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 2024

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 2024 (the "Reporting Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024**	2023
		HK$'000	HK$'000
Revenue	4	**105,492**	154,715
Cost of sales and service		**(96,189)**	(141,620)
Gross profit		**9,303**	13,095
Other income and gain or loss	5	**6,134**	1,388
General and administrative expenses		**(50,277)**	(30,204)
Interest expenses		**(68)**	(68)
Net reversal of impairment losses on account and other receivables, retention receivables and contract assets		**1,370**	342
Loss before taxation	6	**(33,538)**	(15,447)
Taxation	7	**(1)**	203
Loss for the year		**(33,539)**	(15,244)
Loss for the year attributable to equity holders of the Company		**(33,539)**	(15,244)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
Loss for the year		**(33,539)**	(15,244)
Other comprehensive income / (loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement on long service payment liabilities		**23**	(110)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(606)**	(416)
Other comprehensive loss for the year		**(583)**	(526)
Total comprehensive loss for the year attributable to equity holders of the Company		**(34,122)**	(15,770)
Loss per share attributable to the owners of the Company			
- basic (HK cents)	9	**(7.9)**	(3.6)
- diluted (HK cents)	9	**(6.6)**	(3.0)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	**2024** **HK$'000**	2023 HK$'000
Non-current assets			
Property, plant and equipment		**1,678**	1,844
Deferred tax assets		**219**	228
Total non-current assets		**1,897**	2,072
Current assets			
Contract assets		**74,874**	85,572
Account and other receivables and retention receivables	10	**89,045**	87,254
Deposits and prepayments		**2,042**	1,904
Financial assets at fair value through profit or loss ("Financial assets at FVTPL")	13	**26,017**	24,497
Taxation recoverable		**-**	46
Restricted cash deposits		**62,620**	62,620
Pledged bank deposits/deposits with original maturities over three months		**19,471**	16,394
Cash and cash equivalents		**21,590**	68,241
Total current assets		**295,659**	346,528
Current liabilities			
Payables and accruals	11	**142,444**	160,207
Contract liabilities		**3,480**	2,200
Lease liabilities	12	**889**	1,086
Total current liabilities		**146,813**	163,493
Net current assets		**148,846**	183,035
Total assets less current liabilities		**150,743**	185,107

	Note	**2024** HK$'000	2023 HK$'000
Non-current liabilities			
Long service payment liabilities		**279**	256
Lease liabilities	12	**158**	415
Deferred tax liabilities		**-**	8
Total non-current liabilities		**437**	679
Net assets		**150,306**	184,428
Equity attributable to equity holders of the Company			
Share capital	14	**50,486**	50,486
Reserves		**99,820**	133,942
Total equity		**150,306**	184,428

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 2025.

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

(a) Adoption of revised standards – effective 1 January 2024

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amended standards that are effective from 1 January 2024 did not have any material impact on the Group's accounting policies and consolidated financial statements.

(b) New and amendments to HKFRSs issued but are not yet effective

The following new and revised standards, potentially relevant to the Group's consolidated 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 HKAS 21 and HKFRS 1	Lack of Exchangeability [1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments [2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 [2]
HKFRS 18	Presentation and Disclosure in Financial Statements [3]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity [2]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 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 the 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

2024 (in HK$'000)	ISP Business	PFM China Business	Subtotal	Corporate Overhead (Note)	Total
Revenue					
- Over time	98,733	6,759	105,492	-	105,492
	98,733	6,759	105,492	-	105,492
Gross profit	4,835	4,468	9,303	-	9,303
Gross profit margin	*4.9%*	*66.1%*	*8.8%*	*-*	*8.8%*
Operating expenses	(38,824)	(4,656)	(43,480)	(5,427)	(48,907)
Operating loss	(33,989)	(188)	(34,177)	(5,427)	(39,604)
Operating loss margin	*(34.4%)*	*(2.8%)*	*(32.4%)*	-	*(37.5%)*
Interest expenses for lease	(47)	(21)	(68)	-	(68)
Other income and gain or loss	380	254	634	5,500	6,134
(Loss)/profit before taxation	(33,656)	45	(33,611)	73	(33,538)
Taxation	(1)	-	(1)	-	(1)
(Loss)/profit for the year	(33,657)	45	(33,612)	73	(33,539)

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

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.

5. Other Income and Gain or Loss

	2024	2023
	HK$'000	HK$'000
Miscellaneous income	**863**	406
Bank interest income	**1,572**	3,516
Dividend derived from financial assets at FVTPL	**1,344**	1,511
Fair value change on financial assets at FVTPL	**2,192**	(4,156)
Exchange gain	**163**	111
	6,134	1,388

6. Loss before Taxation

	2024	2023
	HK$'000	HK$'000
Loss before taxation is arrived after charging:		
Staff costs, including directors' emoluments	**42,388**	48,029
Depreciation of property, plant and equipment	**341**	531
Depreciation of right-of-use assets	**1,815**	2,130
Auditor's remuneration		
-Audit	**1,025**	1,025
-Non-audit	**182**	155
Short-term lease expenses	**166**	151
Professional and legal expenses as included in general and administrative expenses	**22,437**	3,603

7. Taxation

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 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% (2023: 25%) on the assessable profits.

During the years ended 31 December 2024 and 2023, 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:

	2024 **HK$'000**	2023 HK$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	**-**	-
- over provision in prior years	**-**	(165)
Deferred taxation	**1**	(38)
	1	(203)

8. Dividend

No dividend was paid or proposed during the year ended 31 December 2024 and 2023.

At a meeting held on 24 March 2025, the Board resolved not to declare final dividend for year ended 31 December 2024 (2023: Nil).

9. Loss Per Share

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

	2024	2023
Loss for the year attributable to equity holders (HK$'000)	**(33,539)**	(15,244)
Less: dividends to convertible preference shareholders (HK$'000)	**-**	-
Loss for the year attributable to ordinary shareholders (HK$'000)	**(33,539)**	(15,244)
Weighted-average number of ordinary shares issued ('000)	**424,850**	424,850
Basic loss per share (HK cents)	**(7.9)**	(3.6)

(b) Diluted loss per share for the Reporting Year is calculated by dividing the Group's loss 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 per share attributable to the ordinary equity holders of the Company is based on the following data:

	2024	2023
Loss		
Loss for the purposes of basic loss per share (HK$'000)	**(33,539)**	(15,244)
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 loss per share ('000)	**504,850**	504,850
Diluted loss per share (HK cents)	**(6.6)**	(3.0)

10. Account and Other Receivables and Retention Receivables

The credit period of the Group's account receivables generally ranges from 30 to 60 days (2023: 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:

	2024	2023
	HK$'000	HK$'000
Account receivables		
0 to 30 days	**14,000**	1,026
31 to 60 days	**306**	1,984
61 to 90 days	**299**	2,997
Over 90 days	**27,058**	28,310
	41,663	34,317
Other receivables	**10,828**	10,703
	52,491	45,020
Impairment of account and other receivables	**(4,086)**	(4,648)
	48,405	40,372
Retention receivables (Note)	**40,786**	47,371
Impairment of retention receivables	**(146)**	(489)
	40,640	46,882
Account and other receivables and retention receivables	**89,045**	87,254

Note: Retention receivables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 31 December 2024, retention receivables held by customers for contract works amounting to approximately HK$6,633,000 (2023: HK$7,988,000) 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.

11. Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2023: 30 to 60 days). The ageing analysis of accounts payable by invoice date is as follows:

	2024	2023
	HK$'000	HK$'000
Accounts payable		
0 to 30 days	**43,021**	61,795
31 to 60 days	**6,457**	3,070
61 to 90 days	**5,347**	3,114
Over 90 days	**21,000**	18,542
	75,825	86,521
Retention payables	**56,216**	59,443
Other payables and accruals	**10,403**	14,243
	142,444	160,207

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

12. Leases Liabilities

	Leasehold land and buildings HK$'000	Furniture and equipment HK$'000	Total HK$'000
At 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 and 1 January 2024	**1,376**	**125**	**1,501**
Additions	**1,138**	**244**	**1,382**
Interest expenses	**57**	**11**	**68**
Lease payments	**(1,783)**	**(116)**	**(1,899)**
Exchange differences	**(5)**	**-**	**(5)**
At 31 December 2024	**783**	**264**	**1,047**
Represented by:			
Current	766	123	889
Non-current	17	141	158
	783	**264**	**1,047**

Future lease payments are due as follows:

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	911	(22)	889
Later than one year and not later than two years	136	(4)	132
Later than two years and not later than five years	26	-	26
At 31 December 2024	**1,073**	**(26)**	**1,047**

	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**

13. Financial Assets at FVTPL

	2024 **HK$'000**	2023 HK$'000
Listed equity securities in Hong Kong	**26,017**	24,497

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.

14. Share Capital

	Number of shares '000	Amount HK$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024		
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 2023, 31 December 2023, 1 January 2024 and 31 December 2024		
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 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

HK$' million	Year ended 31 December 2024	2023	Change Amount	%
Revenue	105.5	154.7	(49.2)	↓ 31.8%
Gross profit	9.3	13.1	(3.8)	↓ 29.0%
Gross profit margin	8.8%	8.5%	-	↑ 0.3%
Operating expenses (including interest)	(48.9)	(29.9)	(19.0)	↑ 63.5%
Operating loss	(39.6)	(16.8)	(22.8)	↑ 135.7%
Other income and gain or loss	6.1	1.4	4.7	↑ 335.7%
Taxation	-	0.2	(0.2)	↓ 100.0%
Loss for the year	(33.5)	(15.2)	(18.3)	↑ 120.4%
LBITDA	(31.3)	(12.7)	(18.6)	↑ 146.5%
Basic loss per share (HK cents)	(7.9)	(3.6)	(4.3)	↑ 119.4%

The Group reported consolidated revenue of approximately HK$105.5 million for the year ended 31 December 2024 (the "Reporting Year"), representing a decrease of 31.8% over that of last year (2023: HK$154.7 million). Such decrease was mainly due to completion of certain substantial key projects during the Reporting Year and the newly awarded projects during the Reporting Year only commenced in the second half of the year. Meanwhile, despite the fact that gross profit decreased by 29.0% from that of last year (2023: HK$13.1 million) to approximately HK$9.3 million, the gross profit margin slightly increased from 8.5 % to 8.8% for the Reporting Year when compared with last year due to effective cost control. On the other hand, although there was no further provision for the cost order nisi for the Group to pay the plaintiff's costs on an indemnity basis which had to be made in the Reporting Year, there were substantial legal costs incurred for completed projects of interiors and special projects business ("ISP Business") during the Reporting Year. The operating expenses of the Group increased by 63.5% over last year (2023: HK$29.9 million) to approximately HK$48.9 million.

Taking into consideration of the various factors above, the Group recorded a loss attributable to equity holders of the Company of approximately HK$33.5 million for the Reporting Year as compared to that of approximately HK$15.2 million for last year. Basic loss per share of the Group was 7.9 HK cents for the Reporting Year (2023: 3.6 HK cents).

BUSINESS REVIEW AND PROSPECTS

Business Overview

During the Reporting Year, ISP Business and property and facility management in China ("PFM China Business") were the two main business segments of the Group.

Business Results

	ISP Business				PFM China Business			
			Change				Change	
HK$' million	2024	2023	Amount	%	2024	2023	Amount	%
Revenue	98.7	150.3	(51.6)	↓ 34.3%	6.8	4.4	2.4	↑ 54.5%
Gross Profit	4.8	9.1	(4.3)	↓ 47.3%	4.5	4.0	0.5	↑ 12.5%
Operating Expenses	(38.8)	(17.8)	(21.0)	↑ 118.0%	(4.7)	(4.2)	(0.5)	↑ 11.9%
Operating Loss	(34.0)	(8.7)	(25.3)	↑ 290.8%	(0.2)	(0.2)	-	-
Others	0.4	0.6	(0.2)	↓ 33.3%	0.2	0.2	-	-
Taxation	-	0.2	(0.2)	↓ 100.0%	-	-	-	-
Net (Loss)/Profit	(33.6)	(7.9)	(25.7)	↑ 325.3%	-	-	-	-

ISP Business

ISP Business was the major business arm of the Group and contributed over 90% revenue of the Group. The ISP Business, which has been in operation since 2006 and was acquired by the Group in late 2012, ISP Business had completed over 261 projects with a contract sum of over HK$ 9.2 billion up to 31 December 2024 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, provided to its local customers.

Following the novel coronavirus, the global economy has been remarkably resilient and inflation has been steadily receding in line with expectations. Nonetheless, sustained geopolitical tension and the delayed Federal Reserve interest rate cut cast a shadow to the economic growth with the cloud of uncertainty. Under this shadow of negative vibes, Hong Kong's commercial and residential markets continued to consolidate in 2024 amid high vacancy rates and decline in the consumer spending, which in turn undermined investment appetite and investors' confidence. Our potential investors and the occupiers inevitably take a more prudent business approach by deferring or even abandoning their original fitting-out, A&A works or new construction projects plans. There were fewer invitations to tenders available in the market and hence gave rise to more intense competition. Against these backdrops, ISP Business was adversely affected. Owing to the depressing environment, ISP Business was cautious and more selective in tender projects during the Reporting Year, especially in pricing strategy. Also, only three small-scale new contracts were awarded in 2023, which was insufficient to replenish the workload for the Reporting Year. On the other hand, there was disruption of the work progress due to design changes. Although notice of claims and extension of time were submitted for the delay to avoid any disputes in the future, our revenue recognition was still deferred and additional costs were inevitably incurred. Another underlying reason for the decrease in revenue and gross profit during the Reporting Year was that certain substantial projects including the residential development project at Peak Road and the interior fitting-out subcontract at Wong Chuk Hang Road already completed in the first quarter of 2024. All these factors caused the revenue to decrease by 34.3% from approximately HK$150.3 million for last year to approximately HK$98.7 million for the Reporting Year and gross profit to decrease by 47.3% from approximately HK$9.1 million for last year to approximately HK$4.8 million for the Reporting Year respectively. Along with the withdrawal of cooling measures in the property market and the recent interest rate cuts, market activity was boosted and showed some signs of improvement. Leveraging on our experience and good tracking record in the industry, ISP Business was awarded not only new contracts of extension works of our existing projects from our existing employers, but also several new A&A works and fitting-out works from new and ex-employer respectively in the second quarter of 2024. However, most of the new contracts only commenced in the second half of the year and were still in early stage, which had minor contribution to both revenue and gross profit during the Reporting Year but will enrich the Group's orders and laying a solid foundation for the next two years.

During the Reporting Year, the operation expenses increased 118.0% from approximately HK$17.8 million of last year to approximately HK$38.8 million. Such significant increase was mainly due to substantial costs related to arbitration and legal case incurred for the completed projects of ISP Business, of which the hearing date is approaching and will start in 2025. Also, such substantial costs were the main reason for the operating loss of approximately HK$34.0 million for the Reporting Year as compared to approximately HK$8.7 million for last year. Together with the interest income and other income, ISP Business recorded a loss for the Reporting year of approximately HK$33.6 million.

By virtue of our good relationships with our existing employer and ex-employer and good tracking record of our works, ISP Business was awarded three contracts in 2024 which include (1) A&A work at a school in Ho Man Tin; (2) landscaping and extension work at Peak Road; and (3) A&A work and extension work at Middle Gap Road. Besides the new job awarded from our existing employer and ex-employer, ISP Business was also awarded four new contracts which include (1) interiors and finishing connection of modular integrated construction; (2) excavation and lateral support works at Middle Gap Road; (3) renovation works of a commercial building at Central; and (4) demolition and hoarding works at Lugard Road. Together with several small-scale reinstatement and renovation contracts for offices in Kowloon Bay and residential properties in Happy Valley, ISP Business secured new contracts with a total amounting to over HK$129.3 million during the Reporting Year. A remarkable improvement will be made since only three small-scale contracts were secured last year. The total outstanding workload for contracts on hand as of 31 December 2024 was approximately HK$146.0 million, most of which is expected to be recognized in the next two years. Along with the gradual recovery of Hong Kong economy, ISP Business would be more proactive and take a cautious and prudent approach in tendering next year. As of the announcement date, ISP Business has tendered for 2 projects. The project of proposed residential redevelopment at Middle Gap Road was awarded to ISP Business in March 2025 with a considerable contract amount and the other one is pending for the results. In addition, we have a total of 7 potential tenders on hand, which include new build, site formation, fitting-out, and A&A works with the total contract sum of approximately HK$554.5 million. These tenders include extension work of our existing project. These new projects would bring in substantial income to the Group in the next few years if awarded. Meanwhile, ISP Business would continue our dedication and commitment to overcome the difficulties we face in the existing projects and deliver high quality work.

Going forward, the construction industry and global economic environment are still expected to be unstable and challenging. Along with the high vacancy rates, low transaction rate and decline of property market price in the past few years, our potential investors and the occupiers have not regained confidence and still temporize. These have made a collateral impact on the number of invitations to tenders for construction or fitting-out project available in the market and stringent budgets from customers, which results in intense market competition with competitive pricing strategies. Furthermore, the continuance of international geopolitical tension and elevated interest rates are the contributing factors to rising material costs and labour costs which in turn aggravate the difficulties of the overall operation and financial performance of ISP Business in the near future. In response to the prevailing market headwinds, our ISP Business would continue to adopt a proactive approach to completing the existing projects as originally scheduled while simultaneously tendering for new projects to replenish our workload and pricing strategy during the tough time cautiously, so as to maintain a reasonable margin while securing projects in the fiercely competitive market. 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 5 existing projects. Meanwhile, ISP Business would also seize the opportunities from our existing customers for the extension works of existing projects and expand the business opportunities in renovation work in the hospitality industry. As promulgated in the Chief Executive Policy Address to the industry, it was anticipated that some 60,000 housing units will be completed and ready for take-up to cope with housing shortfall for the next five years. The policy would reinstate 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.

Furthermore. leveraging on our enhanced financial resources, long standing reputation, good tracking record in the industry and taking into account of the Chief Executive's 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 ample business opportunities and growth impetus to the market for ISP Business to expand in order to bounce back in 2025. Also, ISP Business is well positioned to grasp these business opportunities and market growth in the near future.

PFM China Business

Amid complex domestic and global landscapes and supported by a package of powerful measures, the Chinese economic trajectory demonstrated remarkable resiliency and adaptability in 2024 with steady progress. Key economic indicators such as industrial output, alongside with the stability of the real estate market reflected a significant growth. The targeted reforms, fiscal support and innovation-driven measures bolstered people's confidence to shore up domestic demand and overall economic growth. PFM China Business benefited from China's economic recovery and was awarded a one-year property management contract in Qingdao and a consultancy contract in Shanghai during the Reporting Year. Together with recognition of revenue of a leasing contract in Beijing, which was awarded last year, PFM China recorded an increase of revenue by 54.5% to approximately HK$6.8 million (2023: HK$4.4 million) and an increase of gross profit by 12.5% to approximately HK$4.5 million (2023: HK$4.0 million) as compared with last year respectively. After taking into account all operating expenses, PFM China Business recorded an operating loss of approximately HK$0.2 million for the Reporting Year, which was the same as last year.

Stepping into 2025, the market competition is still keen. The Chinese economy faces ongoing challenges such as the strained relationship between China and the United States and sluggish consumer demand. However, the Chinese government is committed to ramping up stimulating measures and implement strong policy to overcome these hurdles. Therefore, although the Group is facing stiff competition, we are still optimistic and will continue to adopt a prudent approach to maintaining the existing structure while simultaneously exploring new or alternative business development opportunities to increase the income streams of PFM China Business.

Outlook of the Group

Looking forward, in view of the low investment appetite of potential investors and the occupiers, the US trade protectionism, sustained geopolitical tension, inflationary pressure and potential delayed interest rate cuts, we foresee that both the local economy and construction industry will remain challenging and uncertain. In this hostile business environment, our ISP Business would unavoidably suffer. In this midst of economic uncertainties, we are well-equipped to target at the relatively steady development and rehabilitation of luxury residential sector as well as commercial sector and local residential property. Leveraging on our good historical track records and experience in the industry, versatile professional team and our strengthened liquidity and financial position, we are capable of undertaking more sizable projects in the coming year and strive to maintain continuous business growth in the foreseeable future.

For a Group-wise overview, we take a positive attitude that the overall financial performance of the Group will remain stable with steady growth and create a long-term value to shareholders in the years to come. Same as the past, apart from improving financial performance, we must continue to adopt a transparent, responsible and embracing approach to 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 is our core business strategy. We are committed to enhancing customer satisfaction through better communication with clients and continued improvement of our services. Besides, with the rapid change of the business environment, we will take appropriate measures to mitigate various operational and financial risks. Leveraging its solid foundation and committed management team, the Group has complete confidence in overcoming all the difficulties ahead of us.

Financial Position and Financial Risk Management

As at 31 December 2024, 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 is proposed to be deployed towards further strengthening the competitive advantage of the business of the Group with idle 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, thus increasing the tender success rate and facilitating 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.

Financial position (HK$'000)	31 December 2024	31 December 2023
Total assets	**297,556**	**348,600**
Account and other receivables, retention receivables and other assets	191,978	199,273
Restricted cash deposits, pledged bank deposits/time deposits with original maturities over three months and cash and cash equivalents	103,681	147,255
Current assets	**295,659**	**346,528**
Current liabilities	**146,813**	**163,493**
Non-current liabilities	**437**	**679**
Net assets	**150,306**	**184,428**
Net assets per share (HK cents)	**29.8**	**36.5**
Current ratio	**2.0**	**2.1**

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 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 and as such, foreign currency hedging is considered unnecessary.

There were no material investments, capital commitments or contingent liabilities as at 31 December 2024 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 set out in the announcement of the Company dated 18 January 2021.

Cash Management

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

Human Resources

As at 31 December 2024, the Group employed a total of 316 staff (including Directors of the Company) in Hong Kong and China (2023: 312 staff).

The economy, business and the job market in Hong Kong staged a slight recovery after the end of the novel coronavirus. Human resources are continuously playing a major role in supporting the Group. Promoting workplace wellness programs for employees' well-being and work-life balance is 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 talents 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 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 with provision of quality services, thus gaining 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.

SUBSEQUENT EVENT AFTER REPORTING YEAR

Reference is made to the announcement of the Company dated 13 March 2025 and the circular of the Company dated 21 March 2025. The Company proposed to implement a capital reorganisation ("Capital Reorganisation") which involves capital reduction ("Capital Reduction") and the share sub-division ("Share Sub-division") as follows:

Capital Reduction

(i) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK$0.09 on each of the then issued Existing Ordinary Shares such that the par value of each issued Existing Ordinary Share will be reduced from HK$0.1 to HK$0.01; and

(ii) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK$0.09 on each of the then issued Existing Preference Shares such that the par value of each issued Existing Preference Share will be reduced from HK$0.1 to HK$0.01; and

Share Sub-division

Immediately following the Capital Reduction,

(i) each of the authorised but unissued Existing Ordinary Shares of par value of HK$0.1 will be sub-divided into ten (10) authorised but unissued New Ordinary Shares of par value of HK$0.01 each; and

(ii) each of the authorised but unissued Existing Preference Shares of par value of HK$0.1 will be sub-divided into ten (10) authorised but unissued New Preference Shares of par value of HK$0.01 each.

The Capital Reorganisation will reduce the par value of the New Shares to a lower amount of HK$0.01 each. The credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company. The Capital Reorganisation will provide the Company with greater flexibility in the pricing for further issuance of New Shares as needed and also enables the Shareholders and potential investors of the Company to have a better appreciation of the financial position of the Company.

The Capital Reorganisation is subject to certain conditions including (among others) the passing of a special resolution by the Shareholders at the special general meeting to be held on 7 April 2025, and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Ordinary Shares upon the Capital Reorganisation becoming effective.

As at the date of this announcement, the Capital Reduction and the Share Sub-division have not been completed.

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 17, 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 to 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 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 to 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, 24 March 2025

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