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## **ISP GLOBAL LIMITED**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 8487)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

#### **ACQUISITION**

The Board is pleased to announce that on 14 April 2021 (after trading hours), the Purchaser, an indirectly wholly-owned subsidiary of the Company, the Vendors and the Target Company entered into the Sale and Purchase Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company at the Consideration of RMB1,060,000.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.06 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but all of the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

#### **INTRODUCTION**

The Board is pleased to announce that on 14 April 2021 (after trading hours), the Purchaser, an indirectly wholly-owned subsidiary of the Company, the Vendors and the Target Company entered into the Sale and Purchase Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company at the Consideration of RMB1,060,000.

## THE ACQUISITION

Set out below are the principal terms of the Sale and Purchase Agreement:

### Date

14 April 2021 (after trading hours)

### Parties

- (1) **Purchaser:** Haohui (Shenzhen) Business Consulting Co., Ltd.\* (灝輝(深圳)商業顧問有限公司), an indirectly wholly-owned subsidiary of the Company;
- (2) **Vendors:** Mr. Zhao Xiaomin (趙曉民)(**Mr. Zhao**), Ms. Li Fuying (李富英)(**Ms. Li**), and Ms. Liu Jin (劉今)(**Ms. Liu**)
- (3) **Target Company:** CNC-Link (Beijing) Technology Co., Ltd.\* (中網雲鏈(北京)科技有限公司)

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, as at the date of the Sale and Purchase Agreement, all Vendors are independent of and not connected with the Company or any of its connected persons.

### Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the entire equity interest in the Target Company.

### Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration for the sale and purchase of the entire equity interest in the Target Company shall be RMB1,060,000 payable in cash by the Purchaser to the Vendors within 20 Business Days after Completion.

## **Basis of Consideration**

The Consideration for the Acquisition was determined after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms making reference to the net asset value of the Target Company of approximately RMB1.05 million as at 31 December 2020. In determination of the Consideration, the Board also considered, amongst others, (1) strong customer base of the Target Company, such as state-owned enterprises, financial institutions, and government entities in the PRC; (2) benefits to be derived by the Group from the Acquisition as described under the section headed "Reasons for and benefits of the Acquisition"; and (3) the preliminary valuation assessment of the Target Company prepared by an independent valuer allowing the Board to evaluate the potential financial impacts of the Acquisition to the Group.

The Board considered the Consideration is fair and reasonable and the Acquisition is in the best interest of the Company and Shareholders as a whole.

## **Commitment of outstanding registered capital of the Target Company**

As at the date of this announcement, the outstanding registered capital of the Target Company is RMB8,395,104. Pursuant to the Sale and Purchase Agreement, the Purchaser will fulfil its obligation to pay up the outstanding registered capital of the Target Company in full pursuant to the articles of association of the Target Company after Completion.

## **Conditions precedent**

Completion shall be subject to and conditional upon, among other things, the fulfilment or waiver (as the case may be) of the following conditions:

- (a) the Vendors and the Target Company having obtained all approvals, confirmations or consents from competent local government authority or other relevant third party for the Sale and Purchase Agreement and the transactions contemplated thereunder and which remain in full force and effect;
- (b) the representations and warranties given by the Vendors in the Sale and Purchase Agreement remaining true, accurate, complete and not misleading between the dates of the Sale and Purchase Agreement and Completion;

- (c) the Purchaser having obtained all necessary authorities (including the approval of the Board) approving the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with its articles of association and the GEM Listing Rules;
- (d) the passing of relevant resolutions by the Vendors at a duly convened general meeting to approve, including but not limited to, the revised articles of association of the Target Company with the format and content in the satisfaction of the Purchaser and the Target Company having obtained and completed all necessary approval, confirmation or registration or filing procedures of its revised articles of association;
- (e) the Purchaser being reasonably satisfied with the results of due diligence on the Target Company (including but not limited to business, financial, legal, technology, intellectual property, management or other aspects the Purchaser may consider necessary);
- (f) there being no events, facts, conditions, changes or other situations that have occurred or have been reasonably foreseen that may have a material adverse effect on the Target Company; and
- (g) the Purchaser and the Vendors having fulfilled their respective obligations and duly performed their respective duties as stipulated in the Sale and Purchase Agreement.

## **Completion**

Completion shall take place after the fulfilment (or waiver) of all the conditions precedent and within 30 Business Days from the date of the Sale and Purchase Agreement or such later date to be mutually agreed by the Vendors and the Purchaser in writing. Upon Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

## **INFORMATION OF THE PARTIES**

### **Information of the Purchaser**

The Purchaser is a company incorporated in the PRC with limited liability and is an indirectly wholly-owned subsidiary of the Company. It is an investment holding company.

## **Information of the Vendors**

As at the date of this announcement, the Vendors are the individual shareholders of the Target Company namely Mr. Zhao, Ms. Li, and Ms. Liu, with their respective equity interest holding of 68.54%, 19.00%, and 12.46%.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, as at the date of the Sale and Purchase Agreement, each of the Vendors is independent of and not connected with the Company or any of its connected persons.

The core team of the Target Company is led by Mr. Zhao, who is the founder of the Target Company. Mr. Zhao is a seasoned information and technology expert with over 20 years of experience in the particular field. Mr. Zhao holds a bachelor degree of computer software engineering from the South China University of Technology\* (華南理工大學). From 2001 to 2005, he was appointed as the eastern-China general manager of Shenzhen Hirisun Technology Incorporated\* (深圳海聯訊科技股份有限公司) (a corporation which is listed on the Shenzhen stock exchange with its stock code as 300277). From 2006 to 2018, he was appointed as the northern-China regional director of Radware Ltd (a corporation which is listed on Nasdaq with its stock code as RDWR).

## **Information of the Target Company**

The principal business activity of the Target Company is the provision of network system solution service in the PRC. The key network system solutions offered by the Target Company are network load balancer, database solution, and integrated network solution. The Target Company also provides technical services and subsequent maintenance service in relation to the network system solutions provided to its customers. Since its commencement of business in 2017, the Target Company has won contracts, acting as main contractor or subcontractor, in the PRC to service including but not limited to government entities, financial institutions, state-owned enterprises and railway companies.

The key network systems solutions of the Target Company were sourced from a renowned global leader in cybersecurity and application delivery solutions for physical, cloud and software defined data centres based in Israel.

The following sets forth the breakdown of the revenue by service types for the years ended 31 December 2019 and 31 December 2020:

	<b>For the year ended 31 December 2019 (RMB)</b>	<b>For the year ended 31 December 2020 (RMB)</b>
Sales of network hardware, software and accessories	6,353,491	2,191,204
Technical services	2,424,302	2,173,964
Maintenance services	<u>1,043,510</u>	<u>66,425</u>
 Total	 <u><u>9,821,303</u></u>	 <u><u>4,431,593</u></u>

Set out below is a summary of the audited financial information of the Target Company for the years ended 31 December 2019 and 31 December 2020:

	<b>For the year ended 31 December 2019 (audited) (RMB)</b>	<b>For the year ended 31 December 2020 (audited) (RMB)</b>
Profit before taxation	511,408	227,207
Profit after taxation	511,408	227,207
Net assets	823,446	1,050,653

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Other than the newly established e-commerce services business, the principal business of the Group is providing sound and communication services solution in Singapore. Due to the increasingly competitive environment in the sound and communication service solutions industry in Singapore since 2019, coupled with the strict responses to COVID-19 pandemic spread around the globe by the Singaporean government since early 2020, the Group's business in Singapore had been adversely affected in terms of sales and delay of project delivery. To combat the negative impacts of the COVID-19 on the Group's businesses, it is the Group's intention to strengthen its existing businesses and explore opportunities to enhance the growth prospects of the Group and create value for the Shareholders. Other than the development into the e-commerce segment since the fourth quarter of 2020, the Group has been also actively seeking any feasible expansions which suit for the Group's products and solutions as well as the market diversifications into the PRC.

The Target Company is a growing service provider in network system solution in the PRC with strong execution power demonstrated by its increasing number of contracts servicing quality customers including but not limited to government entities, state-owned enterprises, and financial institutions acquired within the short period of time after its incorporation. The Group believes that the Acquisition is strategically beneficial for the Group to (i) leverage on the Target Company to enter into the PRC market; (ii) diversify the coverage of system servicing solutions.

Based on the above, the Directors consider that the terms for the Acquisition are on normal commercial terms, which are fair and reasonable and in the interest of the Company and Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.06 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but all of the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

### **DEFINITIONS**

“Acquisition”	the acquisition of the entire equity interest in the Target Company by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday or Sunday or statutory holidays in the PRC
“Company”	ISP Global Limited, an exempted company incorporated in the Cayman Islands, the shares of which are listed on GEM of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of RMB1,060,000 payable by the Purchaser to the Vendors for the Acquisition pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries

“Purchaser”	Haohui (Shenzhen) Business Consulting Co., Ltd.* (灝輝(深圳)商業顧問有限公司), an indirectly wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 April 2021 entered into between the Purchaser and the Vendors for the Acquisition
“Shareholders”	shareholders of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Target Company”	CNC-Link (Beijing) Technology Co., Ltd.* (中網雲鏈(北京)科技有限公 司), is a company with limited liabilities incorporated on 7 July 2017 pursuant to the laws of the PRC
“Vendors”	Mr. Zhao Xiaomin (趙曉民), Ms. Li Fuying (李富英), and Ms. Liu Jin (劉今)
“%”	per cent.

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

Hong Kong, 14 April 2021

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

*This announcement, for which the Directors of the issuer 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 of Hong Kong Limited for the purpose of giving information with regard to the issuer. 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 document misleading.*

*This announcement will remain on the “Latest Company Announcement” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for seven days from the day of its posting. This announcement will also be published on the Company’s website at [www.ispg.hk](http://www.ispg.hk).*

*\* For identification purpose only*