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 2023

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 2023 (the "Reporting Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK$'000	2022 HK$'000
Continuing Operations			
Revenue	4	**154,715**	224,923
Cost of sales and service		**(141,620)**	(202,263)
Gross profit		**13,095**	22,660
Other income and gain or loss	5	**1,388**	7,229
General and administrative expenses		**(30,204)**	(31,374)
Interest expenses		**(68)**	(87)
Net reversal of impairment losses on account and other receivables, retention receivables and contract assets		**342**	36
Loss before taxation	6	**(15,447)**	(1,536)
Taxation	8	**203**	(164)
Loss for the year from Continuing Operations		**(15,244)**	(1,700)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023**	2022
		HK$'000	HK$'000
Loss for the year from Continuing Operations		**(15,244)**	(1,700)
<u>Discontinued Operations</u>			
Profit for the year from Discontinued Operations	7	**-**	438,440
(Loss)/profit for the year attributable to equity holders of the Company		**(15,244)**	436,740
Other comprehensive (loss) / income:			
<u>Items that will not be reclassified to profit or loss:</u>			
Remeasurement on long service payment liabilities		**(110)**	10
<u>Items that may be subsequently reclassified to profit or loss:</u>			
Exchange differences on translating foreign operations		**(416)**	(2,697)
Other comprehensive loss for the year		**(526)**	(2,687)
Total comprehensive (loss)/income for the year attributable to equity holders of the Company		**(15,770)**	434,053
Total comprehensive (loss)/income for the year attributable to equity holders of the Company arises from			
- Continuing Operations		**(15,770)**	(4,387)
- Discontinued Operations		**-**	438,440
		(15,770)	434,053
<u>From Continuing Operations and Discontinued Operations</u>			
(Loss)/earnings per share attributable to the owners of the Company			
- basic (HK cents)	10	**(3.6)**	87.9
- diluted (HK cents)	10	**(3.0)**	86.5
<u>From Continuing Operations</u>			
Loss per share attributable to the owners of the Company			
- basic (HK cents)	10	**(3.6)**	(0.4)
- diluted (HK cents)	10	**(3.0)**	(0.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**1,844**	1,936
Deferred tax assets		**228**	240
Total non-current assets		**2,072**	2,176
Current assets			
Contract assets		**85,572**	115,899
Account and other receivables and retention receivables	11	**87,254**	102,839
Deposits and prepayments		**1,904**	1,796
Financial assets at fair value through profit or loss ("Financial assets at FVTPL")	14	**24,497**	28,653
Taxation recoverable		**46**	-
Restricted cash deposits		**62,620**	-
Pledged bank deposits		**16,394**	19,524
Cash and cash equivalents		**68,241**	153,427
Total current assets		**346,528**	422,138
Current liabilities			
Payables and accruals	12	**160,207**	222,699
Contract liabilities		**2,200**	-
Lease liabilities	13	**1,086**	1,053
Taxation payable		**-**	119
Total current liabilities		**163,493**	223,871
Net current assets		**183,035**	198,267
Total assets less current liabilities		**185,107**	200,443

	Note	**2023**	2022
		HK$'000	HK$'000
Non-current liabilities			
Long service payment liabilities		**256**	128
Lease liabilities	13	**415**	59
Deferred tax liabilities		**8**	58
Total non-current liabilities		**679**	245
Net assets		**184,428**	200,198
Equity attributable to equity holders of the Company			
Share capital	15	**50,486**	50,486
Reserves		**133,942**	149,712
Total equity		**184,428**	200,198

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 27 March 2024.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") and Changes in Other Accounting Policies

(a) Adoption of new and revised standards – effective 1 January 2023

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The new and amended standards that are effective from 1 January 2023 did not have any material impact on the Group's accounting policies.

Except as described below, the adoption of the new and amendments to HKFRSs does not have any significant impact on the Group's financial positions and performance for the current and prior years.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

Amendments to HKAS 1 and HKFRS Practice Statement 2 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. HKFRS Practice Statement 2 "Making Materiality Judgements" provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

(b) Change in accounting policy

New HKICPA guidance on the accounting implications of the abolition of the mandatory provident fund ("MPF") – long service payment ("LSP") offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the LSP in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

The Group has considered the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. Historically, the Group accounted for the offsetting mechanism by applying the practical expedient in HKAS 19.93(b). Based on the HKICPA guidance, upon the enactment of the Amendment Ordinance in June 2022, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying HKAS 19.93(a).

The Group has changed its accounting policy in connection with its LSP liabilities and has applied HKICPA guidance retrospectively. There is no material impact on the Group's results and financial position for the current or prior periods.

(c) Amendments to HKFRSs issued but are not yet effective

The following revised standards, potentially relevant to the Group's consolilldated 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 Group in the current or future reporting periods and on foreseeable future transactions.

Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for 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 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. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements.

(d) Functional and presentation currency

The consolidated 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").

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

	Continuing Operations				
2023 (in HK$'000)	ISP Business	PFM China Business	Subtotal	Corporate Overhead (Note)	Total
Revenue					
- Over time	150,348	4,367	154,715	-	154,715
	150,348	4,367	154,715	-	154,715
Gross profit	9,147	3,948	13,095	-	13,095
Gross profit margin	***6.1%***	***90.4%***	***8.5%***	-	***8.5%***
Operating expenses	(17,766)	(4,138)	(21,904)	(7,958)	(29,862)
Operating loss	(8,619)	(190)	(8,809)	(7,958)	(16,767)
Operating loss margin	***-5.7%***	***-4.3%***	***-5.7%***	-	***-10.8%***
Interest expenses for lease	(36)	(32)	(68)	-	(68)
Other income and gain or loss	559	199	758	630	1,388
Loss before taxation	(8,096)	(23)	(8,119)	(7,328)	(15,447)
Taxation	194	9	203	-	203
Loss for the year	(7,902)	(14)	(7,916)	(7,328)	(15,244)

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

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

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

5. Other Income and Gain or Loss

	2023	2022
	HK$'000	HK$'000
Continuing Operations		
Government subsidies (Note)	**-**	2,128
Miscellaneous income	**406**	684
Bank interest income	**3,516**	3,374
Gain on disposal of property, plant and equipment	**-**	10
Dividend derived from financial assets at FVTPL	**1,511**	1,335
Fair value change on financial assets at FVTPL	**(4,156)**	(1,018)
Exchange gain	**111**	716
	1,388	7,229

Note: Government subsidies for the year ended 31 December 2022 predominantly comprised of subsidies from the Employment Support Scheme ("ESS") under the Anti-epidemic Fund of the Government of HKSAR, which aim to retain employment and combat Covid-19. During the Reporting Year, there was no government subsidy granted.

6. Loss before Taxation

	2023	2022
	HK$'000	HK$'000
Continuing Operations		
Loss before taxation is arrived after charging:		
Staff costs, including directors' emoluments	**48,029**	52,371
Depreciation of property, plant and equipment	**531**	713
Depreciation of right-of-use assets	**2,130**	2,302
Auditor's remuneration		
-Audit	**1,025**	1,000
-Non-audit	**155**	150
Short-term lease expenses	**151**	31

7. Discontinued Operations and Disposal of Subsidiaries

Pursuant to the announcement 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 to 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 turns hold 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 property and facility management business in Hong Kong ("PFM HK Business") and integrated procurement, laundry, cleaning, security, maintenance and technical support services ("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.

(a) The profit from the Discontinued Operations for the preceding financial year is analysed as follows

	For the period from 1 January 2022 to 10 January 2022
	HK$'000
Gain on disposal of subsidiaries, net of transaction costs	438,440
Profit for the period from Discontinued Operations	438,440

(b) An analysis of the cash flows of the Discontinued Operations are as follows:

	For the period from 1 January 2022 to 10 January 2022
	HK$'000
Net cash flows from investing activities	529,197

(c) Related party transaction

There is no related party transaction during the period.

8. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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% (2022: 25%) on the assessable profits.

During the years ended 31 December 2023 and 2022, 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 (credited)/charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
	HK$'000	HK$'000
<u>Continuing Operations</u>		
Current taxation		
Hong Kong profits tax		
- provision for the year	**-**	207
- over provision in prior years	**(165)**	-
Deferred taxation	**(38)**	(43)
	(203)	164

9. Dividend

	2023	2022
	HK$'000	HK$'000
Continuing Operations		
Dividend recognised as distribution during the year:		
First special dividend of HK$0.59 per share (Note)	**-**	297,862
Second special dividend of HK$0.20 per share (Note)	**-**	100,970
	-	398,832

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 (2023: Nil and Nil respectively).

At a meeting held on 27 March 2024, the Board resolved not to declare final dividend for the Reporting Year (2022: Nil).

10. (Loss)/Earnings Per Share

(a) Basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit 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.

	2023	2022
(Loss)/profit for the year attributable to equity holders (HK$'000)		
- Continuing Operations and Discontinued Operations	**(15,244)**	436,740
- Continuing Operations	**(15,244)**	(1,700)
Less: dividends to convertible preference shareholders (HK$'000)		
- Continuing Operations and Discontinued Operations	**-**	(63,200)
- Continuing Operations	**-**	-
(Loss)/profit for the year attributable to ordinary shareholders (HK$'000)		
- Continuing Operations and Discontinued Operations	**(15,244)**	373,540
- Continuing Operations	**(15,244)**	(1,700)
Weighted-average ordinary shares issued ('000)	**424,850**	424,850
Basic (loss)/earnings per share (HK cents)		
- Continuing Operations and Discontinued Operations	**(3.6)**	87.9
- Continuing Operations	**(3.6)**	(0.4)

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

	2023	2022
(Loss)/earnings		
(Loss)/earnings for the purposes of basic (loss)/earnings per share (HK$'000)		
- Continuing Operations and Discontinued Operations	**(15,244)**	436,740
- Continuing Operations	**(15,244)**	(1,700)
Number of share		
Weighted-average number of ordinary shares issued ('000)	**424,850**	424,850
Effect of dilutive potential ordinary shares:		
- Convertible preference shares ('000)	**80,000**	80,000
Weighted-average ordinary shares for calculating diluted earnings/(loss) per share ('000)	**504,850**	504,850
Diluted (loss)/earnings per share (HK cents)		
- Continuing Operations and Discontinued Operations	**(3.0)**	86.5
- Continuing Operations	**(3.0)**	(0.3)

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, based on the profit for the year from Discontinued Operations attributable to ordinary shareholders of the Company for the year ended 31 December 2022 of approximately HK$438,440,000 and the denominators detailed above for both basic and diluted earnings per share.

11. Account and Other Receivables and Retention Receivables

The credit period of the Group's account receivables generally ranges from 30 to 60 days (2022: 30 to 60 days) and the majority of the Group's account receivables are denominated in Hong Kong dollars. The ageing analysis of account receivables by invoice date is as follows:

	2023	2022
	HK$'000	HK$'000
Account receivables		
0 to 30 days	**1,026**	11,042
31 to 60 days	**1,984**	-
61 to 90 days	**2,997**	516
Over 90 days	**28,310**	28,896
	34,317	40,454
Other receivables	**10,703**	11,460
	45,020	51,914
Impairment of account and other receivables	**(4,648)**	(5,403)
	40,372	46,511
Retention receivables (Note)	**47,371**	56,548
Impairment of retention receivables	**(489)**	(220)
	46,882	56,328

Note: Retention receivables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 31 December 2023, retention receivables held by customers for contract works amounting to approximately HK$7,988,000 (2022: HK$4,954,000) 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 account and other receivables and retention receivables 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 (2022: 30 to 60 days). The ageing analysis of accounts payable by invoice date is as follows:

	2023	2022
	HK$'000	HK$'000
Accounts payable		
0 to 30 days	**61,795**	100,796
31 to 60 days	**3,070**	8,828
61 to 90 days	**3,114**	5,796
Over 90 days	**18,542**	28,033
	86,521	143,453
Retention payables, other payables and accruals	**73,686**	79,246
	160,207	222,699

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

13. Leases Liabilities

	Leasehold land and buildings HK$'000	Furniture and equipment HK$'000	Total HK$'000
At 1 January 2022	2,592	163	2,755
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)
At 31 December 2022 and 1 January 2023	**975**	**137**	**1,112**
Additions	2,384	112	2,496
Termination	-	(13)	(13)
Interest expenses	63	5	68
Lease payments	(2,042)	(116)	(2,158)
Exchange differences	(4)	-	(4)
At 31 December 2023	**1,376**	**125**	**1,501**
Represented by:			
Current	1,032	54	1,086
Non-current	344	71	415
	1,376	**125**	**1,501**

Future lease payments are due as follows:

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	1,125	(39)	1,086
Later than one year and not later than two years	375	(9)	366
Later than two years and not later than five years	50	(1)	49
At 31 December 2023	**1,550**	**(49)**	**1,501**

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

14. Financial Assets at FVTPL

	2023 **HK$'000**	2022 HK$'000
Listed equity securities in Hong Kong	**24,497**	28,653

The listed equity securities are classified as current assets as the management expects to realise these financial assets within 12 months after the Reporting Year.

15. Share Capital

	Number of shares '000	Amount HK$'000
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023		
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**
	10,000,000	**1,000,000**
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023		
Issued and fully paid:		
- Ordinary shares of HK$0.1 each	**424,850**	**42,486**
- CPSs of HK$0.1 each	**80,000**	**8,000**
	504,850	**50,486**

DIVIDEND

The Board resolved not to recommend a final dividend for the Reporting Year (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

HK$' million	Year ended 31 December 2023	2022	Change Amount	%
Continuing Operations				
Revenue	**154.7**	224.9	**(70.2)**	↓ 31.2%
Gross profit	**13.1**	22.7	**(9.6)**	↓ 42.3%
Gross profit margin	**8.5%**	10.1%	**-**	↓ 1.6%
Operating expenses (excluding interest)	**(29.9)**	(25.7)	**(4.2)**	↑ 16.3%
Operating loss	**(16.8)**	(3.0)	**(13.8)**	↑ 460.0%
Other income and gain or loss	**1.4**	5.0	**(3.6)**	↓ 72.0%
Government subsidy	**-**	2.1	**(2.1)**	↓100.0%
Costs in relation to the disposal	**-**	(5.6)	**5.6**	↓ 100.0%
Taxation	**0.2**	(0.2)	**0.4**	↓ 200.0%
Loss for the year from Continuing Operations	**(15.2)**	(1.7)	**(13.5)**	↑ 794.1%
Discontinued Operations				
Profit for the year from Discontinued Operations	**-**	438.4	**(438.4)**	↓ 100.0%
Continuing Operations & Discontinued Operations				
(Loss)/profit attributable to the equity holders of the Company	**(15.2)**	436.7	**(451.9)**	↓ 103.5%
(LBITDA)/EBITDA	**(12.7)**	440.0	**(452.7)**	↓ 102.9%
Basic (loss)/earnings per share (HK cents)	**(3.6)**	87.9	**(91.5)**	↓ 104.1%

Continuing Operations

The interior 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 Continuing Operations together reported a revenue of approximately HK$154.7 million for the year ended 31 December 2023 (the "Reporting Year"), representing a decrease of 31.2% over that of last year (2022: HK$224.9 million). Such decrease was mainly due to the lack of adequate new interior and special orders for replenishment in the Reporting Year and the disruption of work progress in our existing ISP Business projects. Furthermore, in this unfavourable situation, gross profit decreased by 42.3% from that of last year (2022: HK$22.7 million) to approximately HK$13.1 million and gross profit margin likewise decreased from 10.1 % to 8.5% for the Reporting Year as compared with last year.

During the Reporting Year, the court orders for litigation cases with Falcon Insurance Company (Hong Kong) Limited under High Court Action number of HCA 245 of 2022 and HCA 472/2022 were made, which can be referenced to the interim report of the Company for the six months ended 30 June 2023 and the announcement of the Company dated 1 March 2022 and 27 April 2023 respectively. According to the court orders, provision for the cost orders for the Group to pay the plaintiff's costs on an indemnity basis was made in the Reporting Year. On the other hand, more administrative costs were involved in supporting the litigation and arbitration case. These all led to an increase of the operating expenses by 16.3% over that of last year to approximately HK$29.9 million.

Taking into consideration of the one-off subsidy from Employment Supporting Scheme launched by the Government of the Hong Kong Special Administrative Region of approximately HK$2.1 million, costs in relation to the disposal of approximately HK$5.6 million recognized last year but not recurred in the Reporting Year, lesser other income and gain or loss and the various factors mentioned above, the Group recorded a loss of approximately HK$15.2 million from the Continuing Operations as compared to a loss of approximately HK$1.7 million last year.

Discontinued Operations

Discontinued Operations of the Group comprised the property and facility management in Hong Kong (the "PFM HK Business") and the ancillary business (the "Ancillary Business") (collectively, the "Disposal Group"). The Disposal Group was disposed to China Resources Property Management Limited for the consideration of HK$539.0 million and the exceptionally significant disposal gain of approximately HK$438.4 million was recognised last year, but there was no such transaction for the Reporting Year.

Continuing Operations and Discontinued Operations

Including both the results of Continuing Operations and Discontinued Operations, the Group recorded the loss attributable to equity holders of the Company of approximately HK$15.2 million for the Reporting Year as compared to a profit attributable to equity holders of the Company of approximately HK$436.7 million last year. Basic loss per share of the Group was 3.6 HK cents (2022: Basic earnings per share was 87.9 HK cents).

BUSINESS REVIEW AND PROSPECTS

Business Overview

Since the completion of the disposal of the Disposal Group in January 2022, the Group focused on the expansion and development of ISP Business and maintained the existing operating scale of PFM China Business.

Business Results

	ISP Business				PFM China Business			
			Change				Change	
HK$' million	**2023**	**2022**	**Amount**	**%**	**2023**	**2022**	**Amount**	**%**
Revenue	**150.3**	217.7	**(67.4)**	**↓ 31.0%**	**4.4**	7.2	**(2.8)**	**↓ 38.9%**
Gross Profit	**9.1**	18.1	**(9.0)**	**↓ 49.7%**	**4.0**	4.6	**(0.6)**	**↓ 13.0%**
Operating Expenses	**(17.8)**	(14.9)	**(2.9)**	**↑ 19.5%**	**(4.2)**	(4.7)	**0.5**	**↓ 10.6%**
Operating (Loss)/ Profit	**(8.7)**	3.2	**(11.9)**	**↓ 371.9%**	**(0.2)**	(0.1)	**(0.1)**	**↑ 100.0%**
Government Subsidies (Note)	**-**	2.1	**(2.1)**	**↓ 100.0%**	**-**	-	**-**	**-**
Others	**0.6**	0.7	**(0.1)**	**↓ 14.3%**	**0.2**	0.7	**(0.5)**	**↓ 71.4%**
Taxation	**0.2**	(0.2)	**0.4**	**↓ 200.0%**	**-**	-	**-**	**-**
Net (Loss)/Profit	**(7.9)**	5.8	**(13.7)**	**↓ 236.2%**	**-**	0.6	**(0.6)**	**↓ 100.0%**

Note: Government subsidies – Employment Support Scheme launched by the Government of HKSAR.

ISP Business

After the completion of disposal of the Disposal Group, ISP Business became the major business arm of the Group and contributed over 95% revenue of the Group. The ISP Business had been in operation since 2006. Before being acquired by the Group in late 2012, ISP Business had completed over 253 projects with a contract sum of over HK$ 9.0 billion up to 31 December 2023 for a large variety of services, including interior design, fitting out, renovation and conservation, addition and alteration works ("A&A works"), construction, maintenance, and buildability and feasibility studies for building related projects.

2023 was an extension of the challenging time to our ISP Business. Notwithstanding the fact that there were signs of global economic recovery from the easing of the novel coronavirus ("COVID-19"), the business environment was still subject to the economic and geopolitical uncertainties. Our ISP Business was unavoidably threatened. The ongoing Russo-Ukrainian conflicts, the tense situation on the Korean Peninsula and persistent pressure from high benchmark interest rate by the US Fed not only led to inflation in construction costs but also increased the competition in the construction market. In this uncertain business environment, the property market remained sluggish although there was relaxation of Hong Kong's property mortgage policy. Our potential business operators and property owners were hesitant and took a prudent attitude and deferred or even abandoned the fitting-out, A&A works or new construction project plans. The invitations to tenders in the market decreased sharply and the competition in the industry became stiff. Meanwhile, ISP Business was cautious during the Reporting Year in tendering projects and more selective in tender opportunities due to the depressed environment. These resulted in a decrease in our new contracts awarded during the Reporting Year. Moreover, the work progress of our existing projects was disrupted by late handover of sites and design changes. All of these factors caused project construction period to drag longer. Although notice of claims had been submitted to employers to avoid any disputes in the future, they still made a hit to the revenue of ISP Business, which decreased by 31.0% over last year. ISP Business continued our dedication and commitment to overcome the difficulties in our existing projects and deliver high quality work. During the Reporting Year, we had completed a nominated fitting out project of proposed composite building in Yin Chong Street and several offices A&A works projects. Together with three on-going residential development projects in Peak Road, Pokfulam and Stanley and a nominated fitting out project in Aberdeen, ISP Business recorded a revenue of approximately HK$150.3 million for the Reporting Year (2022: HK$217.7 million). Simultaneously, ISP Business recorded a gross profit of approximately HK$9.1 million, which represented a decrease of 49.7% over last year (2022: HK$18.1 million). With more administrative costs involved in supporting the legal case related to ISP Business, the operating expenses increased by 19.5% to approximately HK$17.8 million as compared with last year (2022: HK$14.9 million). As a result of the foregoing, ISP Business turned from an operating profit of approximately HK$3.2 million last year to a loss of approximately HK$8.7 million for the Reporting Year. After taking into account of the interest income and other income, ISP Business recorded a net loss for the Reporting Year of approximately HK$7.9 million as compared with a net profit of approximately HK$5.8 million last year.

In face of the uncertain economy and stiff competition in the construction market, ISP Business was deeply affected and was only awarded three small scale contracts in 2023, which included a hoarding works project in Kowloon Bay, reinstatement work in Queen's Road Central and registered general building contractor service for staircase work in Causeway Bay. In view of the few new contracts awarded in the Reporting Year, ISP would be more proactive with caution and prudence in tendering in the coming year. As of the announcement date, ISP Business tendered for 6 projects and pending for the results and had a total of 11 potential tenders on hand, including new build, fitting out, demolition, site formation, A&A works, landscaping and external works with the total contract sum of over HK$1,158.0 million. These new projects would bring in substantial income to the Group in the next few years if awarded. Meanwhile, the total outstanding workload for contracts on hand as of 31 December 2023 amounted to approximately HK$141.2 million, all of which was expected to be recognized in 2024.

Going forward, the shadow of the negative uncertain vibe will still be there and may not falter as soon as expected. The recovery of construction industry has been prolonged and its industry rivalry is still fierce. Our potential business operators and property owners have not regained the confidence and still temporize. Against this backdrop, there are fewer invitations to tenders for new development projects in the market. In addition, the ongoing high benchmark interest rate by the US Fed and geopolitical conflicts have still posed uncertainty to the global economy. ISP Business is inevitably hindered in this hostile environment. During this tough period, our ISP Business would adopt an active approach to continuing our dedication and commitment to overcome the difficulties in existing projects and deliver high quality work while vigilantly tendering for new projects to replenish our workload. As usual, ISP Business would continue to position ourselves in the market with strategic focus on the luxury residential sector, in which ISP Business has 4 existing projects. Meanwhile, ISP Business would also seize the opportunities from our existing customers for the extension works of our existing projects. Furthermore, ISP Business would also grasp more business opportunities in renovation work in hospitality industry as swift recovery of the hospitality industry from COVID-19 is expected under the Government Policy. As promulgated in the latest Chief Executive's Policy Address, the Government would provide sufficient supply of land and sustain Hong Kong Housing Authority redevelopment projects in order to provide some 32,800 flats in total in the near future. The policy should give rise to an increase in the demand for building construction and fitting out works, and the Group will strive to capture the opportunities to drive our business growth and strengthen our position in the existing market.

In addition, leveraging on our enhanced financial resource, long standing reputation and good tracking records in the industry and taking into account of Chief Executive's Policy Address on land use, 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 ample business opportunity and growth impetus in the market for ISP Business. Also, ISP Business is well positioned to capture these business opportunities for market growth in the near future.

PFM China Business

The COVID-19 had gradually subsided in early 2023. However, the recovery of the China market has been slow due to the strained relationship between China and the United States. During the Reporting Year, PFM China Business successfully renewed a property and facility management contract for a composite building with office and retail pavilions in Shanghai for two years and was awarded two property management contracts for a commercial building in Qingdao for one year and a business and residential building in Shanghai for two years respectively. In the challenging business environment, PFM China Business recorded a revenue of approximately HK$4.4 million with a decrease of 38.9% as compared with last year (2022: HK$7.2 million). Despite the effective cost control measure, PFM China Business still incurred an operating loss of approximately HK$0.2 million for the Reporting Year (2022: HK$ 0.1 million).

Stepping into 2024, in view of economic volatility, sluggish recovery in the Mainland and the keen competition faced by PFM China Business, the Group will adopt a prudent approach to maintaining the existing structure while exploring new or alternative business development opportunities to enhance income streams of PFM China Business.

Outlook of the Group

Looking forward, we expect the local economy remains challenging, amid the low confidence of our potential business operators and property owners, elevated global inflation and economic uncertainty. In such hostile environment, our ISP Business would expect to a certain extent, to suffer from these negative impacts. In the midst of the economy encompassed by an atmosphere of uncertainty, we are well-equipped to focus on the relatively steady of development and bounce back as expected of the luxury residential sector as well as the hospitality sector and extension works of existing projects. 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 continuous business growth.

At the Group level, we take a positive view that the overall financial performance of the Group will remain stable with steady growth so as to create long-term values to the shareholders in the years to come. Same as the past, along with improving financial performance, we must sustain a transparent, responsible and passionate belief in our business so that we can continue our journey to sustainable development. Aligning our values with customer focus, integrity, teamwork, innovation and pursuit of excellence, sustainability are our core business values. We are committed to enhancing customer satisfaction through better communication with clients and continuous improvement to our services. Besides, with the rapid change of the business environment, we will take appropriate measures to manage various operational and financial risks. Leveraging on our solid foundation and dedicated 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 2023, there was no outstanding bank loan for the Group. During the Reporting Year, the Group's sources of fund were supported by retained earnings from its business operation.

With regard to the current portfolio of businesses, management expects that financial requirements in the foreseeable future will be met from a combination of shareholders' equity and banking facilities. The existing cash and cash equivalents balance are 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 costs, which will enable the continuing operations to tender for larger and/or more projects. They in turn can contribute to increase in tender success rate and facilitate the expansion of the ISP Business. The management of the Group would continue to proactively monitor the financial position and capital structure on a regular basis in order to maintain sufficient working capital and liquidity in the way that can enable us to seize more business opportunities in the market when they arise, hereby boosting their profitability.

Financial position (HK$'000)	31 December 2023	31 December 2022
Total assets	**348,600**	**424,314**
Account and other receivables, retention receivables and other assets	199,273	249,187
Restricted cash deposits, pledged bank deposits and cash and cash equivalents,	147,255	172,951
Current assets	**346,528**	**422,138**
Current liabilities	**163,493**	**223,871**
Non-current liabilities	**679**	**245**
Net assets	**184,428**	**200,198**
Net assets per share (HK cents)	**36.5**	**39.7**
Current ratio	**2.1**	**1.9**

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

The Group's business is conducted primarily in Hong Kong, and the majority of its 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 by permanent capital injection for the long-term and hence, foreign currency hedging is considered unnecessary.

There were no material investments, capital commitments or contingent liabilities as at 31 December 2023 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 were set out in the announcement of the Company dated 18 January 2021.

Cash Management

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

Human Resources

As at 31 December 2023, the Group employed a total of 308 staffs in Hong Kong and China (2022: 313).

The economy, business and the job market in Hong Kong staged a slight recovery. Human resources are continuously playing a major role in supporting the Group. To promote workplace wellness programs to achieve employees' wellbeing 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 following digital working norms, improvements in processes, workspaces, collaboration systems, and employee wellness are indispensable. 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 remunerations 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 in order to attract 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 receiving 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.

SUBSEQUENT EVENT AFTER REPORTING YEAR

There is no material event after 31 December 2023 up to the date of this announcement.

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 21, have been agreed by the Company's external auditor, BDO Limited, to the amounts set out in the Group's audited 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 C3 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 of the Corporate Governance Code (the "CG Code") as contained in Appendix C1 of the Listing Rules.

Throughout the Reporting Year, the Company complied with all code provisions set out in the CG Code.

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

Hong Kong, 27 March 2024

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