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ISP HOLDINGS LIMITED
昇柏控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 02340)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (II) CLOSURE OF REGISTER OF MEMBERS

Financial adviser to the Company

金利豐財務顧問
KINGSTON CORPORATE FINANCE

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to (i) approximately HK$10.83 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date) by issuing up to 212,425,000 Rights Shares; or (ii) approximately HK$13.55 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares on or before the Record Date) by issuing up to 265,758,333 Rights Shares at the Subscription Price of HK$0.051 per Rights Share on the basis of one (1) Rights Share for every two (2) Existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The maximum net proceeds from the Rights Issue, after deducting all relevant expenses, are estimated to be (i) approximately HK$10.13 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date); or (ii) approximately HK$12.85 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares on or before the Record Date). The net price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK$0.048 (assuming full subscription under the Rights Issue and no change in the number of Existing Shares) or approximately HK$0.048 (assuming full subscription under the Rights Issue no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares on or before the Record Date).

Assuming full subscription under the Rights Issues and no change in the number of Existing Shares in issue on or before the Record Date, the Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 49.36% (or approximately HK$5.00 million) for further legal cost to be incurred for the year; and (ii) approximately 50.64% (or approximately HK$5.13 million) for general working capital of the Group.

Assuming full subscription under the Rights Issues and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares on or before the Record Date, the Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 38.91% (or approximately HK$5.00 million) for further legal cost to be incurred for the year; and (ii) approximately 61.09% (or approximately HK$7.85 million) for general working capital of the Group.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) and EAF(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Board has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them, save for the Irrevocable Undertaking given by Champ Key, the controlling Shareholder, who is legally and beneficially interested in 225,518,633 Shares (representing approximately 53.08% of all issued Shares as at the date of this announcement) and 80,000,000 Convertible Preference Shares (representing 100% of all issued Convertible Preference Shares as at the date of this announcement). Pursuant to the Irrevocable Undertaking, Champ Key has given an irrevocable undertaking in favour of the Company, that:

(i) it will subscribe for an aggregate of 112,759,316 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the 225,518,633 Shares wholly and beneficially held by it;

(ii) it will not dispose of any of the 225,518,633 Shares comprising the current shareholding in the Company owned by Champ Key, and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;

(iii) it will lodge or procure its acceptance of the 112,759,316 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 25 April 2025 to Friday, 2 May 2025 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed Rights Issue or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers), the Rights Issue is not conditional upon approval by the Shareholders pursuant to Rule 7.19A of the Listing Rules.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

GENERAL

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Tuesday, 6 May 2025. The Company may, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, make available the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders (if any).

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to (i) approximately HK$10.83 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date) by issuing up to 212,425,000 Rights Shares; or (ii) approximately HK$13.55 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares) by issuing up to 265,758,333 Rights Shares at the Subscription Price of HK$0.051 per Rights Share on the basis of one (1) Rights Share for every two (2) Existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholder(s) (if any).

Details of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) Existing Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.051 per Rights Share
Number of Existing Shares in issue as at the date of this announcement	:	424,850,000 Shares
Number of Rights Shares	:	up to (i) 212,425,000 Rights Shares (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date); or (ii) 265,758,333 Rights Shares (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares on or before the Record Date)

Aggregated nominal value of the Rights Shares	:	up to (i) HK$2,124,250 (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date); or (ii) HK$2,657,583 (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	(i) 637,275,000 (assuming full subscription under the Rights Issue, no change in the number of Existing Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or (ii) 797,274,999 (assuming full subscription under the Rights Issue, no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	(i) approximately HK$10.83 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date); or (ii) approximately HK$13.55 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares)
Net proceeds from the Rights Issue	:	(i) approximately HK$10.13 million after expenses (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date); or (ii) approximately HK$12.85 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares)

Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	approximately HK$0.048 per Rights Share (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date) or approximately HK$0.048 (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares)
Rights of excess application	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments.

As at the date of this announcement, there are 80,000,000 outstanding Convertible Preference Shares issued by the Company. Assuming full exercise of the conversion rights attaching to the Convertible Preference Shares, the maximum number of new Shares that would fall to be allotted and issued on or before the Record Date would be 106,666,666 which would result in the allotment and issue of an additional 53,333,333 Rights Shares.

Save for the aforesaid, as at the date of this announcement, the Group has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Existing Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 212,425,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the issued share capital of the Company as at the date of this announcement; and (ii) 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 265,758,333 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the issued share capital of the Company as at the date of this announcement; and (ii) 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) and EAF(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

If the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

The Subscription Price

The Subscription Price is HK$0.051 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares or where applicable, upon an application of Excess Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 74.50% to the closing price of HK$0.2000 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 73.38% to the average of the closing prices of HK$0.1916 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 75.05% to the average of the closing prices of approximately HK$0.2044 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 66.07% to the theoretical ex-rights price of approximately HK$0.1503 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.2000 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 24.85% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK$0.1503 per Existing Share and the benchmarked price of approximately HK$0.2000 per Existing Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK$0.2000 per Existing Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK$0.1932 per Existing Share); and

(vi) a discount of approximately 85.59% to the latest published audited consolidated net asset value per Share as at 31 December 2024 of approximately HK$0.3538 (based on the net asset value attributable to the owners of the Company as at 31 December 2024 of approximately HK$150,306,000 as disclosed in the annual results announcement of the Company dated 24 March 2025 for the year ended 31 December 2024 and 424,850,000 Shares in issue as at the date of this announcement).

Determination of the Subscription Price

The Subscription Price was determined by the Company with reference to, among others, (i) the prevailing market conditions; (ii) the recent closing prices of the Shares; (iii) the low liquidity of the Shares; (iv) the financial conditions of the Company; (iii) the amount of funds the Company intends to raise under the Rights Issue; and (iv) the reasons as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" below in this announcement.

For the past six months preceding the Last Trading Day, the Hong Kong capital market experienced a significant surged, as illustrated by the increase in Hang Seng Index from 18,874 on 13 January 2025 to 24,771 on 19 March 2025. However, the booming capital market sentiment could not be sustained, and the Hang Sang Index dropped from 24,771 on 19 March 2025 to 22,849 on 3 April 2025. Due to the US-China trade war (particularly the United States imposing tariffs on imports from China), the Hang Sang Index further declined to 19,828 on 7 April 2025, representing a drop of 3,021 points, marking the largest single-day point drop in the history.

During the same period, the share price of the Company dropped from a high of HK$0.250 on the seven consecutive trading days from 16 October to 24 October 2024 to a low of HK$0.186 on the three consecutive trading days from 7 April to 9 April 2025. The average daily trading volume was approximately 33,594 Shares, representing approximately 0.01% of the total number of issued Shares as at the Last Trading Day.

Furthermore, as disclosed in the annual results announcement of the Company for the year ended 31 December 2024, the ISP Business, which is the major segment of the Group, was adversely affected by the depressing environment. Revenue decreased by 34.3% from approximately HK$150.3 million last year to approximately HK$98.7 million for the year ended 31 December 2024. Gross profit also decreased by 47.3% from approximately HK$9.1 million last year to approximately HK$4.8 million for the same period.

During the financial year of 2024, the operation expenses increased by 118.0% from approximately HK$17.8 million last year to approximately HK$38.8 million. This significant increase was mainly due to substantial costs related to arbitration and legal case incurred for the completed projects of the ISP Business, with the hearing date approaching in 2025. These substantial costs were the primary reason for the operating loss of approximately HK$34.0 million for the reporting year, compared to approximately HK$8.7 million last year. Together with the interest income and other income, the ISP Business recorded a loss for the reporting year of approximately HK$33.6 million.

The Company would like more Shareholders to participate in the rights issue exercise. In view of the above factors, particularly the recent weak capital market sentiment, sustained low trading volume and financial conditions of the Company, the Directors believe that offering an attractive discount on the Subscription Price is necessary to enhance the appeal of the Rights Issue and encourage Shareholders to participate. This approach will help maintain their shareholdings in the Company and contribute to the Group's future growth and development. Considering the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and the Use of Proceeds" below, the Directors believe that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board noted the relatively large discount of the Subscription Price as mentioned above. To assess the fairness and reasonableness of the Subscription Price, the Board searched for rights issue transactions announced by companies listed on the Stock Exchange (except those terminated or lapsed) from 1 October 2024 up to the Last Trading Day (the "**Criteria**"). The review period of approximately six months prior to and including the Last Trading Day was determined to illustrate recent practices in rights issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day. Based on the search on the Stock Exchange's website, the Board identified 37 rights issue transactions (the "**Comparables**") which met the aforesaid Criteria and they are exhaustive. The Board considered that notwithstanding that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables and without any independent verification with regard to the businesses and operations of such companies, the Comparables illustrate recent rights issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day.

Set out below is an exhaustive list of the Comparables announced during the review period:

	Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds *HK$'million*	Premium/(discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "LTD Discount") %	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "5-Day Discount") %	Premium/(discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/(discount) of the subscription price to the theoretical ex-rights price per share based on the closing price in relation to the respective rights issue (the "TERP Discount") %	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount") %	Theoretical dilution effect %	Excess application/ Compensatory arrangements	Placing commission %
1	Pacific Legend Group Limited	8547	19/3/2025	1 for 2	13.7	(13.79)	(13.79)	(11.50)	(9.64)	(53.99)	4.60	Compensatory arrangements	1.25
2	Good Fellow Healthcare Holdings Limited	8143	14/3/2025	1 for 1	29.2	(12.28)	(19.35)	(19.35)	(7.41)	233.33	10.94	Compensatory arrangements	1.0
3	Volcano Spring International Holdings Limited	1715	7/3/2025	3 for 1	88.4	47.06	47.06	47.06	8.70	N/A	N/A	Compensatory arrangements	1.0
4	China Zenith Chemical Group Limited	362	3/3/2025	2 for 1	62.2	(17.90)	(18.40)	(43.50)	(7.10)	N/A	13.05	Excess application	N/A
5	Timeless Resources Holdings Limited	8028	27/2/2025	1 for 2	30.0	(9.64)	(8.72)	(9.18)	(6.81)	(23.28)	3.21	Excess application	N/A
6	China Baoli Technologies Holdings Limited	164	18/2/2025	4 for 1	202.5	6.67	2.30	2.17	1.27	N/A	N/A	Excess application	N/A
7	Yues International Holdings Group Limited	1529	14/2/2025	4 for 1	69.4	(7.14)	(20.25)	(34.67)	(1.52)	(88.68)	21.47	Compensatory arrangements	HK$100,000 or 1.0%
8	China Saftower International Holding Group Limited	8623	14/2/2025	1 for 2	6.1	(6.78)	(2.83)	(0.09)	(4.62)	(82.79)	2.26	Compensatory arrangements	1.0
9	Stream Ideas Group Limited	8401	7/2/2025	2 for 1	40.8	(15.00)	(16.50)	(16.50)	(5.56)	N/A	11.58	Compensatory arrangements	3.0

	Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds *HK$'million*	Premium/(discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "LTD Discount") %	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "5-Day Discount") %	Premium/(discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/(discount) of the subscription price to the theoretical ex-rights price per share based on the closing price in relation to the respective rights issue (the "TERP Discount") %	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount") %	Theoretical dilution effect %	Excess application/ Compensatory arrangements	Placing commission %
10	Colour Life Services Group Co., Limited	1778	27/1/2025	1 for 4	62.8	—	(2.14)	N/A	N/A	N/A	0.43	Excess application	N/A
11	Wan Kei Group Holdings Limited	1718	17/1/2025	1 for 1	23.0	(29.82)	(31.97)	(36.31)	(17.53)	(75.00)	17.64	Compensatory arrangements	3.0
12	China Demeter Financial Investments Limited	8120	31/12/2024	1 for 2	15.6	(25.00)	(25.32)	(26.98)	(18.18)	(59.08)	8.55	Compensatory arrangements	2.5
13	China Kingstone Mining Holdings Limited	1380	27/12/2024	2 for 5	21.2	16.28	19.62	24.22	11.11	(65.60)	N/A	Compensatory arrangements	HK$300,000 or 2.25
14	Mansion International Holdings Limited	8456	20/12/2024	4 for 1	30.7	(22.90)	(23.50)	(23.00)	(5.50)	N/A	18.80	Compensatory arrangements	1.5
15	HSC Resources Group Limited	1850	19/12/2024	4 for 1	73.3	(24.29)	(23.19)	(23.36)	N/A	N/A	19.43	Compensatory arrangements	1.5
16	China Energy Storage Technology Development Limited	1143	13/12/2024	2 for 1	94.2	(36.36)	(35.78)	(36.36)	(16.00)	(90.50)	24.24	Compensatory arrangements	1.5
17	China New Holdings Limited (formerly known as Royal Century Resources Holdings Limited)	8125	13/12/2024	3 for 1	39.2	(23.95)	(22.10)	N/A	(7.30)	(82.69)	17.96	Excess application	N/A
18	KNT Holdings Limited	1025	10/12/2024	3 for 1	44.0	(9.38)	(10.22)	(12.78)	(2.52)	(59.90)	8.08	Compensatory arrangements	3.0
19	Xinming China Holdings Limited	2699	6/12/2024	4 for 1	93.8	(13.80)	(18.80)	(20.60)	N/A	N/A	16.90	Compensatory arrangements	3.0

	Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds *HK$'million*	Premium/(discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "LTD Discount") %	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "5-Day Discount") %	Premium/(discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/(discount) of the subscription price to the theoretical ex-rights price per share based on the closing price in relation to the respective rights issue (the "TERP Discount") %	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount") %	Theoretical dilution effect %	Excess application/ Compensatory arrangements	Placing commission %
20	Graphex Group Limited	6128	3/12/2024	3 for 1	119.7	(32.00)	(28.27)	N/A	(10.53)	(51.51)	24.00	Compensatory arrangements	1.5
21	Luxxu Group Limited	1327	2/12/2024	1 for 1	16.2	(44.44)	(44.44)	(45.45)	N/A	(82.10)	22.22	Compensatory arrangements	HK$100,000 or 1.5%
22	Legend Strategy International Holdings Group Company Limited	1355	21/11/2024	1 for 1	47.3	(49.71)	(49.60)	(50.87)	(33.08)*(Note 1)*	N/A	24.86	Excess application	N/A
23	Elife Holdings Limited	223	21/11/2024	1 for 5	27.1	(6.54)	(9.91)	(12.20)	(9.09)	96.10	0.61	Excess application	N/A
24	China Wood International Holding Co., Limited	1822	19/11/2024	1 for 1	45.6	(45.00)	(48.60)	N/A	(29.10)	N/A	24.90	Excess application	N/A
25	Global Strategic Group Limited	8007	15/11/2024	4 for 1	51.1	(12.50)	(14.10)	(11.40)	(3.20)	(91.60)	11.30	Excess application	N/A
26	HG Semiconductor Limited	6908	12/11/2024	1 for 4	91.3	(36.00)	(41.50)	(40.50)	(31.00)	(44.20)	8.30	Compensatory arrangements	HK$100,000 and 1.0%
27	Far East Holdings International Limited	36	11/11/2024	2 for 1	72.8	(35.77)	(35.27)	(36.38)	(15.66)	(80.59)	23.85	Compensatory arrangements	2.5
28	China Water Industry Group Limited	1129	6/11/2024	1 for 1	93.7	(49.85)	(49.54)	(49.54)	(33.20)	(93.95)	24.92	Compensatory arrangements	2.0
29	Yuzhou Group Holdings Company Limited	1628	31/10/2024	49 for 100	112.2	(73.68)	(72.99)	(73.86)	(65.27)	N/A	24.23	Excess application	N/A
30	IRC Limited	1029	22/10/2024	1 for 2	362.1	(15.00)	(17.20)	(20.40)	(10.50)	(67.30)	4.90	Excess application	N/A

	Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds	Premium/ (discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "LTD Discount")	Premium/ (discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "5-Day Discount")	Premium/ (discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the closing price in relation to the respective rights issue (the "TERP Discount")	Premium/ (discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount")	Theoretical dilution effect	Excess application/ Compensatory arrangements	Placing commission
					HK$'million	%	%		%	%	%		%
31	China 33 Media Group Limited	8087	21/10/2024	3 for 2	19.4	(7.41)	(8.54)	(9.64)	(3.23)	N/A	5.12	Compensatory arrangements	HK$100,000 or 1.0%
32	Kingkey Financial International (Holdings) Limited	1468	18/10/2024	1 for 2	542.6	—	8.59	(12.25)	N/A	124.60	N/A	Excess application	N/A
33	Gaodi Holdings Limited	1676	18/10/2024	1 for 2	30.8	37.90	38.90	30.30	N/A	(65.50)	N/A	Compensatory arrangements	1.0
34	Eminence Enterprise Limited	616	15/10/2024	2 for 1	62.2	(8.00)	(24.34)	(25.99)	(2.85)	(98.98)	21.30	Excess application	N/A
35	V & V Technology Holdings Limited	8113	8/10/2024	1 for 2	24.2	(31.51)	(26.04)	(18.30)	(23.47)	(32.23)	10.50	Excess application	N/A
36	Palinda Group Holdings Limited	8179	4/10/2024	1 for 2	71.1	(18.70)	(9.42)	(9.83)	(13.29)	(66.10)	6.23	Excess application	N/A
37	China National Culture Group Limited	745	2/10/2024	2 for 1	15.6	(31.97)	(31.51)	(25.93)	N/A	N/A	21.31	Compensatory arrangements	2.0
				Max.	**542.6**	**47.06**	**47.06**	**47.06**	**11.11**	**233.33**	**24.92**		**3.0**
				Min.	**6.1**	**(73.68)**	**(72.99)**	**(73.86)**	**(65.27)**	**(98.98)**	**0.43**		**1.0**
				Mean	**47.3**	**(15.00)**	**(19.35)**	**(20.40)**	**(8.25)**	**(65.85)**	**14.98**		**1.5**
				Average	**76.9**	**(17.79)**	**(18.59)**	**(19.79)**	**(12.40)**	**(41.73)**	**14.30**		**1.9**
	Company	**2340**		**1 for 2**	**13.6**	**(74.50)**	**(73.38)**	**(75.05)**	**(66.07)**	**(85.59)**	**24.85**	**Excess application**	**N/A**

Note:

1. The comparable company disclosed the discount of the subscription price to the theoretical ex-rights price per share based on the benchmarked price in relation to the rights issue.

It is observed that the discounts of the LTD Discount, 5-Day Discount, 10-Day Discount TERP Discount and the NAV Discount of approximately 74.50%, 73.38%, 75.05%, 66.07% and 85.59%, respectively, are similar with the minimum of the Comparables. The theoretical dilution effect of approximately of 24.85% is similar with the maximum of the Comparables of approximately of 24.92%. The Board believes that it is reasonable to offer discount for the Subscription Price to promote its attractiveness given the generally thin average daily trading volume for the six months preceding the Last Trading Day as mentioned above.

The Board considers, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Basis of provisional allotment

The basis of provisional allotment of Rights Shares will be one (1) Rights Share (in nil-paid form) for every two (2) Existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Tuesday, 20 May 2025.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

The Qualifying Shareholders

The Company will make available the Prospectus Documents to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be a Non-Qualifying Shareholder.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee(s) (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Last Day for Transfer.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of the Existing Share(s) (with the relevant share certificates) for registration with the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Thursday, 24 April 2025 (i.e., the Last Day for Transfer).

It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 22 April 2025, and the Shares will be dealt with on an ex-rights basis from Wednesday, 23 April 2025.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date.

The Non-Qualifying Shareholders

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares.

Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs.

The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Non-Qualifying Shareholders for information purposes only.

The Overseas Shareholders

Based on the register of members of the Company as of the date of this announcement, there is no Shareholder with registered addresses situated in overseas.

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents will not be filed or registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Non-Qualifying Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Non-Qualifying Shareholders, if any, will be disclosed in the Prospectus.

This announcement is not an offer of the securities for sale in the United States. The Rights Shares offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. No public offering of Rights Shares is being made in the United States. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be able to participate in the Rights Issue, subject to the results of enquiries made by the Company pursuant to the notes to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction. The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

No fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

Odd lot arrangement

No odd lot matching services will be provided.

Application for Excess Rights Shares

All Qualifying Shareholders are entitled to apply by way of excess application under the EAFs for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

(i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;

(ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and

(iii) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Tuesday, 20 May 2025.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

(i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders;

(ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

For the avoidance of doubt, in applying the principles above, reference will only be made to the number of Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders; and no preference will be given to applications for topping up odd lots.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the beneficial owners individually. Beneficial owners whose Shares are held by a nominee (or held through CCASS) are advised to consider whether they would like to arrange for the registration of their Shares in their own names on or prior to the Last Day for Transfer.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Wednesday, 28 May 2025. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares, or for refunds if the Rights Issue does not proceed, are expected to be despatched on or before Wednesday, 28 May 2025 to the applicants without interest to their registered addresses by ordinary post at their own risks.

Stamp duty and other applicable fees

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy and any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, holding, subscription, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No securities of the Company in issue or the Rights Shares for which listing or permission to deal is to be sought is listed or dealt in on any other stock exchange. Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 4,000 Shares.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

(i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;

(ii) the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus and a letter in the agreed form are made available to the Non-Qualifying Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

(iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms; and

(iv) compliance with the requirements under the applicable laws and regulations of Hong Kong.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by Thursday, 22 May 2025, the Rights Issue will not proceed. As at the date of this announcement, no condition has been fulfilled.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Events	**Time and date 2025**
Date of this announcement	Friday, 11 April
Last day of dealings in the Shares on cum-rights basis	Tuesday, 22 April
First day of dealings in the Shares on ex-rights basis	Wednesday, 23 April
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on Thursday, 24 April
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Friday, 25 April to Friday, 2 May
Record Date for determining the entitlements under the Rights Issue	Friday, 2 May
Despatch of the Prospectus Documents (including the PAL, EAF and Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Tuesday, 6 May
First day of dealings in nil-paid Rights Shares	Thursday, 8 May
Latest time for splitting of PALs	4:30 p.m. on Monday, 12 May
Last day of dealings in nil-paid Rights Shares	Thursday, 15 May
Latest time for acceptance of and payment for the Rights Shares and application for Excess Rights Shares	4:00 p.m. on Tuesday, 20 May
Announcement of results of the Rights Issue	Tuesday, 27 May
Despatch of share certificates for fully-paid Rights Shares or, if the Rights Issue does not become unconditional, refund cheques	Wednesday, 28 May
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 29 May

All times and dates in this announcement refer to Hong Kong local times and dates.

Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

Effect of bad weather on the latest time for acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares

The Latest Time for Acceptance will not take place if there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above or "extreme conditions" announced by the Government of Hong Kong in force in Hong Kong:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 20 May 2025. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 20 May 2025. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on Tuesday, 20 May 2025, the dates mentioned in the expected timetable may be affected. The Company will notify Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Friday, 25 April 2025 to Friday, 2 May 2025 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Board has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them, save for the Irrevocable Undertaking given by Champ Key, the controlling Shareholder, who is legally and beneficially interested in 225,518,633 Shares and 80,000,000 Convertible Preference Shares. Pursuant to the Irrevocable Undertaking, Champ Key has given an irrevocable undertaking in favour of the Company, that:

(i) it will subscribe for an aggregate of 112,759,316 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the 225,518,633 Shares wholly and beneficially held by it;

(ii) it will not dispose of any of the 225,518,633 Shares comprising the current shareholding in the Company owned by Champ Key, and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;

(iii) it will lodge or procure its acceptance of the 112,759,316 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefore, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertakings from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The principal business of the Group is principally engaged in the ISP Business and property and facility management business in China.

Funding needs

The ISP Business has been the major business segment of the Group, contributing over 90% of its revenue in recent years. The business segment offers a wide range of services, including interior design, fitting-out, renovation and conservation, addition and alteration works, construction, maintenance, and buildability and feasibility studies for building-related projects to local customers.

The Group is facing both (1) arbitration case with the employer of the factory development of Yuen Long and (2) litigation case against ATAL Engineering Limited under the High Court action number HCCT 116 of 2022 for the outstanding payment of additional work performed and additional costs incurred by its indirectly holding company ISP to substantial legal costs incurred. Excluding the restricted bank balance and the pledged bank balance of approximately HK$72.59 million in total, there was approximately HK$31.09 million in cash and cash equivalents as at 31 December 2024.

Taking into account (i) the budget for upfront costs and cash pledged of performance bond associated with the potential tendered projects totaling approximately HK$554.5 million, with one project tendered but pending the tender results; (ii) substantial legal costs expected to be incurred in 2025 as the hearing of both arbitration and legal cases are scheduled for that year; and (iii) the restricted bank balance and pledged bank deposits amounting to approximately HK$72.59 million (representing approximately 70.01% of the total cash and bank balances of approximately HK$103.68 million, which comprised the restricted cash deposits of approximately HK$62.62 million, pledged bank deposits of approximately HK$9.97 million, deposits with original maturities over three months of approximately HK$9.50 million and cash and cash equivalents of approximately HK$21.59 million) as at 31 December 2024; the Board believes it is necessary to maintain a healthy level of the cash balance. This balance is essential for preparing for any new projects tenders, if they arise, and for managing the unpredictable risks inherent in the construction industry.

Assuming full subscription under the Rights Issues and no change in the number of Existing Shares in issue on or before the Record Date, the Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 49.36% (or approximately HK$5.00 million) for further legal cost to be incurred for the year; and (ii) approximately 50.64% (or approximately HK$5.13 million) for general working capital of the Group.

Assuming full subscription under the Rights Issues and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares, the Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 38.91% (or approximately HK$5.00 million) for further legal cost to be incurred for the year; and (ii) approximately 61.09% (or approximately HK$7.85 million) for general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above, i.e. (i) approximately 50% of the net proceeds from the Rights Issue will be used for further legal cost to be incurred for the year; and (ii) approximately 50% will be for general working capital of the Group. Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Rights Issue.

Rights Issue as the preferred fund-raising activity of the Group

The Board has considered various ways of raising funds and believes that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue and offer Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Board considers that the terms of the Rights Issue are fair and reasonable and raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue, assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; or (iii) immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders other than Champ Key has taken up their respective entitlements of the Rights Shares, and assuming no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, are expected to be as follows:

(i) Assuming no change in the number of Shares in issue on or before the Record Date

	As at the date of this announcement		**Immediately after completion of the Rights Issue, assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full**		**Immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders other than Champ Key has taken up their respective entitlements of the Rights Shares and no new Shares will be issued before completion of the Rights issue other than the Rights Shares**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Champ Key *(note 1)*	225,518,633	53.08	338,277,949	53.08	338,277,949	62.92
Others	199,331,367	46.92	298,997,051	46.92	199,331,367	37.08
	424,850,000	100.00	637,275,000	100.00	537,609,316	100.00

Note:

1. Champ Key is a company wholly owned by Mrs. Chu. As at the date of this announcement, Champ Key holds 80,000,000 Convertible Preference Shares, representing 100% of the total Convertible Preference Shares issued. Mrs. Chu is the mother of Mr. Kingston Chu Chun Ho ("**Mr. Chu**"), the executive Director and the chairman of the Board.

(ii) Assuming new Shares are allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date

	Assuming new Shares are allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date		Immediately after completion of the Rights Issue, assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders other than Champ Key has taken up their respective entitlements of the Rights Shares and no new Shares will be issued before completion of the Rights Issue other than the Right Shares	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Champ Key *(note 1)*	332,185,299	62.50	498,277,948	62.50	498,277,948	71.43
Others	199,331,367	37.50	298,997,051	37.50	199,331,367	28.57
	531,516,666	100.00	797,274,999	100.00	697,609,315	100.00

Note:

1. Champ Key is a company wholly owned by Mrs. Chu. As at the date of this announcement, Champ Key holds 80,000,000 Convertible Preference Shares, representing 100% of the total Convertible Preference Shares issued. Mrs. Chu is the mother of Mr. Chu, the executive Director and the chairman of the Board.

2. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Assuming full exercise of the conversion rights attaching to the Convertible Preference Shares, the maximum number of new Shares that would fall to be allotted and issued on or before the Record Date would be 106,666,666 which would result in the allotment and issue of an additional 53,333,333 Rights Shares.

FUND RAISING EXERCISE IN THE PAST 12 MONTHS

The Company had not conducted any other equity fund-raising activities in the past twelve months immediately prior to the date of this announcement.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE PREFERENCE SHARES

As at the date of this announcement, the Company has 80,000,000 outstanding Convertible Preference Shares which are convertible into 106,666,666 Shares. Pursuant to the terms of the Convertible Preference Shares, the conversion price of the Convertible Preference Shares is subject to adjustment upon the occurrence of, among others, rights issues of the Company.

The Company will notify the holders of the Convertible Preference Shares and the Shareholders by way of announcement as and when appropriate regarding adjustments to be made (if any) pursuant to the terms and conditions of the Convertible Preference Shares.

LISTING RULES IMPLICATIONS

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed Rights Issue or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers), the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Tuesday, 6 May 2025.

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the meanings respectively ascribed below:

"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Champ Key"	Champ Key Holdings Limited, a controlling shareholder of the Company and a company incorporated in British Virgin Islands with limited liabilities, which is wholly owned by Mrs. Chu as at the date of this announcement
"Company"	ISP Holdings Limited, a company incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2340)
"Convertible Preference Share(s)"	non-voting convertible preference share(s) of HK$0.01 each in the share capital of the Company
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"EAF(s)"	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Excess Rights Shares
"Excess Rights Shares"	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions
"Existing Share(s)/Share(s)"	ordinary share(s) of par value of HK$0.01 each in the share capital of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Irrevocable Undertakings"	the irrevocable undertaking given by Champ Key in favour of the Company, details of which is set out in the paragraph headed "Irrevocable Undertaking" in this announcement
"ISP Business"	the provision of interiors and special projects business in Hong Kong, being the principally engaged business of the Group
"Last Day for Transfer"	Thursday, 24 April 2025, or such other date as the Company may determine by the Company, being the last date for lodging transfer of Shares prior to the closure of the register of members of the Company
"Last Trading Day"	11 April 2025, being the last trading day of the Shares on the Stock Exchange immediately prior to the release of this announcement
"Latest Time for Acceptance"	Tuesday, 20 May 2025, or such other time and date as the Company may determine by the Company, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Mrs. Chu"	Mrs. Chu Lee Yuet Wah, the ultimate beneficial owner of Champ Key, which is the controlling shareholder of the Company
"Non-Qualifying Shareholder(s)"	the Overseas Shareholder(s) in respect of whom the Board, after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions
"Overseas Shareholder(s)"	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue

"PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus to be issued by the Company to the Shareholders containing details of the Rights Issue
"Prospectus Posting Date"	Tuesday, 6 May 2025, or such other date as the Company may determine by the Company, being the date of which the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
"Record Date"	Friday, 2 May 2025, or such other date as may be determined by the Company, being the date for determining entitlements of the Shareholders to participate in the Rights Issue
"Registrar"	Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Rights Issue"	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) Existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
"Rights Share(s)"	up to (i) 212,425,000 Shares (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date); or (ii) 265,758,333 Shares (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Preference Shares)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)	holder(s) of issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription Price"	HK$0.051 per Rights Share
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"United States or US"	the United States of America
"%"	per cent

By order of the Board
ISP Holdings Limited
Kingston Chu Chun Ho
Chairman

Hong Kong, 11 April 2025

As at the date of this announcement, the Board comprises Mr. Kingston Chu Chun Ho (Chairman) and Ms. Leung Yuet Ngor as Executive Directors; Mr. Lam Chun Kit as Non-executive Director; and Mr. Lau Man Tak, Mr. Eric Lee Hon Man and Mr. To Chun Wai as Independent Non-executive Directors.