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## ISP HOLDINGS LIMITED

### 昇柏控股有限公司

(Incorporated in Bermuda with limited liability)  
(Stock code: 02340)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

### ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of ISP Holdings Limited (the “Company” or “ISP Holdings”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022 (the “Reporting Year”) as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b><u>Continuing Operations</u></b>			
Revenue	4	224,923	430,651
Cost of sales and service		(202,263)	(413,155)
Gross profit		22,660	17,496
Other income and gain or loss	5	7,229	8,272
General and administrative expenses		(31,374)	(36,754)
Interest expenses		(87)	(2,878)
Net allowances for impairment losses on receivables and contract assets		36	(243)
Loss before taxation	6	(1,536)	(14,107)
Taxation	8	(164)	(1,339)
Loss for the year from Continuing Operations		(1,700)	(15,446)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 HK\$'000	2021 HK\$'000
Loss for the year from Continuing Operations		<u>(1,700)</u>	<u>(15,446)</u>
<b><u>Discontinued Operations</u></b>			
Profit for the year from Discontinued Operations	7A	<u>438,440</u>	<u>35,058</u>
<b>Profit for the year attributable to equity holders of the Company</b>		<b><u>436,740</u></b>	<b><u>19,612</u></b>
<b>Other comprehensive income/(loss) :</b>			
<u>Items that will not be reclassified to profit or loss:</u>			
Remeasurement on long service payment liabilities		10	(999)
<u>Items that may be subsequently reclassified to profit or loss:</u>			
Exchange differences on translating foreign operations		<u>(2,697)</u>	<u>882</u>
<b>Other comprehensive loss for the year</b>		<b><u>(2,687)</u></b>	<b><u>(117)</u></b>
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>		<b><u>434,053</u></b>	<b><u>19,495</u></b>
<b>Total comprehensive income for the year attributable to equity holders of the Company arises from</b>			
- Continuing Operations		(4,387)	(14,574)
- Discontinued Operations		<u>438,440</u>	<u>34,069</u>
		<b><u>434,053</u></b>	<b><u>19,495</u></b>
<b><u>From Continuing Operations and Discontinued Operations</u></b>			
<b>Earnings per share attributable to the owners of the Company</b>			
- basic (HK cents)	10	<u>87.9</u>	<u>4.6</u>
- diluted (HK cents)	10	<u>86.5</u>	<u>3.9</u>
<b><u>From Continuing Operations</u></b>			
<b>Loss per share attributable to the owners of the Company</b>			
- basic (HK cents)	10	<u>(0.4)</u>	<u>(3.6)</u>
- diluted (HK cents)	10	<u>(0.3)</u>	<u>(3.1)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

		2022	2021
	Note	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		1,936	4,039
Investment properties		-	-
Deferred tax assets		240	268
<b>Total non-current assets</b>		<u>2,176</u>	<u>4,307</u>
<b>Current assets</b>			
Contract assets		115,899	139,628
Receivables	11	102,839	104,348
Deposits and prepayments		1,796	2,906
Financial assets at fair value through profit or loss (“Financial assets at FVTPL”)		28,653	-
Taxation recoverable		-	96
Cash and cash equivalents		153,427	82,661
Pledged bank deposits/time deposits with original maturities over three months		19,524	-
		<u>422,138</u>	<u>329,639</u>
Assets classified as held for sale	7B	-	188,017
<b>Total current assets</b>		<u>422,138</u>	<u>517,656</u>
<b>Current liabilities</b>			
Payables and accruals	12	222,699	265,673
Contract liabilities		-	497
Lease liabilities	13	1,053	1,901
Amount due to the Disposal Group		-	333
Taxation payable		119	9
		<u>223,871</u>	<u>268,413</u>
Liabilities classified as held for sale	7B	-	87,457
<b>Total current liabilities</b>		<u>223,871</u>	<u>355,870</u>
<b>Net current assets</b>		<u>198,267</u>	<u>161,786</u>
<b>Total assets less current liabilities</b>		<u>200,443</u>	<u>166,093</u>

		2022	2021
	Note	HK\$'000	HK\$'000
<b>Non-current liabilities</b>			
Long service payment liabilities		128	133
Lease liabilities	13	59	854
Deferred tax liabilities		58	129
<b>Total non-current liabilities</b>		<u>245</u>	<u>1,116</u>
<b>Net assets</b>		<u>200,198</u>	<u>164,977</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	15	50,486	50,486
Reserves		149,712	114,491
<b>Total equity</b>		<u>200,198</u>	<u>164,977</u>

## Notes to the Financial Statements

### 1. General Information

ISP Holdings Limited (the “Company”) was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company on 4 August 2003. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 October 2003.

The principal business of the Group is principally engaged in the provision of interiors and special projects in Hong Kong and property and facility management services in China.

The consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$), unless otherwise stated, and were approved for issue by the Board on 24 March 2023.

### 2. Adoption of Hong Kong Financial Reporting Standards (“HKFRSs”)

#### (a) Adoption of revised standards – effective 1 January 2022

The HKICPA has issued a number of amended standards, interpretations and amendments to standards that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Costs of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples Accompanying HKFRS 16 and HKAS 41

The amended standards that are effective from 1 January 2022 did not have any material impact on the Group’s accounting policies.

The adoption of the amendments to HKFRSs does not have any significant impact on the Group’s financial positions and performance for the current and prior years.

**(b) New/revised standards that have been issued but are not yet effective**

The following new/revised standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective for the current financial year. The Group's current intention is to apply these changes on the date they become effective. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
HK Interpretation 5 (2022)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative information <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

### **3. Basis of preparation**

#### **(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

#### **(b) Basis of measurement**

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values, at the end of each reporting period.

#### **(c) Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

#### **(d) Functional and presentation currency**

The financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

#### 4. Segment Information

In accordance with the Group's internal financial reporting provided to the chief operating decision-makers, identified as the Executive Committee of the Company, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments and their results are as below:

- interiors and special projects business (“ISP Business”); and
- property and facility management business in China (“PFM China Business”).

Two Operating businesses regarding the ancillary business including integrated procurement, laundry, cleaning, security, maintenance and technical support services (“Ancillary Business”) and property and facility management business in Hong Kong (“PFM HK Business”) (collectively, the “Disposal Group”) were discontinued during the year ended 31 December 2021 and disposed in the Reporting Year. During the Reporting Year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. The segment information reported below does not include any amounts for these Discontinued Operations, which are described in more detail in Note 7A.

Segment assets and liabilities of the Group are not reported to the Group's chief operating decision makers regularly. As a result, reportable assets and liabilities have not been presented in these consolidated financial statements.



## Segment Results

2022 (in HK\$'000)	Continuing Operations			Corporate Overhead (Note)	Total
	ISP Business	PFM China Business	Subtotal		
<b>Revenue</b>					
- Over time	217,685	7,238	224,923	-	224,923
	217,685	7,238	224,923	-	224,923
<b>Gross Profit</b>	18,082	4,578	22,660	-	22,660
<i>Gross Profit Margin</i>	<i>8.3%</i>	<i>63.2%</i>	<i>10.1%</i>	-	<i>10.1%</i>
<b>Operating expenses</b>	(14,881)	(4,735)	(19,616)	(6,072)	(25,688)
<b>Operating Profit/(Loss)</b>	3,201	(157)	3,044	(6,072)	(3,028)
<i>Operating Profit/(Loss) Margin</i>	<i>1.5%</i>	<i>-2.2%</i>	<i>1.4%</i>	-	<i>-1.3%</i>
<b>Direct cost in relation to the disposal</b>	-	-	-	(5,650)	(5,650)
<b>Interest expenses for lease</b>	(49)	(38)	(87)	-	(87)
<b>Other income</b>	2,814	822	3,636	3,593	7,229
<b>Profit/(Loss) before taxation</b>	5,966	627	6,593	(8,129)	(1,536)
<b>Taxation</b>	(164)	-	(164)	-	(164)
<b>Profit/(Loss) for the year</b>	5,802	627	6,429	(8,129)	(1,700)

Note: Corporate overhead mainly represents corporate and administrative activities, and shared services.

2021 (in HK\$'000) (Restated)	Continuing Operations			Corporate Overhead (Note)	Total
	ISP Business	PFM China Business	Subtotal		
<b>Revenue</b>					
- Over time	418,875	11,776	430,651	-	430,651
	418,875	11,776	430,651	-	430,651
<b>Gross Profit</b>	8,849	8,647	17,496	-	17,496
<i>Gross Profit Margin</i>	<i>2.1%</i>	<i>73.4%</i>	<i>4.1%</i>	-	<i>4.1%</i>
<b>Operating expenses</b>	(10,761)	(8,703)	(19,464)	(9,191)	(28,655)
<b>Loss on early redemption of convertible bond</b>	(2,005)	-	(2,005)	-	(2,005)
<b>Interest expenses</b>	(2,658)	-	(2,658)	-	(2,658)
<b>Operating Loss</b>	(6,575)	(56)	(6,631)	(9,191)	(15,822)
<i>Operating Loss Margin</i>	<i>-1.6%</i>	<i>-0.5%</i>	<i>-1.5%</i>	-	<i>-3.7%</i>
<b>Direct cost in relation to the disposal</b>	-	-	-	(6,337)	(6,337)
<b>Interest expenses for lease</b>	(69)	(151)	(220)	-	(220)
<b>Other income and gain or loss</b>	3,200	(105)	3,095	5,177	8,272
<b>Loss before taxation</b>	(3,444)	(312)	(3,756)	(10,351)	(14,107)
<b>Taxation</b>	(1,339)	-	(1,339)	-	(1,339)
<b>Loss for the year</b>	(4,783)	(312)	(5,095)	(10,351)	(15,446)

Note: Corporate overhead mainly represents corporate and administrative activities, and shared services.

## 5. Other Income and Gain or Loss

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b><u>Continuing Operations</u></b>		
Government subsidies (Note)	<b>2,128</b>	-
Miscellaneous income	<b>684</b>	3,174
Bank interest income	<b>3,374</b>	146
Gain on disposal of property, plant and equipment	<b>10</b>	-
Corporate service support for the Disposal Group	<b>-</b>	5,177
Dividend derived from financial assets at FVTPL	<b>1,335</b>	-
Fair value change on financial assets at FVTPL	<b>(1,018)</b>	-
Exchange gain/(loss)	<b>716</b>	(225)
	<b><u>7,229</u></b>	<b><u>8,272</u></b>

Note: Predominantly comprised of subsidies from the Employment Support Scheme (“ESS”) under the Anti-epidemic Fund of the Hong Kong Government, which aim to retain employment and combat Covid-19.

## 6. Loss before Taxation

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b><u>Continuing Operations</u></b>		
Loss before taxation is arrived after charging:		
Staff costs, including directors’ emoluments	<b>52,371</b>	52,238
Depreciation of property, plant and equipment	<b>713</b>	721
Depreciation of right-of-use assets	<b>2,302</b>	3,639
Auditor’s remuneration		
-Audit	<b>1,000</b>	2,350
-Non-audit	<b>150</b>	148
Short-term lease expenses	<b>31</b>	310

## 7. Discontinued Operations and Disposal of Subsidiaries

Pursuant to the circular of the Company dated 1 December 2021, the seller, being the Company, and purchaser, an independent third party, entered into the sale and purchase agreement on 26 November 2021, pursuant to which the seller conditionally agreed to sell, and the purchaser conditionally agreed to acquire, the share capital, representing 100% of the equity interest in the Disposal Group, which in turn holds the equity interests of the Disposal Group, at a cash consideration of HK\$539.0 million. The Disposal Group is principally engaged in the provision of PFM HK Business and Ancillary Business. On 10 January 2022, the transaction was completed and the members of the Disposal Group ceased to be subsidiaries of the Company.

Two operations discontinued along with the completion of disposal of the Disposal Group as set out below:

- i) PFM HK Business; and
- ii) Ancillary Business including integrate procurement, laundry, cleaning, security, maintenance and technical support services.

The respective profit for the period from 1 January 2022 to 10 January 2022 and the year ended 31 December 2021 from the Disposal Group is set out below.

### 7A Results of the Discontinued Operations included in the consolidated statement of profit or loss and other comprehensive income

	For the period from 1 January 2022 to 10 January 2022	2021
	HK\$'000	HK\$'000
Revenue	-	775,364
Cost of sales and service	-	(680,498)
Gross profit	-	94,866
Other income	-	2,957
General and administrative expenses	-	(51,792)
Interest expenses	-	(293)
Net allowances for impairment losses on receivables and contract assets	-	237
Profit before taxation	-	45,975
Taxation	-	(5,740)
Profit for the period/year	-	40,235
Intragroup elimination of revenue due to the Group	-	(5,177)
Gain on disposal of subsidiaries, net of transaction cost (Note 7B)	438,440	-
Profit for the period/year attributable to the Group	438,440	35,058

## 7B Assets and liabilities disposed of at disposal date

	<b>As at the 10 January 2022 HK\$'000</b>
Plant and equipment	10,169
Investment properties	6,800
Deferred tax assets	860
Contract assets	328
Receivables	137,754
Prepayment and deposits	18,797
Taxation recoverable	1,912
Amount due from Continuing Operations	333
Cash and cash equivalents	9,803
Pledged bank deposits/time deposits with original maturities over three months	1,261
Payable and accruals	(64,106)
Contract liabilities	(12,684)
Lease liabilities	(7,304)
Taxation payable	(1,383)
Long services payment liabilities	(1,903)
Deferred tax liabilities	(77)
Net assets disposed of	<u>100,560</u>

### **Consideration:**

	<b>HK\$'000</b>
Cash consideration	<u>539,000</u>

### **Gain on disposal of the Disposal Group:**

	<b>HK\$'000</b>
Cash consideration	539,000
Net assets disposed of	(100,560)
Gain on disposal (Note 7A)	<u>438,440</u>

## Net cash inflows arising on disposal:

	<b>As at the 10 January 2022 HK\$'000</b>
Cash consideration received	<b>539,000</b>
Less: Cash and cash equivalents disposed of	<b>(9,803)</b>
Net cash inflows	<b>529,197</b>

## 8. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year after setting off available tax losses brought forward from prior years. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2.0 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2.0 million will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2.0 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2.0 million.

The PRC EIT was calculated at the statutory income tax rate of 25% (2021: 25%) on the assessable profits.

During the years ended 31 December 2022 and 2021, no Macau Complementary Income Tax has been provided since there were no assessable profits generated.

Taxation on profits generated outside Hong Kong has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries/places in which the Group operates.

The amount of tax charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b><u>Continuing Operations</u></b>		
Current taxation		
Hong Kong profits tax		
- provision for the year	<b>207</b>	1,361
- over provision in prior years	-	(162)
Deferred taxation	<b>(43)</b>	140
	<b>164</b>	1,339

## 9. Dividend

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b><u>Continuing Operations</u></b>		
Dividend recognised as distribution during the Reporting Year:		
First special dividend of HK\$0.59 per share (Note)	<b>297,862</b>	-
Second special dividend of HK\$0.20 per share (Note)	<b>100,970</b>	-
	<b>398,832</b>	-

Note: At Board of Directors ("Board") meetings held on 20 January 2022 and 23 November 2022, the Board resolved to declare special dividend of HK\$0.59 per share/per convertible preference share and HK\$0.20 per share/per convertible preference share respectively based on 504,850,000 shares (including 424,850,000 ordinary shares and 80,000,000 convertible preference shares) for the year ended 31 December 2022 (2021: Nil and Nil, respectively).

At a meeting held on 24 March 2023, the Board resolved not to declare final dividend for the Reporting Year (2021: Nil).

## 10. Earnings/Loss Per Share

- (a) Basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) attributable to the equity holders less dividends (if any) to convertible preference shareholders by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Profit/(loss) for the year attributable to equity holders (HK\$'000)		
- Continuing Operations and Discontinued Operations	436,740	19,612
- Continuing Operations	<u>(1,700)</u>	<u>(15,446)</u>
Less: dividends to convertible preference shareholders (HK\$'000)		
- Continuing Operations and Discontinued Operations	(63,200)	-
- Continuing Operations	<u>-</u>	<u>-</u>
Profit/(loss) for the year attributable to ordinary shareholders (HK\$'000)		
- Continuing Operations and Discontinued Operations	373,540	19,612
- Continuing Operations	<u>(1,700)</u>	<u>(15,446)</u>
Weighted-average ordinary shares issued ('000)	<u>424,850</u>	<u>424,850</u>
Basic earnings/(loss) per share (HK cents)		
- Continuing Operations and Discontinued Operations	87.9	4.6
- Continuing Operations	<u>(0.4)</u>	<u>(3.6)</u>



- (b) Diluted earnings/(loss) per share for the Reporting Year is calculated by dividing the Group's profit/(loss) attributable to the equity holders by the weighted-average ordinary shares outstanding after adjusting for the potential ordinary shares to be issued on convertible preference shares and convertible bonds. The calculation of the diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2022	2021
<b>Earnings/(loss)</b>		
Earnings/(loss) for the purposes of basic earnings/loss per share (HK\$'000)		
- Continuing Operations and Discontinued Operations	436,740	19,612
- Continuing Operations	<u>(1,700)</u>	<u>(15,446)</u>
<b>Number of share</b>		
Weighted-average number of ordinary shares issued ('000)	424,850	424,850
Effect of dilutive potential ordinary shares:		
- Convertible preference shares ('000)	<u>80,000</u>	<u>80,000</u>
Weighted-average ordinary shares for calculating diluted earnings/(loss) per share ('000)	<u>504,850</u>	<u>504,850</u>
Diluted earnings/(loss) per share (HK cents)		
- Continuing Operations and Discontinued Operations	86.5	3.9
- Continuing Operations	<u>(0.3)</u>	<u>(3.1)</u>

Note: The effect of any potential exercise of convertible bonds is excluded from the calculation of diluted earnings/(loss) per share for the year ended 31 December 2022 and 2021 as the effect was considered to be anti-dilutive.

### **Discontinued Operations**

For the year ended 31 December 2022, basic and diluted earnings per share for the Discontinued Operations was 88.3 HK cents and 86.8 HK cents respectively (2021: basic and diluted earnings per share was 8.3 HK cents and 6.9 HK cents respectively), based on the profit for the year from Discontinued Operations attributable to ordinary shareholders of the Company of approximately HK\$438,440,000 (2021: HK\$35,058,000) and the denominators detailed above for both basic and diluted earnings per share.

## 11. Receivables

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (2021: 30 to 60 days) and the majority of the Group's accounts receivable are denominated in Hong Kong dollars. The ageing analysis of accounts receivable by invoice date is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Accounts receivable</b>		
0 to 30 days	<b>11,042</b>	64,690
31 to 60 days	-	30,861
61 to 90 days	<b>516</b>	10,993
Over 90 days	<b>28,896</b>	35,934
	<b>40,454</b>	142,478
<b>Other receivables</b>	<b>11,460</b>	37,146
<b>Retention receivables</b>	<b>56,548</b>	68,334
<b>Receivables</b>	<b>108,462</b>	247,958
<b>Impairment of accounts receivable, retention receivables and other receivables</b>	<b>(5,623)</b>	(5,856)
	<b>102,839</b>	242,102
<b>Transfer to Disposal Group classified as held-for-sale</b>	-	(137,754)
	<b>102,839</b>	104,348

Retention receivables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 31 December 2022, retention receivables held by customers for contract works amounting to approximately HK\$4,954,000 (2021: HK\$4,378,000) are expected to be recovered or settled in more than 12 months from the end of the reporting period, all of the remaining balances are expected to be recovered or settled within one year. Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycle.

The maximum exposure to credit risk at the reporting date is the carrying value of the accounts receivable mentioned above. The Group does not hold any collateral as security.

## 12. Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2021: 30 to 60 days). The ageing analysis of accounts payable by invoice date is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Accounts payable</b>		
0 to 30 days	<b>100,796</b>	171,859
31 to 60 days	<b>8,828</b>	6,214
61 to 90 days	<b>5,796</b>	6,098
Over 90 days	<b>28,033</b>	27,370
	<b>143,453</b>	211,541
<b>Retention payables, other payables and accruals</b>	<b>79,246</b>	118,238
	<b>222,699</b>	329,779
<b>Transfer to Disposal Group classified as held-for-sale</b>	<b>-</b>	(64,106)
	<b>222,699</b>	265,673

Retention payables in respect of the contracting business are settled in accordance with the terms of the respective contracts.

### 13. Leases Liabilities

	<b>Leasehold land and buildings HK\$'000</b>	<b>Furniture and equipment HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2021	11,473	555	12,028
Additions	7,635	484	8,119
Termination	(1,158)	(89)	(1,247)
Interest expenses	491	22	513
Lease payments	(9,016)	(333)	(9,349)
Exchange differences	(5)	-	(5)
	<u>9,420</u>	<u>639</u>	<u>10,059</u>
Transfer to Disposal Group classified as liabilities held for sale	(6,828)	(476)	(7,304)
<b>At 31 December 2021 and 1 January 2022</b>	<b><u>2,592</u></b>	<b><u>163</u></b>	<b><u>2,755</u></b>
Additions	1,614	-	1,614
Termination	(760)	-	(760)
Interest expenses	77	10	87
Lease payments	(2,307)	(136)	(2,443)
Exchange differences	(241)	100	(141)
<b>At 31 December 2022</b>	<b><u>975</u></b>	<b><u>137</u></b>	<b><u>1,112</u></b>
Represented by:			
Current	916	137	1,053
Non-current	59	-	59
	<u>975</u>	<u>137</u>	<u>1,112</u>

Future lease payments are due as follows:

	<b>Minimum lease payments HK\$'000</b>	<b>Interest HK\$'000</b>	<b>Present value HK\$'000</b>
Not later than one year	1,072	(19)	1,053
Later than one year and not later than two years	59	-	59
<b>At 31 December 2022</b>	<b>1,131</b>	<b>(19)</b>	<b>1,112</b>

	<b>Minimum lease payments HK\$'000</b>	<b>Interest HK\$'000</b>	<b>Present value HK\$'000</b>
Not later than one year	7,270	(310)	6,960
Later than one year and not later than two years	2,939	(58)	2,881
Later than two years and not later than five years	222	(4)	218
	10,431	(372)	10,059
Transfer to Disposal Group classified as liabilities held for sale (Note 7B)	(7,576)	272	(7,304)
<b>At 31 December 2021</b>	<b>2,855</b>	<b>(100)</b>	<b>2,755</b>

## 14. Convertible Bonds

The Company issued 84.0 million, 7% convertible bonds with a principal amount of HK\$42.0 million on 18 November 2019. The convertible bonds are denominated in Hong Kong dollars. The bonds will mature by two years from the issue date with repayment of principal amount or can be converted into ordinary shares of the Company at the holder's option at the fixed rate of one share per HK\$0.5 of the outstanding principal.

The fair values of the liability component and the equity conversion component were valued by independent professional valuer, Pretium Advisory Services Limited, at the issuance of the convertible bonds and not subject to annual revaluation. The fair value of the liability component included in non-current financial liabilities was calculated using a market interest rate for an equivalent non-convertible bonds. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity net of deferred income taxes.

The Convertible Bonds were redeemed in full during the year ended 31 December 2021. Following the redemption, there was no principal amount outstanding under the Convertible Bonds and no Convertible Bonds have been or will be converted into ordinary shares of the Company.

The convertible bonds recognised in the consolidated statement of financial position in 2021 is calculated as follows:

	2021 HK\$'000
<b>Equity component at 31 December</b>	<u>-</u>
Liability component at 1 January	38,912
Interest expenses	2,042
Interest paid	(959)
Repayment of Convertible Bonds	(42,000)
Loss on early redemption of Convertible Bonds	<u>2,005</u>
<b>Liability component at 31 December</b>	<u>-</u>

Interest expenses on the convertible bonds are calculated using the effective interest method by applying the effective interest rate of 17.1% to the liability component.

## 15. Share Capital

	Number of shares '000	Amount HK\$'000
<b>At 31 December 2021, 1 January 2022 and 31 December 2022</b>		
Authorised		
- Ordinary shares of HK\$0.1 each	9,000,000	900,000
- Convertible preference shares (“CPSs”) of HK\$0.1 each	1,000,000	100,000
	<u>10,000,000</u>	<u>1,000,000</u>
<b>At 31 December 2021, 1 January 2022 and 31 December 2022</b>		
Issued and fully paid:		
- Ordinary shares of HK\$0.1 each	424,850	42,486
- Convertible preference shares (“CPSs”) of HK\$0.1 each	80,000	8,000
	<u>504,850</u>	<u>50,486</u>

## **DIVIDEND**

The Board resolved not to recommend a final dividend for the Reporting Year (2021: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 16 May 2023 to Friday, 19 May 2023, both days inclusive (Hong Kong time), for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2023 Annual General Meeting. In order to be eligible to attend and vote at the 2023 Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 15 May 2023 (Hong Kong time).

During the period mentioned above, no transfer of shares of the Company will be registered.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL OVERVIEW

HK\$' million	Year ended 31 December		Change	
	2022	2021	Amount	%
<b><u>Continuing Operations</u></b>				
Revenue	224.9	430.7	(205.8)	↓ 47.8%
<b>Gross profit</b>	<b>22.7</b>	17.5	<b>5.2</b>	<b>↑ 29.7%</b>
Gross profit margin	10.1%	4.1%	-	↑ 6.0%
Operating expenses (excluding interest)	(25.7)	(30.7)	5.0	↓ 16.3%
Interest expenses in bank loans and convertible bonds	-	(2.7)	2.7	↓ 100.0%
<b>Operating loss</b>	<b>(3.0)</b>	(15.9)	<b>12.9</b>	<b>↓ 81.1%</b>
Other income and gain or loss	5.1	8.3	(3.2)	↓ 38.6%
Government subsidy	2.1	-	2.1	-
Interest expenses for lease	(0.1)	(0.2)	0.1	↓ 50.0%
Direct cost in relation to the disposal	(5.6)	(6.3)	0.7	↓ 11.1%
Taxation	(0.2)	(1.3)	1.1	↓ 84.6%
<b>Loss for the year from Continuing Operations</b>	<b>(1.7)</b>	(15.4)	<b>13.7</b>	<b>↓ 89.0%</b>
<b><u>Discontinued Operations</u></b>				
<b>Profit for the year from Discontinued Operations</b>	<b>438.4</b>	35.0	<b>403.4</b>	<b>↑ 1,152.6%</b>
<b><u>Continuing Operations &amp; Discontinued Operations</u></b>				
<b>Profit attributable to the equity holders of the Company</b>	<b>436.7</b>	19.6	<b>417.1</b>	<b>↑ 2,128.1%</b>
EBITDA	440.0	44.1	395.9	↑ 897.7%
Basic earnings per share (HK cents)	87.9	4.6	83.3	↑ 1,810.9%

## **Continuing Operations**

The interiors and special projects business (“ISP Business”) and the property management and facility management business in China (“PFM China Business”) constituted the Continuing Operations of the Group. The Continued Operations together reported revenue of approximately of HK\$224.9 million for the year ended 31 December 2022 (the “Reporting Year”), representing a decrease of 47.8% over that of last year (2021: HK\$430.7 million). Such decrease was mainly due to (1) completion of several key contracts last year; (2) late sites handover and confirmation of design, materials and nominated subcontractors, which disrupted our original progress of on-going projects; and (3) the outbreak of the fifth wave of novel coronavirus (“COVID-19”), which reduced the available tenders in the industry and incredibly increased the difficulty to replenish our workload as the business environment became competitive.

Under this unfavourable environment, the gross profit of the Group still increased by 29.7% over that of last year to approximately HK\$22.7 million and the gross profit margin increased from 4.1% to 10.1% for the Reporting Year as compared with that of last year. One of the factors for the increase in gross profit and gross profit margin was that the downward adjustment in revenue recognised last year on a completed project for billed but unpaid work done had not recurred in the Reporting Year and legal action was taken at the end of the Reporting Year to recoup such unpaid sum. Another crucial factor contributed to such increase was cost saving from certain completed projects with some subcontractors’ final acceptance of more realistic final payments on their performed works through the effort of management and project team. These two factors offset the negative impact on the decrease of revenue in the Reporting Year and brought an acceptable result on both gross profit and gross profit margin to the Group.

To optimise its capital structure and reduce finance costs, all the convertible bonds had been redeemed at time prior to maturity date last year. Loss of early redemption recognised last year had not recurred in the Reporting Year. Also, certain corporate overheads were reduced as a result of disposal of property and facility management business in Hong Kong (PFM HK Business) and Ancillary Business (Ancillary Business) (collectively, the “Disposal Group”). Under these circumstances, the operating expenses (excluding interest) decreased by 16.3% to approximately HK\$ 25.7 million for the Reporting Year as compared with that of last year (2021: HK\$30.7 million). Meanwhile, with the full repayment of bank loans and redemption of convertible bonds, no interest expenses in bank loan and convertible bonds were incurred for the Reporting Year. Together with the direct cost of approximately HK\$5.6 million in relation to the disposal and various factors mentioned above, the Continuing Operations still recorded a loss of approximately HK\$1.7 million for the Reporting Year, but has been able to decrease its loss by 89.0% from last year (2021: HK\$15.4 million).

## **Discontinued Operations**

Discontinued Operations of the Group comprised the PFM HK Business and Ancillary Business, which contributed profit of approximately HK\$35.0 million to the Group for the year ended 31 December 2021, were disposed to China Resources Property Management Limited on 10 January 2022 for the consideration of HK\$539.0 million and the disposal gain of approximately HK\$438.4 million was recognised in the Reporting Year.

## **Continuing Operations and Discontinued Operations**

Including both the results of Continuing Operations and disposal gain from Discontinued Operations, the Group recorded the profit attributable to equity holders of the Company of approximately HK\$436.7 million for the Reporting Year (2021: HK\$19.6 million) whilst basic earnings per share of the Group were 87.9 HK cents (2021: earnings per share was 4.6 HK cents).

## BUSINESS REVIEW AND PROSPECTS

### Business Overview

In early January 2022, the Group disposed the PFM HK Business and the Ancillary Business to a third party. Upon completion of disposal, the Group focused on the expansion and development of ISP Business and maintained the existing operating scale of PFM China Business.

### Business Results

HK\$' million	ISP Business				PFM China Business			
	2022	2021	Amount	Change %	2022	2021	Amount	Change %
Revenue	217.7	418.9	(201.2)	↓48.0%	7.2	11.7	(4.5)	↓38.5%
Gross Profit	18.1	8.9	9.2	↑103.4%	4.6	8.6	(4.0)	↓46.5%
Operating Expenses	(14.9)	(12.8)	(2.1)	↑16.4%	(4.7)	(8.7)	4.0	↓46.0%
Interest Expenses	-	(2.7)	2.7	↓100.0%	-	-	-	-
Operating Profit/ (Loss)	3.2	(6.6)	9.8	↑148.5%	(0.1)	(0.1)	-	-
Government Subsidies (Note)	2.1	-	2.1	-	-	-	-	-
Others	0.7	3.1	(2.4)	↓77.4%	0.7	(0.2)	0.9	↑450.0%
Taxation	(0.2)	(1.3)	1.1	↓84.6%	-	-	-	-
Net Profit/(Loss)	5.8	(4.8)	10.6	↑220.8%	0.6	(0.3)	0.9	↑300.0%

Note: Government subsidies – Employment Support Scheme launched by the Hong Kong Government.

## ISP Business

After the completion of the disposal of the PFM Business and the Ancillary Business, ISP Business has become the major business arm of the Group and contributed over 95% revenue of the Group. The ISP Business, which has been in operation since 2006 before being acquired by the Group in late of 2012, had completed over 249 projects with a contract sum of over HK\$ 9.0 billion up to 31 December 2022 in a large variety of services, including interior design, fitting out, renovation and conservation, alterations and additions (“A&A”), construction, maintenance, and buildability and feasibility studies for building related projects, to its local customers.

2022 was a challenging year for our ISP Business. Our ISP Business was inevitably affected by economic downturns and uncertain business environment caused by the outbreak of the fifth wave of the COVID-19 throughout the year. The tightening or reimplementing of social distance measures, travel restriction and isolation measures gave a further serious attack to economic activities and even led to the halt of the local operation, in particular to retails and restaurant industries until signs of recovery surfaced at the end of last year. Our potential business operators and property owners were hesitated and took a prudent business approach to defer or even abandon their fitting-out, A&A works or new construction project plans. The available tenders in the market decreased sharply and the competition in the industry became stiff. Meanwhile, ISP Business has been cautious during the Reporting Year in tendering projects and more selective in tender opportunities due to the depressed environment. These all resulted in decrease in our new contracts awarded during the Reporting Year. Meanwhile, the work progress of our existing projects was disrupted by (1) tight manpower due to the sustainable high infected COVID-19 index; (2) the lockdown policy and transportation restriction implemented in several Provinces in China, which affected the supply of materials to our projects; and (3) late handover of site and confirmation of design, materials and nominated subcontractors. All these factors caused project construction period to drag longer. Although notice of claims had been submitted to employers to avoid any disputes in future, it still served a hit to the revenue of ISP Business, which decreased by 48.0% from last year. During the Reporting Year, ISP Business had completed a nominated fitting out project of temple in Wanchai and several offices A&A projects. Together with the workload of two on-going residential development projects in Peak Road and Pokfulam and two nominated fitting out projects in Aberdeen and Mongkok, ISP Business recorded a revenue of approximately HK\$217.7 million for the Reporting Year (2021: HK\$418.9 million).

Besides the adverse impact of COVID-19, the Russo-Ukrainian conflict disrupted the global supply chain and resulted in a dramatic increment on the price of the building materials, especially concrete, steel and diesel, as well as machinery and transport cost. Benefit from the vision of our management, ISP Business had early signed the agreements with suppliers for most of the materials required by our existing projects in order to fix the costs once awarded. For that reason, the impact on price rise in building materials was limited to our existing projects only. On the other hand, with the unremitting effort of the management and project teams, there were significant savings from certain completed projects with final acceptance by some of the subcontractors for a more realistic final payment on their performed works. Aside from the cost saving, the fact that the downward adjustment in revenue of a completed project recorded last year had not recurred in the Reporting Year would be another crucial factor for ISP Business to achieve an acceptable result on gross profit with an increase of 103.4% over that of last year to approximately of HK\$ 18.1 million for the Reporting Year even in the economic downturns. As all the bank loans and convertible bonds were repaid and redeemed last year, there were no more loan interest expenses incurred for ISP Business in the Reporting Year. Albeit the operating expenses increased by 16.4% over that of last year to approximately of HK\$14.9 million as more professional fees were incurred for the legal cases, the aforesaid factors together had contributed to a turnaround for ISP Business from operating loss of approximately HK\$6.6 million for last year to operating profit of approximately of HK\$3.2 million for the Reporting Year. As well as the subsidy from the Employment Support Scheme launched by the Government of HKSAR, ISP Business recorded the net profit for the Reporting Year of approximately HK\$5.8 million.

With the hard works of our management team and good past performance in the industry amid the uncertain economic environment, ISP Business was awarded two significant contracts during the Reporting Year, which included an A&A works at Middle Gap Road and a residential development project at Headland Road. The total awarded contract amounted to approximately HK\$152.1 million for the Reporting Year. Meanwhile, the total outstanding workload for contracts on hand as of 31 December 2022 was approximately HK\$285.9 million, all of which is expected to be recognised in 2023. As of the announcement date, ISP Business had tendered for 5 projects and pending for the result, including new build, fitting-out, rehabilitation and A&A works with the total contract sum over HK\$660.0 million. These new projects would bring in substantial income to the Group in the next few years if awarded.

In early of 2023, there are signs of COVID-19 faltered with the relaxation of travel restriction, social distance measure and mask mandate in several Asian countries and regions including Hong Kong. However, the continuing rising benchmark interest rate by the US Fed and when the Russo-Ukrainian conflicts to cease have posed uncertainty to the global economy. ISP Business is unavoidably weakened under this hostile environment. During the tough time, our ISP Business adopted an active approach to complete the existing projects while simultaneously vigilantly tendered for new projects to replenish our workload. ISP Business was successively awarded 2 projects related to luxury residential sector for the Reporting Year. ISP Business would continue to reposition our market with strategic focus on the luxury residential sector. Meanwhile, we would also seize the opportunities from rehabilitation of sizable estates, which is relatively less susceptible to the economic downturns. As announced in the latest Chief Executive Policy Address (the “Police Address”), the Government would provide sufficient land for private housing development in the next five years to meet projected demand to stabilise private housing supply. The Policy Address should give rise to an increase in the demand for building construction and fitting out works, which would provide plentiful business opportunities to ISP Business.

By virtue of our enhanced financial resource and taking into account of Policy Address , the projects currently on hand, the tenders submitted recently as well as more sizable tenders, which we plan to submit this year, Directors are confident that there will be considerable business opportunities and growth impetus in the market for ISP Business to expand. Also, ISP Business are well positioned to capture these business opportunities and market growth in the near future.

### **PFM China Business**

Following the disposal of the PFM HK Business and the Ancillary Business, our supporting team in Shenzhen of PFM HK Business was dismissed and transferred to the buyer. The relative intercompany income from PFM HK Business did not recur during the Reporting Year, which had incurred last year. Furthermore, lockdown policy in Shanghai served a serious punch to PFM China Business as our PFM China Business focused on Shanghai in recent year. Despite of all these negative impacts, the performance of PFM China Business did not get deteriorated with effective cost control measure and incurred an operating loss of HK\$0.1 million for the Reporting Year, which was same as last year.

Subsequent to the Reporting Year, our PFM China Business successful renewed a property and facility management contract for a composited building with office and retail pavilions in Shanghai for two years. Meanwhile, our PFM China Business was also awarded a property management contract for a commercial building in Qingdao for one year.

Going forward, although there was relaxation of the COVID-19 measure in China in the beginning of 2023, the competition faced by PFM China Business is still keen. The Group will adopt prudent approach to maintain the existing structure while simultaneously explore new or alternative business development opportunities to enhance income streams of PFM China Business.

### **Disposal of PFM HK Business and Ancillary Business**

During the Reporting Year, the Company completed the disposal of the PFM HK Business and the Ancillary Business to China Resources Property Management Limited at a consideration of HK\$539.0 million and a disposal gain of approximately HK\$438.4 million was recognised by the Group. For details, please refer to the announcements of the Company dated 26 November 2021, 23 December 2021 and 10 January 2022 and the circular of the Company dated 1 December 2021.

### **Outlook of the Group**

Looking ahead, we expect the local economy remains challenging, amid deteriorating investor and consumer confidence, rising global inflation and local economic downturn. Under these unstable environment, our ISP Business would expect to suffer from these negative impacts to a certain degree. Nevertheless, we are well-equipped to target the opportunity on the relatively steady of development and rehabilitation of luxury residential sector as well as commercial sector, local residential property. Leveraging on our good historical track records and experience in the industry, diversified professional team and our strengthened liquidity and financial position, we are able to undertake more sizable projects in the coming year and strive to maintain a continuous business growth.

On a Group-wide overview, we consider that the overall financial performance of the Group remains stable with growth. Same as the past, alongside improving financial performance, we must continue a transparent, responsible and embracing approach to business so that we can continue our journey to sustainable development. Aligning our values of customer focus, integrity, teamwork, innovation and pursuit of excellence, sustainability is our core business strategy. We are committed to enhancing customer satisfaction through better communication with clients and continual improvement to our services. Besides, with the rapid change of business environment, we will take appropriate measures to manage various operational and financial risks. By virtue of its solid foundation and committed management team, the Group has full confidence in overcoming all the difficulties ahead of us.

### **Financial Position and Financial Risk Management**

As at 31 December 2022, there was no outstanding bank loan for the Group as all bank loans were repaid last year. During the Reporting Year, the Group's sources of fund were generated primarily from operating and investing activities (including proceeds from disposal of PFM HK Business and Ancillary Business).

With regard to the current portfolio of businesses, management expects that financial requirements for the foreseeable future will be met from a combination of shareholders' equity and banking facilities. Meanwhile, the Company disposed of the PFM HK Business and Ancillary Business with a consideration of HK\$539.0 million and disposal gains of approximately HK\$438.4 million was recognised during the Reporting Year. Following the disposal, special dividends of HK\$0.59 per share and HK\$0.20 per share, totaling approximately HK\$297.9 million and HK\$101.0 million, had been paid to shareholders in February 2022 and December 2022 respectively out of the proceeds from the disposal. In addition, part of the proceeds from the disposal after dividend is proposed to be deployed towards further strengthening competitive advantage of the Continuing Operations of the Group with extra cash for the purchase of surety bonds and payment of upfront cost, which will enable the Continuing Operations to tender for larger and/or more projects which in turn can contribute to increase in tender success rate and facilitate the expansion of the ISP Business. The Group would continue to proactively monitor the financial position and maintain sufficient working capital and liquidity in the way that can enable us to capture more business opportunities in the market when they arise, hereby benefiting their profitability.



Financial position (HK\$'000)	31 December 2022	31 December 2021
<b>Total assets</b>	<b>424,314</b>	<b>521,963</b>
Receivables and other assets	249,187	246,978
Cash and cash equivalents and pledged bank deposits/time deposits with original maturities over three months	172,951	82,661
Assets classified as held for sale	-	188,017
<b>Current assets</b>	<b>422,138</b>	<b>517,656</b>
Payables and other liabilities	223,871	268,413
Liabilities classified as held for sale	-	87,457
<b>Current liabilities</b>	<b>223,871</b>	<b>355,870</b>
<b>Non-current liabilities</b>	<b>245</b>	<b>1,116</b>
<b>Net assets</b>	<b>200,198</b>	<b>164,977</b>
<b>Net assets per share (HK cents)</b>	<b>39.7</b>	<b>32.7</b>
<b>Current ratio</b>	<b>1.9</b>	<b>1.5</b>

The Group adopts a conservative approach in the management of its financial risks and resources, under the supervision of the Directors.

The Group's business is conducted primarily in Hong Kong, and its majority assets and liabilities are denominated in Hong Kong Dollars. Therefore, the Group has minimal foreign currency exposure. The growth of the Group's business in China has been funded via permanent capital injection, which is for the long-term and as such, foreign currency hedging is considered unnecessary.

There were no material investments, capital commitments or contingent liabilities as at 31 December 2022 and up to the date of this announcement, other than a writ of summons received by ISP Construction (Engineering) Limited, an indirect wholly-owned subsidiary of the Company, from the employer of the factory development at Yuen Long, details of which are disclosed in the announcement of the Company dated 18 January 2021.

## **Cash Management**

The Group operates a centralised cash management system. Cash balances surplus to meet immediate requirements are mainly placed as short-term bank deposits with licensed banks in Hong Kong.

## **Human Resources**

As at 31 December 2022, the Group employed a total of 313 staff in Hong Kong and China (2021: 4,810, of which 4,492 were employed by the PFM HK Business and the Ancillary Business and 318 staff by the ISP Business and the PFM China Business).

The economy, business and the job market in Hong Kong staged a slight recovery since the second half end of 2022. Human resources are continuously playing a major role in supporting the Group under new normal environment. To advance workplace wellness programs to achieve employees' well being and work-life balance, we have been instrumental in maintaining business continuity and preparing the Group for sustainable growth. Being more flexible, remote-friendly and digital working norms, the changes in processes, workspaces, collaboration systems, and employee wellness are more critical. In order to sustain our quality services, it is always our long-term goal to retain top talent for the Group. We put a lot of efforts in ensuring our staff members are enjoying competitive remuneration and benefits through market research for regular benchmarking review. Our Human Resources team always strives their best to keep track of changes in the latest market conditions for attracting more high caliber candidates to join our winning team. In addition, aiming for the mutual growth of the staff and the Group, we do our utmost to invest and share resources with our staff. We do believe our staff will reward the Company and customers through providing quality services and thus gain more appreciation and recognition from the customers.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Year.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee of the Company comprises three members, namely, Mr. Lau Man Tak (Chairman of the Audit Committee), Mr. Eric Lee Hon Man and Mr. To Chun Wai. The Audit Committee together with the participation of the management of the Company have reviewed the consolidated financial statements of the Group for the Reporting Year.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The figures in this annual results announcement, from pages 1 to 23, have been agreed by the Company's external auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the Reporting Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by BDO Limited on this annual results announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange (as amended from time to time by the Stock Exchange) as its own code of conduct for regulating securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Reporting Year.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has applied the principles and code provisions set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules.

Throughout the Reporting Year, the Company complied with all code provisions of the CG Code.

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

Hong Kong, 24 March 2023

*As at the date of this announcement, the Board comprises Mr. Kingston Chu Chun Ho (Chairman) as Executive Director and 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.*