the sole shareholder of the Company passed on 14 December 2017, it is resolved, among other things:
- the authorised share capital of the Company was increased from HK\$100,000 to HK\$15,000,000 by the creation of an additional 1,490,000,000 ordinary shares of HK\$0.01 each; and
 - conditional upon the share premium account of the Company being credited as a result of the share offer, the Company was authorised to capitalise the amount of HK\$5,999,900 (equivalent to approximately S\$1,034,483) from the amount standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 599,990,000 ordinary shares for allotment, ranking pari passu in all respects with the existing shares.
- d. The shares of the Company were successfully listed on GEM of the Stock Exchange on 16 January 2018 by way of placing of 180,000,000 ordinary shares and public offer of 20,000,000 ordinary shares at the price of HK\$0.35 per share ("**Share Offer**"). The Company's share of net proceeds after deducting the underwriting commissions and estimated expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK\$44 million (S\$7 million).

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



MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT OF BUSINESS AND PROSPECTS

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

For the six months ended 31 December 2020 (the “**Relevant Period**”), the Group recorded a net profit of approximately S\$58 thousand as compared to approximately S\$64 thousand for the same period in 2019. The Directors are of the view that the reduction in net profit was mainly attributable to, among other things, (i) the increase of approximately S\$84 thousand, or 6.1%, in administrative costs and expenses related to funding of business opportunities in the Group’s new E-commerce segment in China from approximately S\$1.4 million for the six months ended 31 December 2019 to approximately S\$1.5 million for the Relevant Period; and (ii) the decrease in gross profits in the Group’s integrated services of sound and communication systems segment which was primarily due to delays in project completion in the Relevant Period.

OUTLOOK

The Group always strives to improve its operation efficiency and profitability of its business.

Due to the Singapore government’s response to the global pandemic caused by the Novel Coronavirus Sars-CoV II (“**COVID-19**”), the Group’s business in Singapore had been adversely affected by in sales and projects delays. The Group recorded a significant decline in revenues and incurred losses due to slowdown in demand for sales, installation and maintenance of sound and communication



MANAGEMENT DISCUSSION AND ANALYSIS

system solutions, and alert alarm systems in Singapore during 2020. Throughout the pandemic, the Group adopted contingency plans and optimised our cost structure through maintaining customer relationships in the Healthcare and Education sectors through contactless means, and increasing our professional expertise through the hiring of employees with relevant experience. The Group adopted social distancing measures and emphasised on increased workplace health and safety measures to ensure employee wellbeing and to prevent the spread of COVID-19 within the Group.

The Group has also been assessing the viability of business expansion opportunities in the geographical territories of China and south-eastern Asia. The COVID-19 control measures in China was successful to a substantial extent, managing to sufficiently quell the spread of the virus within China. Moreover, with the introduction of antitrust laws in China in recent years, the Group believes there is an opportunity for new entrants to develop and compete against any existing large incumbents in the market.

ESTABLISHING BUSINESS EXPANSION IN CHINA TO INCREASE SHAREHOLDER VALUE

A Nielsen study on global trends and analysis revealed that the COVID-19 global pandemic not only caused huge disruptions to the retail industry around the world, but also catalysed a shift in consumer spending habits towards online transactions. Due to the pandemic causing disruptions in the retail industry, some iconic American retailers, which were unable to keep up with online transaction trends, have filed for bankruptcy. On the other hand, retailers with online presence such as Amazon, Target and Walmart



MANAGEMENT DISCUSSION AND ANALYSIS

are not significantly affected and in fact Amazon continues to forecast a 7% increase in online sales fulfilment in 2020 when compared to 2019, bringing the total to US\$4.75 trillion. With the pandemic here to stay, the Group intends to explore new business opportunities within the online retailing space.

In a separate forecast report by the International Monetary Fund, China is expected to be the only major economy in the world to achieve positive growth during this pandemic so far. This could be due to the effective prevention and control of the pandemic in China, resulting in consumption recovery which was boosted by the boom in online retail sales during the pandemic, the reestablishment of offline retail sales channels and demand, and the resumption of community activities. According to data released by the National Bureau of Statistics of China, the total retail sales of consumer goods in the third quarter of 2020 increased by 0.9%, representing the first positive quarterly growth rate this year since the pandemic began.

According to the abovementioned macroeconomic trends, the Group will diversify its offerings to include e-commerce of certain brands appealing to consumers in China (“**E-commerce segment**”). For the avoidance of doubt, in alignment with the use of proceeds as disclosed in the prospectus issued by the Company on 29 December 2017 (the “**Prospectus**”), the Group will not apply funds obtained from the Share Offer in connection with the abovementioned business expansion. Instead, the Group will expect to apply funds generated from operating cash flows in operating subsidiary ISPL Pte Ltd (“**ISPL**”).

MANAGEMENT DISCUSSION AND ANALYSIS

THE E-COMMERCE MARKET IN CHINA

E-commerce is an industry that has developed with e-commerce platforms and is vital for brand merchants and e-commerce platforms in stakeholder engagement. Online store building, digital marketing, warehousing logistics, data operations, consumer management, customer service, etc. provide integrated online marketing services to help brands successfully achieve digital marketing. The revenue of the e-commerce industry mainly comes from (1) managing the supply chain of contracted brands, and (2) fee revenue from online marketing services of contracted brands.

The Group believes there are high growth opportunities in China's Business-to-Consumer ("**B2C**") e-commerce market due to high growth rates in user base and increased penetration rates due to the switch towards consumers' online spending habit. In 2019, China's online retail market reached 10.6 trillion Chinese Yuan, representing a 16.5% year-on-year increase, and is considered to be a high-growth industry. Within the online retail market, the B2C e-commerce segment share increased 15.2% from 2018, to 78.0% in 2019. Accordingly, the e-commerce market also grew rapidly, reaching a market size of 563.5 billion Chinese Yuan in 2019 with a combined growth rate between 2016 to 2019 of 39.2%, and the market penetration rate of 10.5%. According to iResearch data, the total value of e-commerce industry is expected to be at 2.04 trillion Chinese Yuan, with a penetration rate increased to 13.7%. This is due to the mobility restrictions incurred by COVID-19 which has catalysed the need for brands to develop online e-commerce capabilities to augment the digital transformation of the brand, expand the brand outreach, and substitute the offline product distribution channels.



MANAGEMENT DISCUSSION AND ANALYSIS

Data from iResearch suggests that in 2019, 80%-90% of international brands in China reported to have used brand service providers, due to the fact that 1) outsourcing to brand service providers has cost advantages as opposed to the relatively high cost of setting up Chinese domestic e-commerce teams by international brands, and; 2) gaining domestic consumer insights and understanding through brand service providers, can help international brands to better focus their resources in China. In terms of domestic Chinese brands, the demand proportion for brand service providers is about 20%-30% amongst all and the demand for such services is driven by different needs: 1) For those traditional Chinese domestic brands which have suffered from slow adoption of online channels, and are typically dealing with products which have been in the market for a long time, these brands could use e-commerce service providers to achieve rapid growth in customer outreach and radical supply chain transformation. 2) For those domestic small and medium-sized Chinese brands, usage of e-commerce service providers will greatly improve cost efficiency in both the short run and the long run.

THE GROUP'S MARKET-ENTRY STRATEGY IN CHINA'S E-COMMERCE MARKET

The Group will establish a new operating team in mainland China to carry out relevant business, mainly through (1) forming a new subsidiary company (wholly-owned or holding) to recruit outstanding e-commerce operation talent; and (2) acquiring or merging with outstanding companies in the industry for the Group to quickly enter this new market.



MANAGEMENT DISCUSSION AND ANALYSIS

In light of recent developments, the Group will continue to expand its business operation team, and work together with our clients, the brand owners, to provide valuable e-commerce operations services for our clients in order to increase their market penetration and share and thereby creating more value for the Group's shareholders.

FINANCIAL REVIEW

Revenue

During the Relevant Period, the Group's revenue amounted to approximately S\$4.6 million, which had increased by approximately S\$0.7 million, or 16.7%, from approximately S\$3.9 million for the six months ended 31 December 2019. This was principally due to the contributions of S\$2.2 million by the Group's new E-commerce segment. Such increase is offset by a decrease in revenues of S\$1.5 million, compared with the corresponding period in 2019, during the Relevant Period as there were less projects being awarded to the Group in both the integrated sales of sound and communication and sales of sound and communication systems and related services segments.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit decreased by approximately S\$0.1 million, or 3.8%, from approximately S\$1.5 million for the six months ended 31 December 2019, to approximately S\$1.4 million for the Relevant Period. Accordingly, the Group's gross profit margin decreased from 37.6% for the six months ended 31 December 2019, to 31.0% for the Relevant Period. The decrease in the Group's gross profit was primarily due to higher material purchase costs and lower gross margins of the new E-commerce segment.

Other income, gains and losses

Other income, gains and losses increased by approximately S\$5 thousand, or 19.7%, from a net gain of approximately S\$23 thousand for the six months ended 31 December 2019, to a net gain of approximately S\$28 thousand for the Relevant Period. The increase was mainly attributed to the increased governmental grant income from the Singapore government to help enterprises to offset payroll costs of operating in the built environment in Singapore. This is substantially offset by the increase in foreign exchange losses from settlement of trade expenses held in currencies other than S\$, such as CNY, US\$ and HK\$, which had appreciated against the S\$ during the Relevant Period.

Administrative expenses

Administrative expenses increased by approximately S\$0.1 million or 6.1%, from approximately S\$1.4 million for the six months ended 31 December 2019, to approximately S\$1.5 million for the Relevant Period. The increase was primarily due to an increase of administrative costs related to funding of business opportunities in the Group's new E-commerce segment in China.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs decreased slightly from approximately S\$18 thousand for the six months ended 31 December 2019 to approximately S\$12 thousand for the Relevant Period. Such decrease of the finance costs was due to the repayment of mortgage loan principal during the Relevant Period.

Share of losses in associates

The share of losses in associates which were newly acquired during the Relevant Period amounted to approximately S\$16 thousand.

Profit (loss) attributable to the owners for the period

During the Relevant Period, the Group recorded a net loss attributable to the owners of the Company of approximately S\$43 thousand as compared to a net profit of approximately S\$58 thousand for the same period in 2019. The Directors are of the view that the reduction in net profit was mainly attributable to, among other things, (i) the increase of approximately S\$84 thousand, or 6.1%, in administrative costs and expenses related to funding of business opportunities in the Group's new E-commerce segment in China from approximately S\$1.4 million for the six months ended 31 December 2019 to approximately S\$1.5 million for the Relevant Period; and (ii) the decrease in gross profits in the Group's integrated services of sound and communication systems segment which was primarily due to delays in project completion in the Relevant Period.

Interim dividends

The Directors do not recommend the payment of an interim dividend for the Relevant Period (six months ended 31 December 2019: S\$ Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

Up to 31 December 2020, the net proceeds raised from the listing of shares of the Company were utilised in accordance with the designated uses set out in the Prospectus and the supplemental announcement issued on 31 July 2020 (the “**Supplemental Announcement**”) as follows:

Description	Amount designated in the Prospectus	Actual use of proceeds as at 31/12/20	Unutilised amount as at 31/12/20	% utilised as at 31/12/20	Expected date to fully utilise the unutilised amount
	<i>HK\$M</i>	<i>HK\$M</i>	<i>HK\$M</i>	<i>% utilised</i>	
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	5.9	5.7	50.9%	30/06/23
Purchase transportation vehicles	3.0	0.7	2.3	23.3%	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	0.2	1.8	10.0%	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	20.7	23.3	47.0%	

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 31 December 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 improve our corporate websites by the external consultant for customised website development • Participate in industry trade show(s) 	<ul style="list-style-type: none"> • Maintained and improved our corporate websites, 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 costs for retaining the approximately one project manager, two engineers and 10 technicians to be recruited by February 2018, and the associated staff accommodation costs • Staff costs for retaining the approximately one sales manager, two sales and marketing executives and 10 technicians to be recruited by July 2018, and the associated staff accommodation costs • To provide internal and external trainings and workshops to our sales and technical staff 	<ul style="list-style-type: none"> • New headcount of approximately 8 technicians were recruited by June 2018 • New headcount of approximately two engineers and 9 technicians were recruited by June 2019 • New headcount of approximately two sales and marketing executives were recruited by June 2019 • Provided internal and external trainings and workshops to our technical staff • In the process of seeking suitable candidates to the remaining positions

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
Purchase transportation vehicles	<ul style="list-style-type: none"> • Purchase of three vans for maintenance operations and, transportation of relevant equipment and/or labour • Purchase of two lorries for delivery and transportation of larger equipment and/or labour 	<ul style="list-style-type: none"> • Purchased two vans for maintenance, operations and transportation of relevant equipment and/or labour • Considered and monitored the Group's current project portfolio but postponed the purchase of lorry due to current different project requirements
Setting up a new sales office in Singapore	<ul style="list-style-type: none"> • Purchase of one new property to be used by our sales and contract department and act as a demonstration facility for our sound and communication systems 	<ul style="list-style-type: none"> • Considered and monitored the Group's project tenders and plan was postponed due to 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

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation Plan	Actual implementation activities
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 on GEM of the Stock Exchange, 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 report. The Board confirms that there is no material change in the business nature of the Group as



MANAGEMENT DISCUSSION AND ANALYSIS

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.

Capital structure, liquidity and financial resources

The Company was listed on the GEM by way of share offer on 16 January 2018 and there has been no change in the capital structure of the Group after the Share Offer. The capital of the Group only comprises of ordinary shares.

As at 31 December 2020, the Group had total assets of approximately S\$22.6 million, total liabilities and shareholders' equity of approximately S\$7.5 million and S\$15.0 million, respectively. The Group's current ratio as at 31 December 2020 was approximately 2.7 compared to 11.6 as at 30 June 2020. The significant decrease in current ratio was primarily due to S\$5.4 million increase in accounts payables in relation to the new E-commerce segment as at 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The gearing ratio for the Group as at 31 December 2020 was 8.8% (30 June 2020: 9.4%). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

Material acquisitions and disposals of subsidiaries and affiliated companies

During Relevant Period, the Company completed the acquisition of 100% equity interest in Haohui Industries Co. Ltd.* (灝輝實業有限公司), a Hong Kong company and its PRC subsidiary (collectively, the “**Haohui Group**”), which is principally engaged in the E-commerce business and operating in the brand name of “團多多” in China.

Save as disclosed above, there were no other significant investments, material acquisitions and disposals of subsidiaries and associated companies by the Company during the Relevant Period.

Foreign exchange exposure

The Group’s transactions are mainly denominated in Singapore Dollar which is the functional and presentation currency of the Group. Significant fluctuations in unrealised foreign exchange losses observed in the Relevant Period amounted to approximately S\$0.18 million due to the monies held in currencies other than Singapore Dollar, such as in United State Dollar, Hong Kong Dollar, and Chinese Yuan.



MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditure

Total capital expenditure for the Relevant Period was approximately S\$48,342, which was used to purchase property, plant and equipment.

Contingent liabilities

As at 31 December 2020, the Group had no significant contingent liabilities.

Commitments

As at 31 December 2020, the Group had no significant capital and operating lease commitments.

Employees and Remuneration Policy

As at 31 December 2020, the total number of employees of the Group was 74 (31 December 2019: 65) and the Directors' emoluments incurred during the Relevant Period were approximately S\$0.4 million (six months ended 31 December 2019: approximately S\$0.5 million).

The Group recognises employees as valuable assets and the Group's success is underpinned by every employees. In line with the Human Resources policies, the Group is committed to providing attractive remuneration packages, and a fair and harmonious working environment to safeguard the legitimate rights and interests of the employees. The Group regularly reviews our Human Resources policies which outline the Group's compensation, working hours, rest periods and other benefits and welfare, to ensure compliance with laws and regulations. The Group always places emphasis on attracting

MANAGEMENT DISCUSSION AND ANALYSIS

qualified applicants by offering competitive remuneration packages which would be reviewed based on employees' performance and reference to prevailing market conditions, and these remuneration packages would be adjusted in a timely manner to keep them competitive in line with market benchmarking.

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

Share Option Scheme

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

As of the report date, no share option has been granted, exercised, cancelled, or lapsed under the Share Option Scheme since its adoption on 14 December 2017.

Events after reporting period

Pursuant to the announcement of the Company dated 29 January 2021, the board lot size of the ordinary shares in the Company will be changed from 10,000 Shares to 2,000 Shares with effect from 9:00 a.m. on Tuesday, 23 February 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

On 5 February 2021, Haohui Shenzhen (“**Haohui Shenzhen**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with three vendors who are independent third parties, pursuant to which Haohui Shenzhen conditionally agreed to acquire entire interest in Global Sourcing Supply Chain Management (Shanghai) Co., Ltd.* (上海格洛博森供應鏈管理有限公司) for a consideration of RMB2.17 million in cash. For details, please refer to the announcement of the Company dated 5 February 2021. As at the date of this report, the said acquisition has not been completed.

Other than stated above, the Group had no other significant events which were subsequent to the end of the reporting period of this report.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2020, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO), or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Mr. Mong Kean Yeow (Note)	Interest in a controlled corporation; interest held jointly with another person	120,000,000	15.00%
Ms. Choon Shew Lang (Note)	Interest in a controlled corporation; interest held jointly with another person	120,000,000	15.00%

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Note: Express Ventures is beneficially owned as to 97.14% by Mr. Mong Kean Yeow and 2.86% by Ms. Choon Shew Lang. On 22 August 2017, Mr. Mong Kean Yeow and Ms. Choon Shew Lang entered into an acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert within the meaning of the Hong Kong Code on Takeovers and Mergers. By virtue of the SFO, Mr. Mong Kean Yeow and Ms. Choon Shew Lang are deemed to be interested in the shares of the Company held by Express Ventures.

Long position in ordinary shares of associated corporation – Express Ventures

Name	Name of associated corporation	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Mr. Mong Kean Yeow	Express Ventures	Beneficial owner	510	97.14%
Ms. Choon Shew Lang	Express Ventures	Beneficial owner	15	2.86%

Long position in ordinary shares of associated corporation – Global Premium (Zhengzhou) Network Technology Co., Ltd.* (環球優品(鄭州)網絡科技有限公司)

Name	Name of associated corporation	Capacity/Nature	Percentage of shareholding
Mr. Yuan Jianzhong	Global Premium (Zhengzhou) Network Technology Co., Ltd.* (環球優品(鄭州)網絡科技有限公司)	Beneficial owner	60.00%



DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Save as disclosed above, as at 31 December 2020, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2020, so far as is known to the Directors, the following person (other than Directors or chief executive of the Company) had or were deemed or taken to have interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Long position in ordinary shares of the Company

Name	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Express Ventures	Beneficial owner	120,000,000	15.00%
Li Chao	Beneficial owner	100,000,000	12.50%
Cao Chunmeng	Beneficial owner	76,800,000	9.60%
Cai Linzhou	Beneficial owner	41,400,000	5.18%

Save as disclosed above, as at 31 December 2020, so far as is known to the Directors or chief executive of the Company, no other persons, other than the Directors and chief executive of the Company whose interests are set out in the section “**DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**” above, had any interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

NO CHANGE IN INFORMATION OF DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors, Directors confirmed that the Company has maintained a sufficient amount of public float for its shares of the Company 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 Relevant Period.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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



DISCLOSURE OF INTERESTS AND OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules on 14 December 2017 and revised on 11 January 2019 (the “**Audit Committee**”). The primary duties of the audit committee include, among others, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the Group’s financial statements, annual report and accounts, half-year report, and quarterly report and significant financial reporting judgements contained therein; and (c) reviewing the financial control, internal control and risk management systems of the Group. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Tang Chi Wai, Dr. Cai Rongxin and Mr. Yan Xiaotian. Mr. Tang Chi Wai is the chairman of the Audit Committee.

The unaudited interim results of the Company for the Relevant Period not been audited by the Company’s independent auditors, but have been reviewed by the Audit Committee members who have provided advice and comments thereon.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

By order of the Board

ISP Global Limited

Mong Kean Yeow

Chairman and executive Director

Hong Kong, 11 February 2021

As at the date of this report, the executive Directors are Mr. Mong Kean Yeow, Ms. Choon Shew Lang and Mr. Yuan Jianzhong, the non-executive Director is Mr. Cao Chunmeng and the independent non-executive Directors are Dr. Cai Rongxin, Mr. Tang Chi Wai, Mr. Yan Xiaotian, and Mr. Yuan Shuangshun.

This report 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 report will also be published on the Company’s website at www.ispg.hk.

* *English name for identification purpose only*