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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of ISP Holdings Limited (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**").

FINANCIAL OVERVIEW

	Six months ended 30 June		Change	
HK$' million	2026	2025	Amount	%
Revenue	**91.9**	62.2	**29.7**	↑ 47.7%
Gross profit	**7.7**	9.6	**(1.9)**	↓ 19.8%
Gross profit margin	**8.4%**	15.4%	**-**	↓ 7.0%
Operating expenses	**(35.0)**	(41.1)	**6.1**	↓ 14.8%
Operating loss	**(27.3)**	(31.5)	**4.2**	↓ 13.3%
Other income and gain or loss	**0.6**	8.9	**(8.3)**	↓ 93.3%
Loss for the period	**(26.7)**	(22.6)	**(4.1)**	↑ 18.1%
LBITDA	**(25.8)**	(21.5)	**(4.3)**	↑ 20.0%
Basic and diluted loss per share (HK cents)	**(3.5)**	(4.1)	**0.6**	↓ 14.6%

The Group reported consolidated revenue of approximately HK$91.9 million for the Reporting Period, representing an increase of 47.7% from approximately HK$62.2 million recorded in the same period last year (the "**Corresponding Period**"). Despite the substantial revenue growth, gross profit fell from approximately HK$9.6 million for the Corresponding Period to approximately HK$7.7 million for the Reporting Period, primarily due to intensified market competition exerting pressure on profit margins, and lower cost savings realised from certain completed subcontracted projects, as subcontractors accepted fewer final payment concessions than in the Corresponding Period. Consequently, the gross profit margin declined by 7.0 percentage points, from 15.4% for the Corresponding Period to 8.4% for the Reporting Period.

The Group's performance continued to be adversely affected by costs related to an arbitration case and a litigation case associated with previously completed projects of the interiors and special projects business (the "**ISP Business**"), although such costs were lower than those incurred during the Corresponding Period. During the Reporting Period, the arbitrator issued a partial award on liability and quantum issues, finding in favour of our indirect wholly-owned subsidiary, ISP Construction (Engineering) Limited ("**ISPCE**"). After determining the claims and counterclaims between the parties, the arbitrator awarded a net amount to ISPCE. Notwithstanding this favourable outcome, additional liquidated damages were recognized in respect of the completed project, and further legal costs arose in connection with the subsequent legal process relating to interest and cost recovery. In addition, as the second part of the hearing for the litigation case is scheduled to commence in late August 2026, significant legal and professional expenses were incurred during the Reporting Period in preparation for that hearing.

Through cautious and disciplined bidding practices, the Group has maintained a portfolio of creditworthy customers. As a result, the bad debt and expected credit loss provisions recognised during the Reporting Period were lower than those recorded in the Corresponding Period. In addition, the Group implemented tighter control over staff costs. As a result of the above factors, the Group's operating expenses decreased by 14.8% from approximately HK$41.1 million in the Corresponding Period to approximately HK$35.0 million during the Reporting Period.

Meanwhile, gain under other income and gains or loss significantly decreased from approximately HK$8.9 million for the Corresponding Period to approximately HK$0.6 million for the Reporting Period. The decrease was primarily attributable to lower interest income earned on restricted cash pledged for performance bonds issued by Falcon Insurance Company (Hong Kong) Limited, as well as the recognition of a fair value loss on financial assets during the Reporting Period.

Taking all the above factors into account, the Group recorded a loss attributable to equity holders of the Company of approximately HK$26.7 million for the Reporting Period, compared with approximately HK$22.6 million for the Corresponding Period. The basic and diluted loss per share for the Reporting Period was 3.5 HK cents (2025: 4.1 HK cents).

BUSINESS REVIEW AND PROSPECTS

Business Overview

During the period under review, ISP Business and property and facility management business in China ("**PFM China Business**") were the two main business segments of the Group.

Business Results

HK$' million	ISP Business Six months ended 30 June 2026	2025	Change Amount	%	PFM China Business Six months ended 30 June 2026	2025	Change Amount	%
Revenue	89.6	60.0	29.6	↑ 49.3%	2.3	2.2	0.1	↑ 4.5%
Gross profit	5.9	7.8	(1.9)	↓ 24.4%	1.8	1.8	-	0.0%
Operating expenses	(29.3)	(35.8)	6.5	↓ 18.2%	(2.6)	(2.1)	(0.5)	↑ 23.8%
Operating loss	(23.4)	(28.0)	4.6	↓ 16.4%	(0.8)	(0.3)	(0.5)	↑ 166.7%
Other income and gain or loss	0.2	0.1	0.1	↑ 100.0%	(0.3)	-	(0.3)	N/A
Loss for the period	(23.2)	(27.9)	4.7	↓ 16.8%	(1.1)	(0.3)	(0.8)	↑ 266.7%

ISP Business

ISP Business continued to serve as the Group's principal revenue driver, consistently contributing more than 90% of the Group's total revenue in recent years. Established in 2006 and acquired by the Group in 2012, the ISP Business has built a solid track record over its 20-year operational history. Since its acquisition in late 2012, the ISP Business has successfully completed over 280 projects with an aggregate contract value exceeding HK$9.3 billion as at 30 June 2026. These projects encompass 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.

The Hong Kong construction market continued to face a challenging and mixed operating environment during the first half of 2026. While government-led infrastructure, public housing and healthcare projects remained the key growth drivers of industry activity, private-sector construction demand remained subdued due to cautious investment sentiment, elevated financing costs and ongoing weakness in the property market. Given its primary focus on private-sector construction projects, the ISP Business was inevitably impacted by the softer market demand. At the same time, intense competition, labour shortages, cost inflation and increasingly stringent regulatory, safety and environmental compliance requirements, particularly in the wake of the fatal Wang Fuk Court fire incident, continued to place pressure on project margins and operational efficiency across the sector.

Despite these challenges, the ISP Business demonstrated resilience during the Reporting Period by leveraging its strong customer relationships, proven track record and established market reputation. These strengths enabled it to secure new contracts and maintain stable operating performance. In particular, a notable achievement during the Reporting Period was the award of a contract for the proposed residential development project at Middle Gap Road. This project represents the ISP Business's third engagement in projects located at Middle Gap Road for different employers, demonstrating its established expertise in delivering high-end residential developments and reinforcing clients' confidence in its capabilities, service quality and project execution standards. This achievement further strengthens the ISP Business's competitive position within the high-end residential construction sector.

In addition to this significant project, ISP Business secured residential renovation projects for two houses at Barker Road from new clients, as well as several small-scale repartitioning, reinstatement and waterproofing projects, including works for commercial units commissioned by former employers, demonstrating continued trust in our service quality and a high level of satisfaction with our past performance.

During the Reporting Period, the ISP Business secured new contracts with an aggregate contract value exceeding HK$99.9 million, representing a slight increase compared with the Corresponding Period. These contract awards highlighted the Group's adaptability and its ongoing commitment to delivering high-quality services in a competitive market environment.

Building on this positive momentum, the ISP Business will continue to adopt a balanced approach in the second half of 2026 by proactively pursuing tender opportunities while maintaining prudent risk management and disciplined project selection. As at the date of this announcement, the ISP Business has maintained a robust pipeline of potential tenders, including projects for which tenders has been submitted and results are pending. This pipeline includes new-build, fitting-out and A&A projects with an aggregate contract value of approximately HK$600.0 million. Subject to successful tender outcomes, these projects could further enhance the Group's order book and provide a substantial source of revenue in the coming years. Additionally, as of 30 June 2026, the total outstanding contract value stood at approximately HK$161.6 million which is expected to be recognized as revenue over the next two years. Supported by its existing project pipeline, recurring client relationships and ongoing tender activities, the ISP Business remains cautiously optimistic about its prospects and is well-positioned to capitalise on suitable opportunities as market conditions gradually improve.

During the Reporting Period, the Group remained committed to addressing prevailing market challenges and continued to implement targeted cost-control measures while maintaining high service standards across its project portfolio. These efforts supported a stable performance for the ISP Business. The segment achieved several notable milestones, including the completion of hoarding, demolition and A&A works to an existing monastery building in Causeway Bay, as well as the renovation works for a commercial building at Connaught Road Central. These achievements reflect the Group's operational capability and unwavering commitment to quality, in face of a volatile and difficult market environment.

During the Reporting Period, the ISP Business generated revenue of approximately HK$89.6 million, representing a 49.3% increase compared with approximately HK$60.0 million in the Corresponding Period. The increase was mainly attributable to the commencement of works under new contracts secured in the prior years and the continued execution of several projects, a number of which were substantially completed or nearing completion during the Reporting Period.

Despite the significant growth in revenue, the ISP Business recorded a decrease in gross profit from approximately HK$7.8 million in the Corresponding Period to approximately HK$5.9 million during the Reporting Period. The decline was primarily attributable to intensified market competition, which placed pressure on profit margins, as well as lower cost savings realised from certain completed subcontracted projects. The latter was mainly due to a reduction in the amount of final account concessions accepted by subcontractors compared with the Corresponding Period.

The ISP Business incurred operating expenses of approximately HK$29.3 million during the Reporting Period. Such expenses were mainly attributable to substantial costs in relation to an arbitration case and a litigation case associated with previously completed projects. During the Reporting Period, a partial arbitral award was handed down in favour of the ISP Business, resulting in a net amount being awarded to the ISP Business after determination of the parties' respective claims and counterclaims. However, additional liquidated damages were incurred in connection with the completed project, and further legal costs were incurred in relation to the subsequent legal process relating to interest and cost recovery.

Separately, subsequent to the Reporting Period, the Court handed down its judgment on the first part of the litigation trial. Under the judgment, the Court found in favour of the ISP Business and held that the main contractor had repudiated the contract. The Court also dismissed the main contractor's counterclaim and determined that the ISP Business was entitled to its acceleration claim, although it was not proven to be entitled to its prolongation claim. The quantum of the sums recoverable by the ISP Business will be determined in the second part of the hearing, which is scheduled to commence in late August 2026. Significant legal and professional expenses were incurred during the Reporting Period in preparation for the second part of that hearing.

Notwithstanding the above, operating expenses of the ISP Business decreased by 18.2% from approximately HK$35.8 million in the Corresponding Period to approximately HK$29.3 million during the Reporting Period, as costs associated with the arbitration case and litigation case were lower than those recognised in the Corresponding Period. The decrease was also attributable to lower bad debt and expected credit loss provisions recognised during the Reporting Period as a result of the ISP Business maintaining a portfolio of creditworthy customers through cautious and disciplined bidding practices. In addition, the Group implemented tighter controls over staff costs, which further contributed to the reduction in operating expenses. As a result, the ISP Business recorded an operating loss of approximately HK$23.4 million, compared with an operating loss of approximately HK$28.0 million in the Corresponding Period. After taking into account other income and gains or losses, the ISP Business recorded a net loss of approximately HK$23.2 million for the Reporting Period.

Looking ahead, the Group expects the operating environment for the construction and fitting-out industry to remain demanding but stable in the second half of 2026. While market competition is expected to remain intense and profit margins may continue to be under pressure, demand from selected private-sector segments, particularly renovation and refurbishment works, is expected to improve gradually as market sentiment stabilises.

Nevertheless, the industry continues to face a number of challenges, including shortages of skilled labour in certain trades, rising compliance and safety requirements, fluctuations in material and subcontracting costs, and heightened competition for new projects. The timing of project awards, project commencement and funding approvals may also affect the pace of market recovery.

In response to a market environment characterized by both risks and emerging opportunities, the ISP Business will continue to adopt a proactive and disciplined approach to project execution and business development, with a focus on the timely delivery of ongoing projects while maintaining high standards of workmanship and customer satisfaction. The segment will prioritize managing key operational risks, including labour shortages and cost inflation, heightened compliance requirements, fluctuations in material and subcontracting costs, and competitive tendering pressures.

At the same time, the ISP Business will maintain cautious and disciplined bidding practices to balance workload replenishment with margin protection amid competitive market conditions. The ISP Business will continue to focus on its sector-focused approach by concentrating on its core competencies in luxury residential developments and high-end fitting-out projects. Beyond this, the ISP Business will seek to secure extension works from existing customers and expand its project portfolio by pursuing suitable opportunities in renovation and refurbishment projects, including those in the hospitality sector, leveraging established relationships and proven technical capabilities. The ISP Business is well-positioned to explore niche market opportunities that align with its expertise and risk management objectives as market conditions gradually improve. This strategic approach enables the Group to maintain operational momentum, strengthen its market position, drive sustainable growth, and steer through current market headwinds.

Supported by its long-established industry reputation, extensive experience, and proven track record in the industry, the Group remains cautiously optimistic about the prospects of the ISP Business. With a satisfactory level of contracts on hand, recent tender submissions, and a robust pipeline of sizable tender opportunities expected in the second half of 2026 and beyond, our Directors believe that the ISP Business is well-positioned to secure new contracts, meet evolving market needs and capture suitable growth opportunities as market conditions gradually stabilise. The ISP Business will continue to focus on prudent risk management, disciplined cost control in tendering and operational efficiency, with the objective of strengthening its market position and enhancing long-term value for shareholders.

PFM China Business

The property and facility management industry in China continued to evolve during the first half of 2026 despite persistent weakness in certain segments of the property market. Demand for professional property and facility management services remained relatively resilient, driven by property owners' and occupiers' increasing emphasis on operational efficiency, safety, sustainability and service quality. During the Reporting Period, the PFM China Business successfully renewed a property management contract for a commercial building in Qingdao, reflecting customers' continued confidence in its service capabilities. Nevertheless, the industry remained under intense competition and margin pressure, particularly in relation to government and commercial sector contracts.

During the Reporting Period, the PFM China Business recorded revenue of approximately HK$2.3 million, compared with approximately HK$2.2 million in the Corresponding Period. The segment continued to provide property and facility management services in China and maintained a stable operating scale during the Reporting Period.

Gross profit remained stable at approximately HK$1.8 million, broadly in line with the Corresponding Period. However, the segment recorded an operating loss of approximately HK$0.8 million, compared with an operating loss of approximately HK$0.3 million in the Corresponding Period. The increase in operating loss was primarily attributable to higher administrative and operating expenses incurred during the Reporting Period. As a result, the PFM China Business recorded a net loss of approximately HK$1.1 million, compared with a net loss of approximately HK$0.3 million in the Corresponding Period.

Looking ahead, the PFM China Business expects the operating environment for the property and facility management industry in China to remain stable but competitive. Key challenges include developers' liquidity pressures, rising labour costs, intensified market competition and longer project-awarding cycles. In response, the Group will continue to focus on operational efficiency, selective contract acquisition, prudent customer assessment and disciplined cost management. The Group will also actively pursue suitable business opportunities in new first-tier cities to diversify its revenue base and strengthen the long-term sustainable development of the PFM China Business.

Leveraging its industry experience and established customer relationships, the PFM China Business remains committed to enhancing service quality, improving operational performance and creating sustainable value for stakeholders.

Outlook of the Group

Looking forward, the Group anticipates that the local market will remain on a steady footing, supported by easing inflationary pressures and improving economic activity, notwithstanding ongoing geopolitical and macroeconomic uncertainties. Nevertheless, the operating environment is expected to remain challenging due to persistent labour shortages, rising wages and compliance costs, increasingly stringent safety and regulatory requirements, and continued fiscal pressures affecting both public and private sector project spending. These factors may continue to impact project tendering activities, project commencement schedules and cash flow cycles, resulting in heightened uncertainty across the industry and potentially affecting the Group's financial performance and operating results.

Against the backdrop of a challenging operating environment, the Group will further strengthen its resilience through prudent project selection, disciplined risk management and diversification of its project portfolio. The Group will actively pursue opportunities in relatively stable market segments, including luxury residential developments and rehabilitation works, commercial properties and local residential developments. At the same time, the Group will seek to enhance operational efficiency through workforce development, talent retention initiatives and improved project management practices. The Group will also maintain a healthy liquidity position and a disciplined capital management approach to support its participation in sizeable tenders and emerging business opportunities. Leveraging its established track record, extensive industry experience and multidisciplinary technical expertise, the Group remains well-positioned to undertake complex and large-scale projects while delivering high-quality services to its customers. These strengths will underpin the Group's competitiveness and support its pursuit of sustainable growth and long-term profitability.

The Group maintains a cautiously optimistic outlook for its long-term development. Although the business environment is expected to remain difficult in the near term, the Directors believe that opportunities will continue to emerge from the gradual recovery of the residential property market, increasing demand for building rehabilitation and maintenance works, and the refurbishment and upgrading of commercial and residential properties. These market trends are expected to provide a stable pipeline of projects in the years ahead. Supported by its experienced management team, strong industry relationships and proven operational expertise, the Group is well equipped to navigate market uncertainties and capitalise on emerging opportunities. Through disciplined execution and a prudent business strategy, the Group aims to achieve sustainable growth and enhance long-term shareholder value.

The Group will remain committed to upholding high standards of corporate governance, transparent disclosure, responsible business conduct and sustainability-focused management. Guided by its core values of customer focus, integrity, teamwork, innovation and excellence, the Group is committed to enhancing service quality, strengthening customer relationships, improving customer satisfaction and delivering sustainable value to shareholders and other stakeholders over the long term.

Financial Position and Financial Risk Management

Gearing Ratio

As at 30 June 2026, the Group maintained cash and cash equivalents amounting to approximately HK$34.9 million (31 December 2025: HK$12.3 million). The Group had no outstanding bank borrowings and therefore no gearing ratio is presented (Gearing ratio is defined as bank borrowings divided by equity).

Liquidity and Financial Resources

In addition to cash and cash equivalents, the Group has restricted cash of approximately HK$3.9 million as at 30 June 2026 (31 December 2025: HK$68.0 million), which was pledged to Falcon Insurance Company (Hong Kong) Limited ("**Falcon**") to secure surety bonds issued in respect of the due performance and observance of contractual obligations under the ISP Business projects.

The decrease in restricted cash was primarily attributable to the release of restricted cash from Falcon following the issuance of the partial award in the arbitration case. Reference is made to the annual report of the Company for the year ended 31 December 2025 (the "**Annual Report 2025**") and the announcements of the Company dated 1 March 2022 and 27 April 2023 (the "**Announcements dated 1 March 2022 and 27 April 2023**"), all relating to proceedings under High Court action number HCA 245 of 2022. As disclosed therein, pursuant to the High Court judgment, the Company and ISP Construction (Engineering) Limited ("**ISPCE**") deposited a sum of HK$58,880,000 ("**Deposit**") within seven (7) days into a separate interest-bearing bank account in Falcon's name. The Deposit was to be held until Falcon's liability under the surety bond was released or until further court order. Upon Falcon being released from the surety bond, Falcon was required to repay to the Company and ISPCE the balance after deducting (i) all sums paid under the surety bond and (ii) all sums, including costs, due to Falcon under the court proceedings or pursuant to the relevant indemnity agreements. Subsequent to the publication of the partial award on 15 April 2026, Falcon repaid the relevant balance of the Deposit to the Company and ISPCE on 11 May 2026, after making the permitted deductions. A substantial portion of the balance returned by Falcon was subsequently placed in time deposits with licensed banks in Hong Kong.

The Group also pledged approximately HK$9.4 million (31 December 2025: HK$10.1 million) to other banks and insurance companies as security for the issuance of surety bonds in respect of the ISP Business projects. In addition, time deposits with original maturities over three months amounting to approximately HK$58.5 million (mainly representing the portion of the balance returned by Falcon) were placed with licensed banks in Hong Kong to enhance treasury returns and optimize capital utilization (31 December 2025: HK$18.8 million). Furthermore, certain property, plant and equipment, buildings and other assets of the Group with an aggregate carrying value of approximately HK$37.8 million (31 December 2025: HK$37.8 million) were charged to bank to secure banking facilities granted to the Group.

During the Reporting Period, the Group's funding requirements were principally met through internally generated funds from its operations, as well as restricted cash released by Falcon.

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)	30 June 2026	31 December 2025
Total assets	**246,893**	**271,993**
Account and other receivables, retention receivables and other assets	138,378	161,009
Restricted cash deposits, pledged bank deposits/ deposits with original maturities over three months and cash and cash equivalents	106,663	109,222
Current assets	**245,041**	**270,231**
Current liabilities	**143,130**	**142,488**
Non-current liabilities	**413**	**585**
Net assets	**103,350**	**128,920**
Net assets per share (HK cents)	**12.2**	**15.3**
Current ratio	**1.7**	**1.9**

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 by 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 30 June 2026 was 764,723,000 shares (31 December 2025: 764,723,000 shares).

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:

Use of Net Proceeds	Proposed Use of Net Proceeds as at 21 October 2025	Actual Use of Net Proceeds as at 30 June 2026	Unutilized Net Proceeds as at 30 June 2026
	HK$' million	HK$' million	HK$' million
General working capital	11.9	4.3	7.6
Legal costs	5.0	5.0	-
Total	**16.9**	**9.3**	**7.6**

Significant Investments

The Group maintained an investment portfolio primarily comprising financial assets for treasury management and capital appreciation purposes. As at 30 June 2026, the Group held approximately HK$4.2 million worth of equity investments (31 December 2025: HK$4.3 million) which were classified as financial assets at fair value through profit or loss. None of the individual investments held by the Group exceeded 5% of the Group's total assets as at the reporting date. Details of the significant listed equity investments are as follows:

Names and stock codes of the companies	Number of shares on hand	Closing value of listed securities as at 30 June 2026	Market value of listed securities as at 30 June 2026
		HK$	HK$'000
BOC HONG KONG (HOLDINGS) LTD. (2388)	15,000	42.38	636
PING AN INSURANCE (GROUP) CO. OF CHINA, LTD. — H SHARES (2318)	6,000	51.05	306
CHINA RESOURCES LAND LTD. (1109)	2,000	30.00	60
CK INFRASTRUCTURE HOLDINGS LTD. (1038)	3,000	59.70	179
CHINA MOBILE LTD. (941)	7,000	76.15	533
CHINA CONSTRUCTION BANK CORPORATION — H SHARES (939)	40,000	8.07	323
HONG KONG EXCHANGES AND CLEARING LTD. (388)	4,400	363.00	1,597
MTR CORPORATION LTD. (66)	3,000	30.50	92
SUN HUNG KAI PROPERTIES LTD. (16)	2,500	112.30	281
CLP HOLDINGS LTD. (2)	2,000	73.20	146
Total			**4,153**

The Group invests under a Board-approved policy to prudently enhance returns, preserve capital, and maintain liquidity. Its strategy avoids undue risk, supports operations, and focuses on financially stable listed companies (mainly blue chips), which the Board views as attractive opportunities with strong prospects.

The Group has established a risk management framework to monitor and control risks arising from its investment activities, and reviews the investment portfolio regularly to ensure compliance with the approved risk parameters.

The Board retains ultimate responsibility for investment oversight but delegates daily investment oversight to its investment committee, with policy approval and periodic performance reporting serving as key controls.

The Group will continue to adopt a prudent and disciplined approach to managing its investment portfolio. The investment strategy will be reviewed from time to time in response to market conditions, the Group's liquidity position and its overall corporate strategy.

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

There were no material acquisitions or disposals during the Reporting Period, and there were no future plans for material investments, nor any contingent liabilities or capital commitments, as at 30 June 2026 and up to the date of this announcement.

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 30 June 2026, the Group employed a total of 194 staff (including Directors of the Company) in Hong Kong and China (2025: 240 staff).

During the Reporting Period, 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 effectively.

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 continued 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.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Reporting Period (2025: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Note	Unaudited Six months ended 30 June **2026** **HK$'000**	 2025 HK$'000
Revenue	3	**91,879**	62,243
Cost of sales and service		**(84,125)**	(52,682)
Gross profit		**7,754**	9,561
Other income and gain or loss	4	**626**	8,887
General and administrative expenses		**(34,793)**	(37,118)
Interest expenses		**(25)**	(27)
Net allowances for impairment losses on receivables and contract assets		**(231)**	(3,936)
Loss before taxation	5	**(26,669)**	(22,633)
Taxation	6	**(12)**	(2)
Loss for the period		**(26,681)**	(22,635)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**1,111**	425
Total comprehensive loss for the period attributable to equity holders of the Company		**(25,570)**	(22,210)
Loss per share attributable to the equity holders of the Company			
- basic and diluted (HK cents)	7	**(3.5)**	(4.1)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

	Note	**Unaudited 30 June 2026 HK$'000**	Audited 31 December 2025 HK$'000
Non-current assets			
Property, plant and equipment		**1,654**	1,552
Deferred tax assets		**198**	210
Total non-current assets		**1,852**	1,762
Current assets			
Contract assets		**78,869**	59,117
Account and other receivables and retention receivables	9	**54,009**	93,637
Deposits and prepayments		**1,347**	3,907
Financial assets at fair value through profit or loss ("**Financial assets at FVTPL**")	10	**4,153**	4,348
Restricted cash deposits	11	**3,881**	68,031
Pledged bank deposits / deposits with original maturities over three months		**67,924**	28,871
Cash and cash equivalents		**34,858**	12,320
Total current assets		**245,041**	270,231
Current liabilities			
Payables and accruals	12	**140,187**	139,855
Contract liabilities		**1,800**	1,800
Lease liabilities		**1,143**	833
Total current liabilities		**143,130**	142,488
Net current assets		**101,911**	127,743
Total assets less current liabilities		**103,763**	129,505

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

	Note	**Unaudited 30 June 2026 HK$'000**	Audited 31 December 2025 HK$'000
Non-current liabilities			
Long service payment liabilities		**263**	263
Lease liabilities		**150**	322
Total non-current liabilities		**413**	585
Net assets		**103,350**	128,920
Equity attributable to equity holders of the Company			
Share capital	13	**8,447**	8,447
Reserves		**94,903**	120,473
Total equity		**103,350**	128,920

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Except as described below, the accounting policies used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those set out in the annual report for the year ended 31 December 2025.

The HKICPA has issued a number of amendments to HKFRS Accounting Standards which are effective for the Group's financial year beginning 1 January 2026 for the preparation of the Group's interim condensed consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The adoption of the amendments to HKFRS Accounting Standards has no material impact on the Group's interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group adopts prudent liquidity risk management which includes maintaining sufficient bank balances and cash, and having available funding through an adequate amount of committed credit facilities. Cash flow forecast is performed in the operating segments of the Group and aggregated by corporate finance team taking into account the Group's history of refinancing, its available banking facilities and its assets backing. Corporate finance team monitors forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to operate and meet its liabilities as and when they fall due.

2 Critical Accounting Estimates and Judgements

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

3 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 condensed consolidated financial statements.

Segment Results (in HK$'000)

Six months ended 30 June 2026	ISP Business	PFM China Business	Subtotal	Corporate Overhead (Note)	Total
Revenue					
- Over time	89,546	2,333	91,879	-	91,879
	89,546	2,333	91,879	-	91,879
Gross profit	5,919	1,835	7,754	-	7,754
Gross profit margin	***6.6%***	***78.7%***	***8.4%***	***-***	***8.4%***
Operating expenses	(29,280)	(2,618)	(31,898)	(3,126)	(35,024)
Operating loss	(23,361)	(783)	(24,144)	(3,126)	(27,270)
Operating loss margin	***-26.1%***	***-33.6%***	***-26.3%***	***-***	***-29.7%***
Interest expenses for lease liabilities	(20)	(5)	(25)	-	(25)
Other income and gain or loss	191	(254)	(63)	689	626
Loss before taxation	(23,190)	(1,042)	(24,232)	(2,437)	(26,669)
Taxation	(12)	-	(12)	-	(12)
Loss for the period	(23,202)	(1,042)	(24,244)	(2,437)	(26,681)

Six months ended 30 June 2025	ISP Business	PFM China Business	Subtotal	Corporate Overhead (Note)	Total
Revenue					
- Over time	60,065	2,178	62,243	-	62,243
	60,065	2,178	62,243	-	62,243
Gross profit	7,804	1,757	9,561	-	9,561
Gross profit margin	***13.0%***	***80.7%***	***15.4%***	***-***	***15.4%***
Operating expenses	(35,788)	(2,045)	(37,833)	(3,221)	(41,054)
Operating loss	(27,984)	(288)	(28,272)	(3,221)	(31,493)
Operating loss margin	***-46.6%***	***-13.2%***	***-45.4%***	***-***	***-50.6%***
Interest expenses for lease liabilities	(20)	(7)	(27)	-	(27)
Other income and gain or loss	126	(66)	60	8,827	8,887
(Loss)/profit before taxation	(27,878)	(361)	(28,239)	5,606	(22,633)
Taxation	(2)	-	(2)	-	(2)
(Loss)/profit for the period	(27,880)	(361)	(28,241)	5,606	(22,635)

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

4 Other Income and Gain or Loss

	Unaudited Six months ended 30 June 2026 HK$'000	2025 HK$'000
Miscellaneous income	**146**	74
Bank interest income	**910**	4,920
Dividend derived from financial assets at FVTPL	**71**	465
Fair value change on financial assets at FVTPL	**(195)**	3,543
Exchange loss	**(306)**	(115)
	626	8,887

5 Loss Before Taxation

	Unaudited Six months ended 30 June 2026 HK$'000	2025 HK$'000
Loss before taxation is arrived after charging:		
Staff costs, including directors' emoluments	**21,035**	**22,631**
Depreciation of property, plant and equipment	**111**	**160**
Depreciation of right-of-use assets	**745**	**921**
Cost related to arbitration cases and litigation case as included in general and administrative expenses	**21,843**	**22,398**

6 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits for the period after application of available tax losses brought forward for both periods. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of tax charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Unaudited Six months ended 30 June 2026 HK$'000	2025 HK$'000
Deferred taxation	**12**	2

7 Loss Per Share

Basic loss per share is calculated by dividing the Group's unaudited 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 13 during the period.

	Unaudited Six months ended 30 June	
	2026	2025
Loss for the period attributable to equity holders (HK$'000)	**(26,681)**	(22,635)
Less: dividends to convertible preference shareholders (HK$'000)	**-**	-
Loss for the period attributable to ordinary shareholders (HK$'000)	**(26,681)**	(22,635)
Weighted-average number of ordinary shares issued ('000)	**764,723**	557,020
Basic loss per share (HK cents)	**(3.5)**	(4.1)

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.

8 Dividend

At a Board of Directors ("**Board**") meeting held on 24 August 2026, the Board resolved not to declare interim dividend for the six months ended 30 June 2026 (2025: the Board resolved not to declare dividend).

9 Account and other receivables and retention receivables

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (31 December 2025: 30 to 60 days) and the majority of the Group's accounts receivable are denominated in Hong Kong dollars. The aging analysis of accounts receivable by invoice date is as follows:

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Accounts receivable		
0 to 30 days	**13,596**	11,445
31 to 60 days	**131**	9,153
61 to 90 days	**654**	100
Over 90 days	**1,537**	24,400
	15,918	45,098
Other receivables	**11,447**	10,994
	27,365	56,092
Impairment of account and other receivables	**(3,921)**	(4,482)
	23,444	51,610
Retention receivables	**31,250**	42,717
Impairment of retention receivable	**(685)**	(690)
	30,565	42,027
Account and other receivables and retention receivables	**54,009**	93,637

Retention receivables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 30 June 2026, retention receivables from customers for contract works amounting to approximately HK$4,743,000 (31 December 2025: HK$3,419,000) 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 retention receivables are contract assets under HKFRS 15 until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

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.

10 Financial assets at FVTPL

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Listed equity securities in Hong Kong	**4,153**	4,348

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

Fair value of the Group's financial assets are measured at fair value on a recurring basis.

The following table provides an analysis of financial instruments that are measured at fair value at the end of the reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance with the Group's accounting policy.

	30 June 2026			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
Financial assets at FVTPL				
- Listed equity investment	**4,153**	-	-	**4,153**

	31 December 2025			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Financial assets at FVTPL				
- Listed equity investment	4,348	-	-	4,348

During the period, there was no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (31 December 2025: nil).

The valuation techniques and input used in the fair value measurement of financial instrument are as set out below:

Financial assets	**Fair value of**	**Fair value hierarchy**	**Valuation technique and key input**
Financial assets at FVTPL			
- Listed equity securities in Hong Kong	HK$4,153,000 (31 December 2025: HK$4,348,000)	Level 1	Quoted closing price in an active market

11 Restricted Cash Deposits

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Restricted cash deposits	**3,881**	68,031

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 six months ended 30 June 2026, the Group recognised interest income of approximately HK$464,000 (2025: HK$4,687,000) from the restricted cash deposits, which was included in other income and gains or loss.

On 15 April 2026, the arbitrator issued a partial award on liability and quantum issues (the "**Partial Award**"), declaring that the surety bond should be released. Following the issuance of the Partial Award, the custodian released the restricted cash deposits, after deducting permitted deductions and interest collected, resulting in proceeds of approximately HK$64,151,000 received by the Group on 11 May 2026.

As at 30 June 2026, restricted cash deposits of approximately HK$3,881,000 remained unreleased. This deposit related to another surety bond and had not been released.

12 Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days. (31 December 2025: 30 to 60 days). The aging analysis of accounts payable by invoice date is as follows:

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Accounts payable		
0 to 30 days	**42,145**	43,332
31 to 60 days	**9,271**	7,479
61 to 90 days	**5,890**	2,372
Over 90 days	**21,182**	23,631
	78,488	76,814
Retention payables	**54,802**	54,207
Other payables and accruals	**6,897**	8,834
	140,187	139,855

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

13 Share Capital

	Nominal value per share HK$	Number of shares '000	Amount HK$'000
Authorised:			
At 1 January 2025			
- Ordinary shares	**0.1**	**9,000,000**	**900,000**
- Convertible preference shares ("**CPS**")		**1,000,000**	**100,000**
At 1 January 2025		**10,000,000**	**1,000,000**
Share sub-division (Note a)	**0.01**	**90,000,000**	**-**
At 31 December 2025, 1 January 2026 and 30 June 2026			
- Ordinary shares	**0.01**	**90,000,000**	**900,000**
- CPS (Note d)		**10,000,000**	**100,000**
		100,000,000	**1,000,000**
Issued and fully paid:			
At 1 January 2025			
- Ordinary shares	**0.1**	**424,850**	**42,486**
- CPS		**80,000**	**8,000**
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**	**127,448**	**1,274**
At 31 December 2025, 1 January 2026 and 30 June 2026			
- Ordinary shares	**0.01**	**764,723**	**7,647**
- CPS (Note d)		**80,000**	**800**
		844,723	**8,447**

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 reorganisation (“**Capital Reorganisation**”) 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 Reorganisation 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 Reorganisation 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 authorised but unissued existing ordinary shares of par value of HK$0.1 each would be sub-divided into ten authorised 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 Reorganisation becoming effective) 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 each would be sub-divided into ten authorised 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 Reorganisation becoming effective) of par value of HK$0.01 each.

The Capital Reorganisation 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 six months ended 30 June 2026 as required under the Listing Rules of the Stock Exchange.

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 treasury shares) during the Reporting Period. As at 30 June 2026, the Company did not hold any treasury shares.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

There is no event after the Reporting Period which would have a material impact on the Company's financial position.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the Reporting Period have been reviewed by the audit committee of the Company and the Company's external auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE 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 (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (as amended from time to time by the Stock Exchange) as its own code of conduct for regulating securities transactions by the Directors. In response to specific enquiries by the Company, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with all code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Listing Rules, except for the following deviation.

Under code provision B.3.5 of the CG Code, the nomination committee must include at least one director of a different gender. Following the resignation of Ms. Leung Yuet Ngor as an Executive Director on 1 June 2026, both the Board and the Nomination Committee of the Company currently comprise members of a single gender. Therefore, the Company is temporarily unable to meet the requirements under code provision B.3.5 of the CG Code. The Board has been actively identifying a suitable female candidate to join the Board to comply with the relevant requirements. The Company will issue a further announcement as soon as the appointment is made.

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

Hong Kong, 24 August 2026

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