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ISP GLOBAL LIMITED

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

FURTHER CHANGE IN USE OF NET PROCEEDS

Reference is made to (i) the supplemental announcement of ISP Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 31 July 2020 in relation to the change in use of proceeds (the “**2021 UOP Announcement**”); and (ii) the 2022 annual report (the “**2022 Annual Report**”) of the Company published on 26 September 2022 in relation to the latest utilization of the net proceeds raised from the listing of the shares of the Company (the “**Shares**”) on GEM up to 30 June 2022. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the 2021 UOP Announcement and the 2022 Annual Report.

PREVIOUS CHANGE OF USE OF NET PROCEEDS

The net proceeds raised from the listing of the Shares on GEM, after deducting the related expenses were approximately HK\$44.0 million (the “**Net Proceeds**”). As disclosed in the 2021 UOP Announcement, the Company has reallocated part of the unutilized Net Proceeds and revised the expected dates of the proceeds to be fully utilized. For further details, please refer to the 2021 UOP Announcement.

FURTHER CHANGE IN USE OF NET PROCEEDS

Having duly considered the latest circumstances as set out in the paragraph headed “Reasons for and benefits of the further change in use of net proceeds” below in this announcement, the Board resolved to: (i) reallocate the unutilized Net Proceeds which were originally allocated to “Take steps to obtain higher grade level under our current mechanical and electrical workhead” of approximately HK\$2.5 million and “Setting up of a new sales office in Singapore” of approximately HK\$10.0 million, of which approximately HK\$9.0 million will be reallocated to the existing purpose of “Expand and train our sales and marketing, technical and support workforce” and approximately HK\$1.5 million will be reallocated to the existing purpose of “Strengthen our marketing efforts in the sound and communication industry in Singapore” and approximately HK\$2.0 million will be retained under the existing purpose of “Setting up a new sales office in Singapore”; and (ii) extend the timeline for fully utilizing the unutilized Net Proceeds for “Resources for the provision of performance bonds” from 30 June 2023 to 30 June 2024 as well as “Strengthen our marketing efforts in the sound and communication industry in Singapore”, “Expand and train our sales and marketing, technical and support workforce”, “Purchase transportation vehicles” and “Setting up of a new sales office in Singapore” from 30 June 2023 to 30 June 2026.

USE OF PROCEEDS

The below table sets out the proposed applications of the net proceeds from Share Offer and the unutilized amount as at 30 June 2023 and the date of this announcement:

Intended use of proceeds	Amount designated in the Prospectus <i>HK\$' million</i>	Actual	Unutilized	Actual	Unutilized	Revised	Expected
		use of proceeds as at 30 June 2023 <i>HK\$' million</i>	amount as at 30 June 2023 <i>HK\$' million</i>	use of proceeds as at date of this announcement <i>HK\$' million</i>	amount as at the date of this announcement <i>HK\$' million</i>	use of remaining balance of the unutilized Net Proceeds <i>HK\$' million</i>	date to fully utilize the unutilized amount
Strengthen our marketing efforts in the sound and communication industry in Singapore	1.4	1.1	0.3	1.1	0.3	1.8	30 June 2026
Expand and train our sales and marketing, technical and support workforce	11.6	11.6	Nil	11.6	Nil	9.0	30 June 2026
Purchase transportation vehicles	3.0	1.0	2.0	1.0	2.0	2.0	30 June 2026
Setting up of a new sales office in Singapore	10.0	Nil	10.0	Nil	10.0	2.0	30 June 2026
Partial repayment of bank loan	10.0	10.0	Nil	10.0	Nil	Nil	N/A
Resources for the provision of performance bonds	2.0	1.8	0.2	1.8	0.2	0.2	30 June 2024
Take steps to obtain higher grade level under our current mechanical and electrical workhead	2.5	Nil	2.5	Nil	2.5	Nil	N/A
General working capital and general corporate purposes	3.5	3.5	Nil	3.5	Nil	Nil	N/A
Total	44.0	29.0	15.0	29.0	15.0	15.0	

Strengthen our marketing efforts in the sound and communication industry in Singapore

As at the date of this announcement, approximately HK\$0.3 million Net Proceeds allocated for website and marketing expenses has not been utilized by the Group. The postponement of the planned and actual use of Net Proceeds was primarily due to the fact that the Group has been using internal resources more often to maintain and improve our corporate websites to develop and improve outreach to potential stakeholders during the outbreak of the novel coronavirus (the “COVID-19”). The Group shall endeavor to look out for more opportunities to conduct new trade shows to further reach out to potential customers in the healthcare industry vertical in Singapore. It is expected that the unutilized proceeds will be fully utilized on or before 30 June 2026.

Expand and train our sales and marketing, technical and support workforce.

From the date of the Company's Listing, the Group employed (i) one marketing manager; (ii) one sales manager; (iii) two sales and marketing executives; (iv) twenty five technicians; and (v) eight engineers (collectively, the "**Additional Workforce**"). The management of the Group considers that the hiring of these staff was and continues to be essential to the Group's marketing strategy and product integration capabilities, ensuring that the Group's customer outreach and product mix is relevant in the post-COVID-19 business environment. The management of the Group considers that approximately three years will be required to (i) outreach to key decision makers for our potential customers; (ii) conduct demonstrations and integration feasibility studies on current end-user's information technology infrastructure; and (iii) develop, test and implement system integrations for new sound and communication systems customers. The Group's ongoing staff costs related to the Additional Workforce in the Network, Sound and Communication Segment in Singapore are approximately HK\$3.0 million per year and the Group reallocated approximately HK\$9.0 million for this purpose. It is expected that the unutilized proceeds will be fully utilized on or before 30 June 2026.

Purchase transportation vehicles

As at the date of this announcement, approximately HK\$2.0 million Net Proceeds allocated for purchasing transportation vehicles has not been utilized by the Group. The postponement of the planned and actual use of Net Proceeds was primarily because the current modes of transport were satisfactory after the management of the Group assessed the worksite personnel mobility given that (i) technical staff were re-located to various accommodation locations around Singapore which were more accessible to the sites at which they were deployed; and (ii) technical staff were encouraged to use Singapore's public transport network whenever possible. The management of the Group further assessed projects requirements and determined that purchasing two vans for delivery instead of the initially planned two lorries for personnel transport is more suitable for the Group's operations. It is expected that the unutilized proceeds will be fully utilized on or before 30 June 2026.

Setting up of a new sales office in Singapore

As at the date of this announcement, approximately HK\$10.0 million Net Proceeds allocated for purchasing new sales office has not been utilized by the Group. The Company has always been looking for an appropriate sales office for the Group's long-term use, yet the property prices in Singapore, especially in those for industrial use purpose, were surged up higher than expected. The management of the Group expects that the post-COVID-19 pandemic impact on rising inventory costs, which was mainly caused by semiconductor supply shortages, to persist. Therefore, the Group increased inventory purchases to ensure all our customers' demands are met in the short to medium term. In May 2023, the Group leased a warehouse in Singapore of approximately 2,100 sq.ft. to store the excess inventory purchased and relocated all inventory held to the leased warehouse. The management of the Group further assessed customer requirements and determined that a re-allocation of currently owned storage space of approximately 1800 sq.ft. will free up sufficient space for a new sales office within the Group's owned premises in Singapore. The Group's new sales office shall have the same functions as mentioned in the Group's Prospectus dated 29 December 2017 (the "**Prospectus**"). The Group revised the use of remaining balance of the Net Proceeds from approximately HK\$10.0 million to approximately HK\$2.0 million for the renovation of the new sales office space. It is expected that the unutilized proceeds will be fully utilized on or before 30 June 2026.

Resources for the provision of performance bonds

As at the date of this announcement, approximately HK\$0.2 million Net Proceeds allocated for provision of performance bonds has not been utilized by the Group. The amount is not yet utilized primarily due to delays in tenders and projects awarded to the Group as a result of the impacts of COVID-19. Based on the current tender invitations and latest information available to the Board, it is expected that the unutilized proceeds will be fully utilized on or before 30 June 2024.

Take steps to obtain higher grade level under our current mechanical and electrical workhead

As at the date of this announcement, approximately HK\$2.5 million Net Proceeds allocated for upgrading the Group's current mechanical and electrical workhead has not been utilized by the Group. Given that the continual adverse impacts on Singapore economy as a result of the outbreak of the COVID-19, the Group believes that the unutilized proceeds of approximately HK\$2.5 million should be reallocated to (i) "Strengthen our marketing efforts in the sound and communication industry in Singapore" of approximately HK\$1.5 million to further propel our marketing outreach to potential customers in the healthcare industry vertical in Singapore; and (ii) "Expand and train our sales and marketing, technical and support workforce" of approximately HK\$1.0 million in order to provide the Group with greater flexibility in cash flow management and enable more effective use of financial resources.

The expected timeline for fully utilizing the unutilized proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this announcement. The Board confirms that there is no material changes in the business nature of the Group as set out in the Prospectus and the Group continues 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 prolonged economic impacts of the outbreak of COVID-19, the Board will continue to monitor closely the situation and evaluate the impacts on the timeline to utilize the unutilized proceeds and will keep shareholders and potential investors informed if there is any material changes.

REASONS FOR AND BENEFITS OF THE FURTHER CHANGE IN USE OF NET PROCEEDS

The Board considers that the above changes in use of net proceeds from the Share Offer would allow the Group to deploy its financial resources more efficiently and therefore, are in the best interest of the Company and the Shareholders as a whole and it will not have any material adverse effect on the existing business and operations of the Group.

The Board will continuously assess the plan for the use of the unutilised proceeds and may revise or amend such plan where necessary to respond to the changing market conditions and strive for better business performance of the Group. Save as disclosed in this announcement, there are no other changes on the use of the remaining balance of the unutilized Net Proceeds.

By order of the Board
ISP Global Limited
Cao Chunmeng
Chairman and executive Director

Hong Kong, 6 September 2023

As at the date of this announcement, the executive Directors are Mr. Cao Chunmeng, Mr. Han Bing, Mr. Yuan Shuangshun, Mr. Mong Kean Yeow and Ms. Choon Shew Lang; the non-executive Director is Mr. Qiu Yingming and the independent non-executive Directors are Mr. Zheng Xiaorong, Mr. Yan Xiaotian and Mr. Tang Chi Wai.

This announcement, for which the Directors 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 for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange website at <http://www.hkexnews.hk> for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.ispg.hk.