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ISP GLOBAL LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8487)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING AGREEMENT

On 30 June 2021, the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 80,000,000 Placing Shares to not less than six independent Placers at the Placing Price of HK\$0.66 per Placing Share.

Placing Shares

Assuming the Placing is completed in full, the maximum number of 80,000,000 Placing Shares represents (i) 10.00% of the existing issued share capital of the Company of 800,000,000 Shares as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The Placing Shares will be allotted and issued pursuant to the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$0.66 per Placing Share represents (a) a discount of approximately 19.51% to the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 15.60% to the average closing price of HK\$0.7820 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

Use of proceeds from the Placing

The maximum gross and net proceeds (after deducting the placing commission and other related expenses) from the Placing are estimated to be approximately HK\$52,800,000 and approximately HK\$52,370,000 respectively. The Company intends to apply the net proceeds from the Placing for (i) the Sound and Communication Business in the PRC, (ii) the System Servicing Solutions Business, (iii) the E-Commerce Business in the PRC, and (iv) general working capital.

Since completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

After the trading hours on 30 June 2021, the Company entered into the Placing Agreement with the Placing Agent for the placing of a maximum of 80,000,000 Placing Shares at the Placing Price of HK\$0.66 per Placing Share on a best effort basis subject to the terms and conditions set out in the Placing Agreement. The principal terms of the Placing Agreement are set out below:

THE PLACING AGREEMENT

Date

30 June 2021 (after trading hours)

Issuer

The Company

Placing Agent

Oriental Patron Asia Limited, who is a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placees

The Placing Shares are expected to be placed to not less than six (6) Placees, who and whose ultimate beneficial owners, the Placing Agent reasonably believes after making reasonable enquiries, to be independent individual, corporate and/or institutional investors who (i) are not connected persons of the Company; and (ii) are independent of each other, the Company and its connected persons, and not acting in concert (as defined under the Takeovers Code) with any of them. The Placing Agent will use its reasonable endeavours to ensure that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder of the Company (within the meaning of the GEM Listing Rules).

Placing Shares

As at the date of this announcement, the Company has 800,000,000 Shares in issue. Assuming there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 80,000,000 Placing Shares represents (i) 10.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$800,000.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.66 per Placing Share represents:

- (a) a discount of approximately 19.51% to the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 15.60% to the average closing price of HK\$0.7820 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market price of the Shares and the current market conditions.

Placing Commission

The Placing Agent will receive a placing commission of 0.75% of the gross proceeds from the Placing. The commission rate was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other things, the prevailing commission rate charged by other placing agents, existing financial position of the Group and the price performance of the Shares.

The Directors (including the independent non-executive Directors) consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing Agreement

The Placing is conditional upon the following conditions being fulfilled on or before the Latest Time for Fulfilment:

- (1) the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (2) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding the force majeure events.

None of the above conditions may be waived by the Company or the Placing Agent.

If the above conditions shall not have been fulfilled in full by the Latest Time for Fulfilment, all rights, obligations and liabilities of the Company and the Placing Agent shall cease and terminate and neither the Company nor the Placing Agent shall have any claim against the other in relation thereto save for antecedent breaches of the provisions under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place within five clear Business Days after all the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above shall have been fulfilled.

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and neither the Company nor the Placing Agent shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate granted to the Directors to allot, issue and deal with Shares by ordinary resolutions of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company of 800,000,000 Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 160,000,000 Shares. Up to the date of this announcement, no share has been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING OF PLACING SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) the sale of sound and communication systems and related services (the “**Sound and Communication Business**”); (ii) the provision of integrated system servicing solutions (the “**System Servicing Solutions Business**”) and (iii) provision of e-commerce services (the “**E-Commerce Business**”) to third party customers.

The business of Group has been struggling due to the increasingly competitive environment in the sound and communication service solutions industry in Singapore intensified by the negative impacts of the COVID-19 on the Singapore domestic economy. To stabilise the volatility from single stream of income from the Singapore business, the Group has been putting efforts into diversification of its business, in particular (1) expanding the Sound and Communication Business from Singapore to the PRC; (2) diversifying the System Servicing Solution Business from sound and communication hardware into network servers; and (3) diversifying into the E-Commerce Business.

As at the date of this announcement, the Group has unutilised proceeds from the share offer (the “**Unutilised Share Offer Proceeds**”) of the Company completed on 16 January 2018 of approximately HK\$21.5 million. The following table sets forth the details of the usage of Unutilised Share Offer Proceeds:

Intended use of Unutilised Share Offer Proceeds	Amount designated in the prospectus of the Company dated 29 December 2017 HK\$' million	Unutilised amount as at the date of this announcement HK\$' million	Expected date to fully utilise the unutilised amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	0.9	31 December 2022
Expand and train our sales and marketing, technical and support workforce	11.6	4.3	30 June 2023
Purchase transportation vehicles	3.0	2.5	30 June 2023
Setting up of a new sales office in Singapore	10.0	10.0	30 June 2022
Partial repayment of bank loan	10.0	Nil	N/A
Resources for the provision of performance bonds	2.0	1.3	30 June 2023
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	2.5	30 June 2023
General working capital	3.5	Nil	N/A
Total	44.0	21.5	

Up to the date of this announcement, saved for the postponement of expected date to fully utilised the Unutilised Share Offer Proceeds allocated to the provision of performance bonds as to explore, evaluate and tender for potential integrated services of sound and communication systems projects in Singapore from 30 June 2021 to 30 June 2023 due to the fact that performance bonds were not required in recent awarded tenders to the Group, the Board has no intention of deviating the implementation plan of the application of the Unutilised Share Offer Proceeds. The Group is in the process of exploring large scale potential projects which requires the provision of performance bonds.

Considering the fact that the Unutilised Share Offer Proceeds have been allocated for specific applications, to gradually achieve the diversification with limited impacts on the resources of the existing business, the Group would have to deploy additional resources. After evaluating a number of financing options, the Board considered that the Placing is a suitable financing option to raise capital in a relatively quick manner at relatively low costs, allowing enlargement of shareholders' base of the Company which may in turn enhance the liquidity of the Shares. The Board has also considered other alternative fundraising options such as debt financing, rights issue or open offer. The Board considered Placing over those options on the grounds that (1) debt financing will incur additional cash burden for interest payment, (2) rights issue or open offer will require substantially more time and costs to complete as compared to Placing.

The fund raised through the Placing will enable the Company to accumulate sufficient amount of reserves for the purposes of developing its (i) Sound and Communication Business in the PRC, (ii) System Servicing Solutions Business and (iii) E-Commerce Business in the PRC and to replenish its working capital whilst diversifying its shareholding base and enhance the liquidity of its Shares.

Assuming all the Placing Shares have been placed, the gross proceeds from the Placing will be HK\$52,800,000 and the net proceeds will be approximately HK\$52,370,000 (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$0.6546 per Placing Share.

The Company intends to apply the entire net proceeds from the Placing of the Group in the following manner:

	Sound and Communication Business in the PRC	System Servicing Solutions Business	E-Commerce Business in the PRC	Total
(i) establish new team/scale-up existing team by hiring additional technicians/salespersons/operating staff	2,619,000 (5%)	5,237,000 (10%)	10,474,000 (20%)	18,330,000 (35%)
(ii) purchase of inventories	– (–%)	– (–%)	10,474,000 (20%)	10,474,000 (20%)
(iii) purchase of machineries and equipment	5,237,000 (10%)	10,474,000 (20%)	– (–%)	15,711,000 (30%)
Sub-total	7,856,000 (15%)	15,711,000 (30%)	20,948,000 (40%)	44,515,000 (85%)
(iv) general working capital and general corporate purposes				7,855,000 (15%)
Total				52,370,000 (100%)

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, set out below are the existing shareholding structure of the Company and the effect on the shareholder structure of the Company upon completion of the Placing (assuming all Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares).

	As at the date of this announcement		Immediately after completion of the Placing (assuming all 80,000,000 Placing Shares are fully placed)	
	<i>No. of Shares</i>	<i>Approx. percentage</i>	<i>No. of Shares</i>	<i>Approx. percentage</i>
Express Ventures (<i>Note 1</i>)	120,000,000	15.00%	120,000,000	13.64%
Li Chao	100,000,000	12.50%	100,000,000	11.36%
Cao Chunmeng (<i>Note 2</i>)	80,200,000	10.03%	80,200,000	9.11%
Cai Linzhou	41,400,000	5.18%	41,400,000	4.70%
Placees	–	–	80,000,000	9.09%
Other public Shareholders	458,400,000	57.29%	458,400,000	52.10%
Total	800,000,000	100.00%	880,000,000	100.00%

Notes:

- Express Ventures Global Limited (“**Express Ventures**”) is beneficially owned as to 97.14% by Mr. Mong Kean Yeow, being the Chairman and executive Director of the Board, and 2.86% by Ms. Choon Shew Lang, being the executive Director of the Board and Chief Executive Officer of the Company. 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 Takeovers Code. By virtue of the SFO, Mr. Mong Kean Yeow and Ms. Choon Shew Lang are deemed to be interested in the Shares held by Express Ventures.
- Mr. Cao Chunmeng is the non-executive Director of the Company with effect from 22 January 2021.
- The above percentage figures are subject to rounding adjustments.

Since completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 11 December 2020 at which, among other things, the General Mandate was granted by the Shareholders to the Directors
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	ISP Global Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange (stock code: 8487)
“Completion Date”	on a Business Day that is within five Business Days after the fulfilment of conditions set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the AGM to issue, allot and deal with the additional shares of the Company not exceeding 20% of the total number of issued shares of the Company at the date of the AGM

“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Time for Fulfilment”	5:00 p.m. on the date falling on the 21st calendar day after the date of the Placing Agreement (i.e. 21 July 2021) or such later date as may be agreed by the Parties in writing
“Placee(s)”	any independent institutional, professional, and/or other private investor(s) procured by or on behalf of the Placing Agent to subscribe for any Placing Shares pursuant to obligation of the Placing Agent under the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares by or on behalf of the Placing Agent to the Placees upon the terms and conditions set out in the Placing Agreement
“Placing Agent”	Oriental Patron Asia Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 30 June 2021 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.66 per Placing Share
“Placing Shares”	up to 80,000,000 new Shares to be allotted and issued by the Company and placed pursuant to the Placing Agreement and each, a “Placing Share”
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto in the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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

Hong Kong, 30 June 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) for seven days from the day of its posting. This announcement will also be published on the Company’s website at www.ispg.hk.