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ISP HOLDINGS LIMITED

昇柏控股有限公司

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 (the “Reporting Year”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	4	153,476	105,492
Cost of sales and service		<u>(132,844)</u>	<u>(96,189)</u>
Gross profit		20,632	9,303
Other income and gain or loss	5	10,660	6,134
General and administrative expenses		(75,827)	(50,277)
Interest expenses		(55)	(68)
Net (allowances)/reversal for impairment losses on receivables and contract assets		<u>(4,360)</u>	<u>1,370</u>
Loss before taxation	6	(48,950)	(33,538)
Taxation	7	<u>(9)</u>	<u>(1)</u>
Loss for the year		<u>(48,959)</u>	<u>(33,539)</u>
Loss for the year attributable to equity holders of the Company		<u>(48,959)</u>	<u>(33,539)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 HK\$'000	2024 HK\$'000
Loss for the year		<u>(48,959)</u>	<u>(33,539)</u>
Other comprehensive income / (loss):			
<u>Items that will not be reclassified to profit or loss:</u>			
Remeasurement on long service payment liabilities		32	23
<u>Items that may be subsequently reclassified to profit or loss:</u>			
Exchange differences on translating foreign operations		<u>695</u>	<u>(606)</u>
Other comprehensive income / (loss) for the year		<u>727</u>	<u>(583)</u>
Total comprehensive loss for the year attributable to equity holders of the Company		<u>(48,232)</u>	<u>(34,122)</u>
Loss per share attributable to the equity holders of the Company			(Restated)
- basic and diluted (HK cents)	9	<u>(7.9)</u>	<u>(6.3)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		1,552	1,678
Deferred tax assets		210	219
Total non-current assets		<u>1,762</u>	<u>1,897</u>
Current assets			
Contract assets		59,117	74,874
Account and other receivables and retention receivables	10	93,637	89,045
Deposits and prepayments		3,907	2,042
Financial assets at fair value through profit or loss (“ Financial assets at FVTPL ”)	14	4,348	26,017
Restricted cash deposits	12	68,031	62,620
Pledged bank deposits/deposits with original maturities over three months		28,871	19,471
Cash and cash equivalents		12,320	21,590
Total current assets		<u>270,231</u>	<u>295,659</u>
Current liabilities			
Payables and accruals	11	139,855	142,444
Contract liabilities		1,800	3,480
Lease liabilities	13	833	889
Total current liabilities		<u>142,488</u>	<u>146,813</u>
Net current assets		<u>127,743</u>	<u>148,846</u>
Total assets less current liabilities		<u>129,505</u>	<u>150,743</u>

		2025	2024
	Note	HK\$'000	HK\$'000
Non-current liabilities			
Long service payment liabilities		263	279
Lease liabilities	13	<u>322</u>	<u>158</u>
Total non-current liabilities		<u>585</u>	<u>437</u>
Net assets		<u>128,920</u>	<u>150,306</u>
Equity attributable to equity holders of the Company			
Share capital	15	8,447	50,486
Reserves		<u>120,473</u>	<u>99,820</u>
Total equity		<u>128,920</u>	<u>150,306</u>

Notes to the Financial Statements

1. General Information

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

The principal business of the Group is principally engaged in the provision of interiors and special projects Business 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 23 March 2026.

2. Changes in Other Accounting Policies

(a) Adoptions of amendments to standards and interpretations – effective 1 January 2025

The Group has adopted the following amendments to standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time for the current year’s consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The nature and the impact of the revised HKFRS Accounting Standards are described below:

The amended standards that are effective from 1 January 2025 did not have any material impact on the Group’s accounting policies and consolidated financial statements.

(b) New and amendments to standards 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.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosure ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective for annual periods beginning on or after a date to be determined.

HKFRS 18 Presentation and Disclosure in Financial Statements (“HKFRS 18”)

HKFRS 18 was issued by the HKICPA in July 2024 which supersedes HKAS 1 Presentation of Financial Statements and will result in major consequential amendments to HKFRSs including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items presented in the consolidated financial statements, it is expected to have a significant impact on the presentation and disclosures of certain items. These changes include categorisation and aggregation in the consolidated statement of profit or loss, aggregation or disaggregation and labelling of financial information, and disclosure of management-defined performance measures.

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 "**HKFRSs**") 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

<u>2025 (in HK\$'000)</u>	ISP Business	PFM China Business	Subtotal	Corporate Overhead (Note)	Total
Revenue					
- Over time	149,188	4,288	153,476	-	153,476
	149,188	4,288	153,476	-	153,476
Gross profit	16,991	3,641	20,632	-	20,632
<i>Gross profit margin</i>	<i>11.4%</i>	<i>84.9%</i>	<i>13.4%</i>	-	<i>13.4%</i>
Operating expenses	(70,153)	(4,124)	(74,277)	(5,910)	(80,187)
Operating loss	(53,162)	(483)	(53,645)	(5,910)	(59,555)
<i>Operating loss margin</i>	<i>(35.6%)</i>	<i>(11.3%)</i>	<i>(35.0%)</i>	-	<i>(38.8%)</i>
Interest expenses for lease	(41)	(14)	(55)	-	(55)
Other income and gain or loss	178	(95)	83	10,577	10,660
(Loss)/profit before taxation	(53,025)	(592)	(53,617)	4,667	(48,950)
Taxation	(9)	-	(9)	-	(9)
(Loss)/profit for the year	(53,034)	(592)	(53,626)	4,667	(48,959)

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

<u>2024 (in HK\$'000)</u>	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
<i>Gross profit margin</i>	<i>4.9%</i>	<i>66.1%</i>	<i>8.8%</i>	-	<i>8.8%</i>
Operating expenses	(38,824)	(4,656)	(43,480)	(5,427)	(48,907)
Operating loss	(33,989)	(188)	(34,177)	(5,427)	(39,604)
<i>Operating loss margin</i>	<i>(34.4%)</i>	<i>(2.8%)</i>	<i>(32.4%)</i>	-	<i>(37.5%)</i>
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.

5. Other Income and Gain or Loss

	2025 HK\$'000	2024 HK\$'000
Miscellaneous income	91	863
Bank interest income	5,946	1,572
Dividend derived from financial assets at FVTPL	758	1,344
Fair value change on financial assets at FVTPL	4,053	2,192
Exchange (loss)/gain	(188)	163
	<u>10,660</u>	<u>6,134</u>

6. Loss before Taxation

	2025 HK\$'000	2024 HK\$'000
Loss before taxation is arrived after charging:		
Staff costs, including directors' emoluments	44,918	42,388
Depreciation of property, plant and equipment	268	341
Depreciation of right-of-use assets	1,713	1,815
Auditor's remuneration		
-Audit	1,025	1,025
-Non-audit	280	182
Short-term lease expenses	39	166
Professional and legal expenses as included in general and administrative expenses	49,986	22,437

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% (2024: 25%) on the assessable profits.

During the years ended 31 December 2025 and 2024, 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 to the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
Deferred taxation	<u>9</u>	<u>1</u>

8. Dividend

No dividend was paid or proposed during the year ended 31 December 2025 and 2024.

At a meeting held on 23 March 2026, the Board resolved not to declare final dividend for year ended 31 December 2025 (2024: Nil).

9. Loss Per Share

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 after adjusting for the bonus element from the rights issue on 8 May 2025 with details as set out in Note 15, during the year.

	2025	2024 (Restated)
Loss for the year attributable to equity holders (HK\$'000)	(48,959)	(33,539)
Less: dividends to convertible preference shareholders (HK\$'000)	<u>-</u>	<u>-</u>
Loss for the year attributable to ordinary shareholders (HK\$'000)	<u>(48,959)</u>	<u>(33,539)</u>
Weighted-average number of ordinary shares issued ('000)	<u>622,618</u>	<u>532,770</u>
Basic loss per share (HK cents)	<u>(7.9)</u>	<u>(6.3)</u>

Note: Diluted loss per share were the same as the basic loss per share as the assumption of the conversion of the Company's convertible preference shares would have anti-dilutive effect.

10. Account and Other Receivables and Retention Receivables

The credit period of the Group's account receivables generally ranges from 30 to 60 days (2024: 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:

	2025	2024
	HK\$'000	HK\$'000
Account receivables		
0 to 30 days	11,445	14,000
31 to 60 days	9,153	306
61 to 90 days	100	299
Over 90 days	24,400	27,058
	45,098	41,663
Other receivables	10,994	10,828
	56,092	52,491
Impairment of account and other receivables	(4,482)	(4,086)
	51,610	48,405
Retention receivables (Note)	42,717	40,786
Impairment of retention receivables	(690)	(146)
	42,027	40,640
Account and other receivables and retention receivables	93,637	89,045

Note: Retention receivables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 31 December 2025, retention receivables held by customers for contract works amounting to approximately HK\$3,419,000 (2024: HK\$6,633,000) 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 realize 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 (2024: 30 to 60 days). The ageing analysis of accounts payable by invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
Accounts payable		
0 to 30 days	43,332	43,022
31 to 60 days	7,479	6,457
61 to 90 days	2,372	5,346
Over 90 days	<u>23,631</u>	<u>21,000</u>
	76,814	75,825
Retention payables	54,207	56,216
Other payables and accruals	<u>8,834</u>	<u>10,403</u>
	<u>139,855</u>	<u>142,444</u>

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

12. Restricted Cash Deposits

	2025 HK\$'000	2024 HK\$'000
Restricted cash deposits	<u>68,031</u>	<u>62,620</u>

These cash deposits were placed in the designated interest-bearing bank accounts in Hong Kong under the custodian's arrangement. They can be only used to settle potential future claims related to the court cases against the custodian, as specified in the surety bonds entered between the Group and custodian in early years. The restricted cash deposits will be released and repaid to the Group upon the settlement of the relevant court cases or by further court order. During the year ended 31 December 2025, the Group recognized interest income included in other income and gain or loss approximately HK\$5,411,000 (2024: nil) for restricted cash deposits.

As at 31 December 2025, the restricted cash deposits have not been released.

13. Leases Liabilities

	Leasehold land and buildings HK\$'000	Furniture and equipment HK\$'000	Total HK\$'000
At 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 and 1 January 2025	783	264	1,047
Additions	1,771	109	1,880
Termination	-	(49)	(49)
Interest expenses	44	11	55
Lease payments	(1,645)	(133)	(1,778)
At 31 December 2025	953	202	1,155
Represented by:			
Current	713	120	833
Non-current	240	82	322
At 31 December 2025	953	202	1,155
Current	766	123	889
Non-current	17	141	158
At 31 December 2024	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	862	(29)	833
Later than one year and not later than two years	295	(8)	287
Later than two years and not later than five years	36	(1)	35
At 31 December 2025	<u>1,193</u>	<u>(38)</u>	<u>1,155</u>

	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	<u>1,073</u>	<u>(26)</u>	<u>1,047</u>

14. Financial Assets at FVTPL

	2025 HK\$'000	2024 HK\$'000
Listed equity securities in Hong Kong	<u>4,348</u>	<u>26,017</u>

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

15. Share Capital

	Nominal value per share HK\$	Number of shares '000	Amount HK\$'000
Authorized :			
At 1 January 2024 and 31 December 2024			
- Ordinary shares	0.1	9,000,000	900,000
- Convertible preference shares (“CPSs”)		<u>1,000,000</u>	<u>100,000</u>
At 1 January 2025		10,000,000	1,000,000
Share sub-division (Note a)	0.01	<u>90,000,000</u>	<u>-</u>
At end of the year		<u>100,000,000</u>	<u>1,000,000</u>
At 31 December 2025			
- Ordinary shares	0.01	90,000,000	900,000
- CPSs (Note d)		<u>10,000,000</u>	<u>100,000</u>
		<u>100,000,000</u>	<u>1,000,000</u>
Issued and fully paid:			
At 1 January 2024 and 31 December 2024			
- Ordinary shares	0.1	424,850	42,486
- CPSs		<u>80,000</u>	<u>8,000</u>
At 1 January 2025		504,850	50,486
Capital reduction (Note a)		-	(45,437)
Increased share upon right issue (Note b)	0.01	212,425	2,124
Placing of shares (Note c)	0.01	<u>127,448</u>	<u>1,274</u>
At end of the year		<u>844,723</u>	<u>8,447</u>
At 31 December 2025			
- Ordinary shares	0.01	764,723	7,647
- CPSs (Note d)		<u>80,000</u>	<u>800</u>
		<u>844,723</u>	<u>8,447</u>

Note:

- (a) Reference was made to the announcement of the Company dated 13 March 2025 and circular dated 21 March 2025, the Company proposed to implement a capital reorganization (“**Capital Reorganization**”) which involves capital reduction and share sub-division as follows.

Capital reduction

- (i) The issued share capital of the Company would be reduced by cancelling the paid-up capital to the extent of HK\$0.09 on each of the then issued existing ordinary shares (i.e. the ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company prior to the Capital Reorganization becoming effective) such that the par value of each issued existing ordinary share would be reduced from HK\$0.1 to HK\$0.01; and
- (ii) the issued share capital of the Company would be reduced by cancelling the paid-up capital to the extent of HK\$0.09 on each of the then issued existing preference shares (i.e. the non-voting convertible preference share(s) of par value of HK\$0.1 each in the share capital of the Company prior to the Capital Reorganization becoming effective) such that the par value of each issued existing preference share would be reduced from HK\$0.1 to HK\$0.01.

Share sub-division

Immediately following the capital reduction

- (i) each of the authorized but unissued existing ordinary shares of par value of HK\$0.1 each would be sub-divided into ten authorized but unissued new ordinary shares (i.e. the ordinary share(s) of par value HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reorganization becoming effective) of par value of HK\$0.01 each; and
- (ii) each of the authorized but unissued existing preference shares of par value of HK\$0.1 each would be sub-divided into ten authorized but unissued new preference shares (i.e. the non-voting convertible preference share(s) of par value HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reorganization becoming effective) of par value of HK\$0.01 each.

The Capital Reorganization had been completed and effective on 9 April 2025.

- (b) On 8 May 2025, a rights issue on the basis of one rights share for every two existing ordinary shares of the Company held by qualifying shareholders (i.e. shareholder(s) whose name(s) appear(s) on the register of members of the Company on the 2 May 2025, other than the non-qualifying shareholder(s)) on the record date (i.e. 2 May 2025) at a subscription price of HK\$0.051 per rights share each was announced by the Company.

The rights issue was completed on 20 May 2025 resulting in the issuance of 212,425,000 new ordinary shares.

Further details of the rights issue is set out in the Company’s announcements and prospectus dated 11 April 2025, 2 May 2025 and 27 May 2025.

- (c) On 30 September 2025, the Company entered into a placing agreement through placing agent for 127,448,000 placing shares at the placing price of HK\$0.137 per placing share (the “**Placing**”), the Placing was completed on 21 October 2025. Details of the Placing were set out in the Company’s announcements dated 30 September 2025 and 21 October 2025.

- (d) The conversion price of the CPSs was adjusted from HK\$0.75 per ordinary shares to HK\$0.57 per ordinary shares due to the issuance of rights issue according to the relevant terms on the CPSs.

The only externally imposed capital requirement for the Group to maintain its listing status on the Stock Exchange is that it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Group and within the knowledge of the Directors, the Group has maintained sufficient public float throughout the year ended 31 December 2025 as required under the Listing Rules of the Stock Exchange.

DIVIDEND

The Board resolved not to recommend a final dividend for the Reporting Year (2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

HK\$' million	Year ended 31 December		Change	
	2025	2024	Amount	%
Revenue	153.5	105.5	48.0	↑ 45.5%
Gross profit	20.6	9.3	11.3	↑ 121.5%
Gross profit margin	13.4%	8.8%	-	↑ 4.6%
Operating expenses (including interest)	(80.2)	(48.9)	(31.3)	↑ 64.0%
Operating loss	(59.6)	(39.6)	(20.0)	↑ 50.5%
Other income and gain or loss	10.6	6.1	4.5	↑ 73.8%
Loss for the year	(49.0)	(33.5)	(15.5)	↑ 46.3%
LBITDA	(46.9)	(31.3)	(15.6)	↑ 49.8%
		(Restated)		
Basic and diluted loss per share (HK cents)	(7.9)	(6.3)	(1.6)	↑ 25.4%

The Group reported consolidated revenue of approximately HK\$153.5 million for the year ended 31 December 2025 (the “**Reporting Year**”), representing a 45.5% increase compared with that of approximately HK\$105.5 million for the year ended 31 December 2024 (the “**Corresponding Year**”). Gross profit increased from approximately HK\$9.3 million in the Corresponding Year to approximately HK\$20.6 million in the Reporting Year. The gross profit margin improved by 4.6 percentage points, from 8.8% to 13.4%, primarily due to cost savings achieved on certain subcontracted projects where subcontractors agreed to accept reduced final payments for their works performed.

The Group’s performance was adversely affected by substantial costs incurred in relation to arbitration cases and a litigation case associated with previously completed projects of the interiors and special projects business (“**ISP Business**”). Hearings for both the arbitration cases and the litigation case were conducted during 2025, resulting in significant legal and professional expenses for their preparation and attendance.

The deteriorating and uncertain business environment in Hong Kong, combined with tightened liquidity conditions among prominent developers, also contributed to elevated credit risk during the Reporting Year. As a result, the Group made significant bad debt and expected credit loss provisions to mitigate its increased exposure.

Due to the aforementioned factors, the Group’s operating expenses increased by 64.0%, from approximately HK\$48.9 million in the Corresponding Year to approximately HK\$80.2 million in the Reporting Year.

Meanwhile, other income and gains increased from approximately HK\$6.1 million in the Corresponding Year to approximately HK\$10.6 million in the Reporting Year. This increase was mainly attributable to interest income from restricted cash pledged for performance bonds issued by Falcon Insurance Company (Hong Kong) Limited, and a fair value gain on financial assets recognized during the Reporting Year.

Taking into consideration the various factors above, the Group recorded a loss attributable to equity holders of the Company of approximately HK\$49.0 million for the Reporting Year, compared with approximately HK\$33.5 million in the Corresponding Year. Basic loss per share of the Company was 7.9 HK cents for the Reporting Year (2024: 6.3 HK cents (Restated)).

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.

HK\$' million	ISP Business				PFM China Business			
	2025	2024	Amount	Change %	2025	2024	Amount	Change %
Revenue	149.2	98.7	50.5	↑ 51.2%	4.3	6.8	(2.5)	↓ 36.8%
Gross Profit	17.0	4.8	12.2	↑ 254.2%	3.6	4.5	(0.9)	↓ 20.0%
Operating Expenses	(70.2)	(38.8)	(31.4)	↑ 80.9%	(4.1)	(4.7)	0.6	↓ 12.8%
Operating Loss	(53.2)	(34.0)	(19.2)	↑ 56.5%	(0.5)	(0.2)	(0.3)	↑ 150.0%
Other Income and Gain or Loss	0.2	0.4	(0.2)	↓ 50.0%	(0.1)	0.2	(0.3)	↓ 150.0%
Net (Loss)/Profit	(53.0)	(33.6)	(19.4)	↑ 57.7%	(0.6)	-	(0.6)	-

Business Results

ISP Business

ISP Business continued to serve as the Group’s principal revenue driver, consistently contributing over 90% of revenue to the Group in recent years. Established in 2006 and acquired by the Group in 2012, the ISP Business now has a 19-year operational history. Since its acquisition in late 2012, the ISP Business has successfully completed over 274 projects with a cumulative contract value exceeding HK\$9.3 billion as at 31 December 2025. These projects span a comprehensive range of services for local clients, 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.

Throughout 2025, Hong Kong's construction industry remained broadly stable. Government-driven development initiatives, public housing, and green infrastructure programmes together with the Northern Metropolis development, continued to underpin overall sector activity. Nevertheless, the operating environment was affected by persistent manpower shortages in key trades, elevated material and subcontracting costs, and increasingly stringent regulatory, safety and environmental compliance requirements following the fatal Wang Fuk Court fire. These conditions created cost and schedule pressures across project categories and continued to shape the industry's overall risk profile.

Despite these unfavourable conditions, the ISP Business demonstrated resilience by leveraging strong client relationships, capitalizing on its proven track record, and successfully securing new projects. A key achievement during the Reporting Year was the award of two projects at Middle Gap Road from two existing developer clients. One of these projects comprised a proposed residential development, while the other comprised nominated subcontractor works, including stone cladding installation and the installation of windows, metal cladding, glass balustrades, and louvres. These awards reaffirmed client confidence in the Group's execution capability.

In addition to these significant new projects, the ISP Business secured several small-scale renovation projects for both commercial and residential units from returning clients. These repeat engagements underscored ongoing satisfaction with the Group's service quality and past performance. The segment further expanded its portfolio by securing a new hoarding, demolition and A&A works contract, as well as a renovation contract for an ex-laundry building for a monastery in Causeway Bay, strengthening the Group's presence in the religious sector. Separately, the team also commenced a bespoke yacht renovation project for another long-standing client, demonstrating the Group's ability to deliver tailored solutions across diverse asset categories.

During the Reporting Year, the ISP Business secured new contracts with a total value exceeding HK\$168.3 million, maintaining stable performance comparable to the Corresponding Year. These awards highlighted the Group's adaptability and its ongoing commitment to delivering high service standards in a competitive market.

Building on this momentum, the ISP Business will continue to adopt a balanced approach by remaining proactive in tendering while exercising prudent risk management in response to market uncertainties. As at 31 December 2025, the total outstanding contract value amounted to approximately HK\$173.5 million, with the related revenue expected to be recognized in the following year.

Furthermore, as of the date of this announcement, the ISP Business has maintained a robust pipeline of potential tenders, some of which have been submitted pending results. This pipeline includes new-build, fitting-out and A&A projects with a combined potential contract sum of approximately HK\$735.0 million. Successful awards could enrich the Group's order and, together with existing outstanding contracts on hand, lay a solid foundation for meaningful revenue contributions for the next two years.

During the Reporting Year, the Group remained committed to overcoming the challenges it faced and continued to implement targeted cost-control measures while maintaining high service standards across its project portfolio. These efforts supported a stable recovery trajectory for the ISP Business. The segment achieved several notable milestones, including the completion of two proposed residential development projects at Bisney Road and Headland Road, as well as the delivery of interiors and finishing works for a modular integrated construction project and A&A works for an international school in Homantin. These achievements reflect the Group's operational capability and sustained commitment to quality, despite a volatile and challenging market environment.

During the Reporting Year, the ISP Business generated revenue of approximately HK\$149.2 million, representing a 51.2% increase compared with approximately HK\$98.7 million last year. This improvement was driven primarily by workload replenishment from new contracts secured in both the current and prior periods, which mitigated the impact of the completion of several substantial projects and moderated natural fluctuations in project-cycle.

Gross profit recorded an even more notable improvement, increasing 254.2% from approximately HK\$4.8 million last year to approximately HK\$17.0 million for the Reporting Year. This robust growth reflected improved operational efficiency and cost savings achieved on certain subcontracted projects, where subcontractors agreed to accept reduced final payments for their performed works.

On the other hand, the Group incurred substantial costs related to the completed arbitration and litigation hearings that were concluded during the Reporting Year. In addition, the deteriorating business environment in Hong Kong, particularly financial instability among major developers led to heightened credit risk across the construction sector. To address the potential risk of default, the Group made significant provisions for bad debts and expected credit losses on both receivables and contract assets, leading to an 80.9% increase in operating expenses to approximately HK\$70.2 million for the Reporting Year. As a result, the ISP Business recorded an operating loss of approximately HK\$53.2 million, compared with approximately HK\$34.0 million last year. After accounting for other income, the ISP Business recorded a net loss of approximately HK\$53.0 million for the Reporting Year.

Going forward, the Group expects the operating environment in the coming year to remain generally stable, supported by continued public-works investment, progress under the Northern Metropolis development framework, and gradual recovery in certain residential and commercial renovation segments. Labour availability may improve as government-led initiatives promoting technology adoption and manpower expansion take effect, while supply chain pressures are expected to ease. However, market visibility remains limited due to persistent shortages in specific trades, rising regulatory and safety compliance requirements, potential delays in project approvals or cashflow timing driven by fiscal considerations, and increasingly competitive tendering conditions.

In response to a market environment characterized by both risks and emerging opportunities, our ISP Business is adopting a proactive, multi-pronged strategy aimed at ensuring timely delivery of ongoing projects while upholding high client satisfaction. The segment will prioritize managing key risks, including labour shortages and cost inflation, heightened compliance requirements, volatility in material and subcontracting prices, potential delays in project funding or approvals, and intensifying tender competition.

At the same time, the Group will maintain cautious and disciplined bidding practices to balance workload replenishment with margin protection amid competitive market conditions. The ISP Business will further strengthen its sector-focused approach by concentrating on its core competencies in luxury residential development and high-end fitting-out. Beyond this, the business will pursue extension works from existing clients and expand its portfolio by targeting renovation opportunities in the hospitality sector, leveraging established relationships and proven technical capabilities. The Group will also explore emerging niche opportunities as construction and fitting-out demand shows some signs of recovery. This strategic approach enables the Group to maintain operational momentum, strengthen its market position, drive sustainable growth, and steer through current market headwinds.

Building on our enhanced financial resources, a long-established industry reputation, extensive experience, and a proven track record in the industry, the Group maintains strong confidence in the prospects of the ISP Business. Given the Group's positive outlook, including a satisfactory level of contracts on hand, recent tender submissions, and a robust pipeline of sizable tenders planned for the coming year, our Directors anticipate considerable business opportunities and renewed market momentum in the year ahead. Backed by a robust foundation and proactive tendering strategy, the ISP Business is well positioned to secure new contracts, meet evolving market needs and deliver steady, sustainable growth in the near term.

PFM China Business

In 2025, the PFM China Business operated within a challenging and uncertain environment. While long-term structural drivers such as urbanization, gradual recovery across industrial and commercial segments, and demand for professional property and facility management services remained intact, overall market sentiment was subdued. The broader property and facility management market continued to develop; however, growth was constrained by intensifying competition, operational limitations, rising cost pressures, particularly in technology adoption and regulatory compliance, and heightened expectations for service quality, alongside a shortage of skilled technical personnel.

Government regulatory tightening within the real estate sector, together with reduced liquidity among property developers, further contributed to industry uncertainty. These conditions led to slower completion of new projects, exerted pressure on service-fee recovery, and elevated credit risk across the sector.

Against this backdrop, the Group maintained a prudent operating stance, prioritizing operational discipline, service continuity, and credit-risk controls. Opportunities arising from industrial facility management projects and urbanization-driven property services were captured selectively; however, overall expansion remained measured given the industry's structural challenges.

During the Reporting Year, the expiration of a major commercial property management contract in Shanghai resulted in a decline in segment performance. Revenue decreased by 36.8% to approximately HK\$4.3 million (2024: HK\$6.8 million), while gross profit decreased by 20.0% to approximately HK\$3.6 million (2024: HK\$4.5 million). After accounting for operating expenses, the PFM China Business recorded a net loss of approximately HK\$0.6 million for the Reporting Year (2024: breakeven).

While maintaining cautious optimism, the Group has observed early signs of gradual recovery supported by government policy easing, ongoing stimulus measures, and evolving client expectations. A new residential property management contract was awarded after the Reporting Year, reflecting improving client acquisition momentum. Nevertheless, the external environment remains complex and unstable, and the sector continues to face persistent challenges.

Looking ahead, the Group expects operating conditions to remain stable but fragile, with key risks including developer cash-flow constraints, rising labour costs, intense competition and longer project-awarding cycles. To navigate these uncertainties, the Group will continue to focus on operational efficiency, selective contract acquisition, cautious client assessment, and disciplined cost management. In parallel, the Group will pursue additional business opportunities to broaden income streams for the PFM China Business, with continued emphasis on sustainable and responsible development.

Outlook of the Group

Looking forward, the Group anticipates the local construction industry to remain broadly stable in the near term, although certain challenges persist. These include ongoing labour shortages, rising compliance costs stemming from strengthened regulatory and safety requirements, and fiscal constraints within the Government that may affect project approvals or cashflow timing. These factors will continue casting an uncertain shadow to the industry and negatively impacting our ISP Business performance. Despite these challenges, the Group is implementing proactive strategies to strengthen its resilience and enhance the quality of its order book. The Group is well-equipped and will continue diversifying its project portfolio to focus on relatively more stable sectors, such as luxury residential development and rehabilitation, commercial properties, and local residential properties while ensuring disciplined cost management and ongoing workforce upskilling. Simultaneously, the Group will maintain robust liquidity to support participation in potential large-scale tenders, providing a clear roadmap for restoring profitability. By leveraging our proven track records, extensive industry experience, and multidisciplinary technical expertise, the Group remains well-positioned to undertake substantial projects and deliver high-quality services. These strengths underpin the Group's efforts to sustain business growth in the coming year.

The Group remains cautiously optimistic about its long-term prospects, with expectations of maintaining stable financial performance, delivering sustainable growth and creating enduring value for shareholders. Building on our history of resilience and improving financial performance, the Group remains committed to upholding transparent governance, responsible business practices and a sustainability-driven operating framework. Underpinned by our core values of customer focus, integrity, teamwork, innovation and the pursuit of excellence, the Group will continue to enhance communication with clients and elevate service quality with the objective of strengthening customer satisfaction across all business segments.

Recognizing the rapidly evolving operating landscape, the Group will proactively manage operational and financial risks while ensuring sufficient flexibility to respond to emerging challenges and market developments. Leveraging its solid organizational foundation and experienced, dedicated management team, the Group is confident in its ability to navigate the current environment, safeguard operational stability and capture opportunities that support long-term and sustainable growth.

Financial Position and Financial Risk Management

Gearing Ratio

As at 31 December 2025, the Group maintained cash and cash equivalents amounting to approximately HK\$12.3 million (2024: HK\$21.6 million). The Group had no outstanding bank borrowings and therefore did not disclose any gearing ratio (which is defined by dividing bank borrowings by equity).

Liquidity and Financial Resources

In addition to the restricted cash of approximately HK\$68.0 million as at 31 December 2025 (2024: HK\$62.6 million) pledged to Falcon Insurance Company (Hong Kong) Limited to guarantee the surety bonds for the due performance and observance of works of the ISP Business projects, the Group also pledged approximately HK\$10.1 million (2024: HK\$10.0 million) to other banks and insurance companies for the issuance of surety bonds for the ISP Business projects. Furthermore, certain properties, plant and equipment, buildings and other assets of the Group with an aggregate carrying value of approximately HK\$37.8 million (2024: HK\$37.8 million) were charged to bank to secure banking facilities granted to the Group.

During the Reporting Year, the Group's funding requirements were met through retained earnings generated from its operations, as well as equity financing arising from the rights issue of new shares and the placing of new shares under the general mandate.

With regard to the Group's current business portfolio, management expects that financial requirements in the foreseeable future will be met through a combination of shareholders' equity and available banking facilities. The Group intends to deploy its existing cash and cash equivalents to further strengthen the competitiveness of its businesses. Idle cash may be utilized for the purchase of surety bonds and the payment of upfront project-related costs. This will support the Group's ability to tender for larger and/or additional projects, thereby improving tender competitiveness and facilitating the expansion of the ISP Business.

The Group will continue to proactively monitor its financial position and capital structure on a regular basis to ensure that adequate working capital and liquidity are maintained. This disciplined approach is intended to enable the Group to seize business opportunities as they arise and support sustainable growth in operations.

Financial position (HK\$'000)	31 December 2025	31 December 2024
Total assets	271,993	297,556
Account and other receivables, retention receivables and other assets	161,009	191,978
Restricted cash deposits, pledged bank deposits/time deposits with original maturities over three months and cash and cash equivalents	109,222	103,681
Current assets	270,231	295,659
Current liabilities	142,488	146,813
Non-current liabilities	585	437
Net assets	128,920	150,306
Net assets per share (HK cents)	15.3	29.8
Current ratio	1.9	2.0

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

As the Group's business operations are primarily based in Hong Kong, and the majority of its assets and liabilities are denominated in Hong Kong Dollars, the Group's foreign currency exposure remains minimal. The expansion of the Group's business in China has been funded through permanent capital injections, and accordingly, the Group considers foreign currency hedging to be unnecessary.

Capital Structure

The number of issued ordinary shares of the Company as at 31 December 2025 was 764,723,000 shares (2024: 424,850,000 shares). The increase in shares was due to the Company's completion of the rights issue on 28 May 2025 and the placing of new shares on 21 October 2025, resulting in the respective increases of 212,425,000 shares and 127,448,000 shares. For details, please refer to the Company's announcements dated 27 May 2025 and 21 October 2025.

Use of Proceeds from the Rights Issue

The details of the use of the net proceeds from the rights issue are set out as follows:

<u>Use of Net Proceeds</u>	<u>Proposed Use of Net Proceeds as at 28 May 2025</u>	<u>Actual Use of Net Proceeds as at 31 December 2025</u>	<u>Unutilized Net Proceeds as at 31 December 2025</u>
	<u>HK\$' million</u>	<u>HK\$' million</u>	<u>HK\$' million</u>
General working capital	5.1	1.1	-
Legal costs	5.0	9.0	-
Total	10.1	10.1	-

Use of Proceeds from the Placing of New Shares

The details of the use of the net proceeds from the placing of new shares are set out as follows:

<u>Use of Net Proceeds</u>	<u>Proposed Use of Net Proceeds as at 21 October 2025</u>	<u>Actual Use of Net Proceeds as at 31 December 2025</u>	<u>Unutilized Net Proceeds as at 31 December 2025</u>
	<u>HK\$' million</u>	<u>HK\$' million</u>	<u>HK\$' million</u>
General working capital	11.9	1.3	10.6
Legal costs	5.0	4.7	0.3
Total	16.9	6.0	10.9

Significant Investments, Material Acquisitions and Disposals, Future Plans for Material Investments and Contingent Liabilities

There were no significant investments, material acquisitions or disposals during the Reporting Year, and there were no future plans for material investments nor contingent liabilities or capital commitments as at 31 December 2025 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 this matter are set out in the announcement of the Company dated 18 January 2021.

Cash Management

The Group operates a centralized cash management system. Cash balances in excess of immediate operational requirements are primarily placed as short-term bank deposits with licensed banks in Hong Kong to enhance capital utilization while preserving liquidity.

Human Resources

As at 31 December 2025, the Group employed a total of 232 staff (including Directors of the Company) in Hong Kong and China (2024: 316 staff).

During the Reporting Year, the Group continued to prioritize strategic workforce management to support its core operations, particularly within the ISP Business segment. Despite ongoing challenges in the construction and interiors market, the Human Resources function played a critical role in maintaining a lean, responsive and agile workforce structure, enabling the Group to navigate economic headwinds and project-cycle volatility.

To promote workplace wellness and support employee well-being and work-life balance, the Group has introduced various wellness initiatives designed to enhance resilience, safeguard business continuity and foster sustainable organizational growth. By adopting flexible work policies, remote-friendly arrangements and digital working practices, the Group has strengthened operational efficiency through improvements in workflow processes, workspace utilization, collaboration platforms and staff engagement mechanisms.

Sustaining high service quality remains a core long-term objective, and retaining experienced and high-performing talent is essential to achieving this. The Group continues to invest in competitive remuneration and benefits packages, drawing insights from market research and regular benchmarking reviews. The Human Resources team also closely monitors market trends to attract high-calibre professionals and support the expansion of the Group's talent pool.

To promote mutual growth between the Group and its employees, ongoing emphasis is placed on staff development, including training opportunities and resources that support both personal and professional advancement. The Group remains confident that its dedicated team will continue to contribute to the Company's success by delivering high-quality services and earning the trust and recognition of its valued 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 (including the sale of the treasury shares) during the Reporting Year. As at 31 December 2025, the Company did not have any treasury shares.

SUBSEQUENT EVENT AFTER REPORTING YEAR

Reference is made to the announcement of the Company dated 13 December 2022 in relation to the continuing connected transactions under the 2023 ISP Works Master Agreement entered into between Mrs. Chu Yuet Wah ("**Mrs Chu**"), the controlling shareholder of the Company, and the Company. The 2023 ISP Works Master Agreement expired on 31 December 2025.

Upon its expiry, the Company and Mrs. Chu entered into the 2026 ISP Works Master Agreement on 13 January 2026 to continue the provision of ISP Works on a non-exclusive basis for the period from 16 February 2026 to 31 December 2028, with a proposed annual cap of HK\$30.0 million for each of the three years.

As Mrs. Chu is a controlling shareholder of the Company, she is a connected person under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Accordingly, the transactions contemplated under the 2026 ISP Works Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual caps exceed 5%, the transactions contemplated under the 2026 ISP Works Master Agreement are subject to the requirements of announcement, reporting, annual review, circular and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

The transactions under the 2026 ISP Works Master Agreement are revenue in nature, conducted in the ordinary and usual course of business of the Group, and therefore do not constitute notifiable transactions under Chapter 14 of the Listing Rules.

The 2026 ISP Works Master Agreement will become effective upon obtaining approval from the Independent Shareholders at the special general meeting to be convened.

Apart from the renewal of ISP Works Master Agreement, there are no events after the Reporting Year that would have a material impact on the Company's financial position.

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, has 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 19, 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 Listing Rules (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, 23 March 2026

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.