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ISP GLOBAL LIMITED

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

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION – FORMATION OF A JOINT VENTURE INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Reference is made to the announcement (the “**Announcement**”) of ISP Global Limited (the “**Company**”) dated 22 October 2021 in relation to the formation of a joint venture involving the issue of Consideration Shares under General Mandate. Unless otherwise specified, capitalised terms defined in the Announcement have the same meanings when used in this announcement.

The Company would like to supplement the following information in relation to the Announcement.

FURTHER INFORMATION OF THE DETERMINATION OF THE CONSIDERATIONS OF THE STEP-UP ACQUISITIONS

As disclosed in the Announcement, in the determination of the consideration of the Final Step-up Acquisition, two multiples have been ascribed to the threshold profitability requirements of RMB5 million of the WFOE. The setting of two applicable multiples for the Final Step-up Acquisition by the parties was a mechanism designed to incentivise the WFOE to achieve a sustainable profitability in the financial year immediately after the First Step-up Acquisition. Under such mechanism, a higher multiple of 2 will be applied if the WFOE is able to achieve a profit of greater than RMB5 Million whereas a lower multiple of 1.5 will be applied if the WFOE could only achieve a profit of less than or equal to RMB5 million. The 2 times and 1.5 times of net profit to acquire an effective 20% stake in the WFOE is equivalent to valuing the WFOE with a respective implied price-to-earnings ratio of 10 times and 7.5 times.

The multiples of 1.5 times and 2 times and the threshold profitability of RMB5 million for the WFOE were determined after arm's length negotiations having considered amongst others (i) the experience of Messrs. Zhang and Yuan and (ii) the amount of funding commitment of RMB600,000 made by Guo Du to finance the WFOE under the terms of the JV Agreement.

In assessing the fairness and reasonableness of the consideration yardsticks for the Step-up Acquisitions, being the multiples of 1.5 times and 2 times and the threshold profitability of RMB5 million, the Directors have identified five companies ("**Comparable Companies**") listed on stock exchanges in the PRC and Hong Kong, which are e-commerce operating service providers in the PRC and whose principal businesses include but not limited to establishing and operating stores on e-commerce platforms, digital marketing, and customer services, which are the target businesses the WFOE is seeking to build towards in terms of the services, business model and market. The Directors believe the identified Comparable Companies are representative. The Directors had compared the implied price-to-earnings ratio of the considerations of the Step-up Acquisitions, in any case would not be greater than 10, against the Comparable Companies and noted that the average price-to-earnings ratio of the Comparable Companies is above 20.

An analysis of the price-to-earnings ratio of the Comparable Companies is set out below.

Comparable Company	Stock code	Principal activity	Price-to-earnings ratio as at the date of the Announcement (Note)
Shanghai Kaytune Industrial Co. Ltd.* (上海凱淳實業股份有限公司)	SZSE: 301001	Shanghai Kaytune Industrial Co., Ltd. operates electronic commerce businesses. It provides brand online sales, brand online operation, customer relationship management, and other services throughout China.	39.39
Guangzhou Ruoyuchen Technology Co. Ltd.* (廣州若羽臣科技股份有限公司)	SZSE: 003010	Guangzhou Ruoyuchen Technology Co., Ltd. focuses on e-commerce integrated services. It provides brand positioning, shop operation, channel distribution, data mining, warehousing logistics, and other related services.	29.56

Comparable Company	Stock code	Principal activity	Price-to-earnings ratio as at the date of the Announcement (Note)
Hangzhou Onechance Tech Corp.* (杭州壹網壹創科技股份有限公司)	SZSE: 300792	Hangzhou Onechance Tech Corp. provides electronic commerce services. It offers merchandise control, marketing promotion, customer service, warehouse logistics, platform distribution, and other services.	44.34
Shanghai Lily & Beauty Cosmetics Co. Ltd.* (上海麗人麗妝化妝品股份有限公司)	SSE: 605136	Shanghai Lily & Beauty Cosmetics Co., Ltd. operates as online cosmetics marketing company. It operates cosmetics electronic commerce retail business, brand marketing service, cosmetics, cosmetics distribution business and other business throughout China.	25.02
Baozun Inc.	SEHK: 9991	Baozun Inc. provides e-commerce solutions. It offers IT solutions, online store operations, digital marketing, customer services, warehousing and fulfilment, and other services. It services customers in China covering apparel, appliances, electronics, home furnishings, food and health products, beauty and cosmetics, consumer goods and other field.	30.86
		Average	33.83
		Minimum	25.02
		Maximum	44.34

Source: Comparable Companies' filings, Bloomberg

* for identification purposes only

Note:

The price-to-earnings ratio of the Comparable Companies are calculated based on the market capitalisation of the Comparable Companies as at the date of the Announcement divided by the profit attributable to the shareholders of the corresponding Comparable Companies for the trailing twelve-month period.

As the implied maximum price-to-earnings ratio of 10 for each of (1) the First Step-up Acquisition, and (2) the Final Step-up Acquisition is substantially discounted to the price-to-earnings ratios of Comparable Companies, the Directors considered that the considerations of the Step-up Acquisitions are fair and reasonable and the entering into the JV Agreement is in the interest of the Company and Shareholders as a whole.

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

Hong Kong, 29 November 2021

As at the date of this announcement, the executive Directors are Mr. Mong Kean Yeow, Ms. Choon Shew Lang, Mr. Yuan Shuangshun and Mr. Han Bing, 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.

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