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IBI Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1547)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

	Year ended 31 March		Increase/ (decrease)
	2021 HK\$'000	2020 HK\$'000	
Revenue and other gains/(losses)	556,702	591,129	(5.8)%
Gross profit	79,434	51,871	53.1%
Profit before income tax expense	55,798	25,294	120.6%
Profit attributable to the owners of the Company for the year	54,390	21,627	151.5%
Basic and diluted earnings per share (HK cents)	6.8	2.7	151.9%
The Board recommended the payment of a final dividend of HK4.0 cents for the year ended 31 March 2021.			

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of IBI Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	5	513,136	591,129
Other gains/(losses)	5	43,566	–
Revenue and other gains/(losses)	5	556,702	591,129
Direct costs		(477,268)	(539,258)
Gross profit		79,434	51,871
Other income	6	5,903	1,198
Administrative and other operating expenses		(29,223)	(27,407)
Finance costs	7	(316)	(368)
Profit before income tax expense	8	55,798	25,294
Income tax expense	9	(1,720)	(3,667)
Profit and total comprehensive income for the year		54,078	21,627
Profit and total comprehensive income for the year attributable to:			
— Owners of the Company		54,390	21,627
— Non-controlling interests		(312)	–
		54,078	21,627
Earnings per share:	<i>10</i>		
Basic and diluted (HK cents)		6.8	2.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		359	233
Right-of-use assets		3,827	5,276
Financial assets at fair value through profit or loss		<u>61,825</u>	<u>12,556</u>
Total non-current assets		<u>66,011</u>	<u>18,065</u>
Current assets			
Contract assets		110,130	144,068
Trade and other receivables	12	116,917	25,363
Inventories		381	–
Pledged deposits		14,426	16,136
Tax recoverable		1,210	1
Cash and cash equivalents		<u>87,142</u>	<u>195,673</u>
Total current assets		<u>330,206</u>	<u>381,241</u>
Current liabilities			
Contract liabilities		1,224	19,726
Trade and other payables	13	209,322	238,049
Lease liabilities		2,992	2,467
Tax payables		<u>270</u>	<u>818</u>
Total current liabilities		<u>213,808</u>	<u>261,060</u>
Net current assets		<u>116,398</u>	<u>120,181</u>
Total assets less current liabilities		182,409	138,246
Non-current liabilities			
Lease liabilities		<u>1,195</u>	<u>3,112</u>
NET ASSETS		<u>181,214</u>	<u>135,134</u>
Capital and reserves			
Share capital	14	8,000	8,000
Reserves		<u>173,524</u>	<u>127,134</u>
Equity attributable to owners of the Company		181,524	135,134
Non-controlling interests		<u>(310)</u>	<u>–</u>
TOTAL EQUITY		<u>181,214</u>	<u>135,134</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 April 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands. Its principal place of business in Hong Kong is located at 3/F, Bangkok Bank Building, 18 Bonham Strand West, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 14 October 2016 (the “**Listing**”).

The Company is an investment holding company. The principal activities of the Group are to act as a building contractor focusing on providing renovation services as a main contractor for property projects in the private sector in Hong Kong and Macau (“**Contracting**”), strategic investments and provision of products and services with a focus on air quality and modern sustainable building materials.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs — effective 1 April 2020

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform
- Conceptual Framework for Financial Reporting, Revised Conceptual Framework for Financial Reporting

The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period except for the amendment to HKFRS 16, Covid-19-Related Rent Concessions. The impact of early adoption of Amendments to HKFRS 16: Covid-19-Related Rent Concessions was summarised below. The other new or amended HKFRSs that are effective from 1 April 2020 did not have any significant impact on the Group’s accounting policies.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 April 2020 on initial application of the amendment.

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 16 Amendments to HKAS 1	COVID-19 Related Rent Concessions beyond 30 June 2021 ² Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 16 Amendments to HKAS 37 HKFRS 17	Proceeds before Intended Use ³ Onerous Contracts — Cost of Fulfilling a Contract ³ Insurance Contracts ⁵
Amendments to HKFRS 3 Amendments to HKFRS 10 and HKAS 28	Reference to the Conceptual Framework ⁴ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ³

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after 1 April 2021.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

⁶ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the future.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the 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 that certain financial instruments which are measured at fair value.

(c) 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 and its subsidiaries other than IBI Macau Limited, and all values are rounded to the nearest thousand except when otherwise stated.

4. SEGMENT REPORTING

The executive directors of the Company, who are the chief operating decision-makers (“**CODM**”) of the Group, review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

During the year ended 31 March 2021, the Group has three reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

Revenue from contracts with customers within the scope of HKFRS 15:

- Contracting — provision of renovation services as a main contractor for property projects in the private sector in Hong Kong and Macau
- Building Solutions — provision of products and services with a focus on air quality and modern sustainable building materials

Revenue from other sources:

- Strategic Investments — investment in listed securities

During the year ended 31 March 2020, the Group has only one business segment, Contracting and no further analysis of this single segment is considered necessary.

- (a) Inter-segment transactions are priced with reference to prices charged to external parties for similar order. The segment revenue and results for the year ended 31 March 2021 are as follows:

	Contracting <i>HK\$'000</i>	Building Solutions <i>HK\$'000</i>	Strategic Investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue & other gains/(losses)	510,958	299	45,468	556,725
Inter-segment revenue	<u>–</u>	<u>(23)</u>	<u>–</u>	<u>(23)</u>
Segment Revenue from external customers and other sources	510,958	276	45,468	556,702
Segment profit/(loss)	17,742	(1,546)	43,867	60,063
Bank interest income				468
Unallocated corporate expenses				(4,417)
Finance costs				<u>(316)</u>
Profit before income tax expense				<u><u>55,798</u></u>

Segment results represent the profit earned or loss incurred by each segment without allocation of certain bank interest income, corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The segment assets and liabilities as at 31 March 2021 are as follows:

	Contracting <i>HK\$'000</i>	Building Solutions <i>HK\$'000</i>	Strategic Investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	226,192	1,493	120,996	348,681
Unallocated assets				<u>47,536</u>
				396,217
Segment liabilities	207,020	47	15	207,082
Unallocated liabilities				<u>7,921</u>
				<u><u>215,003</u></u>

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable and operating segments other than certain other receivables, right-of-use assets and certain cash and cash equivalents; and
- all liabilities are allocated to reportable and operating segments other than certain other payables and lease liabilities.

(b) Geographical information

The Group operates in two principal geographical areas — Hong Kong and Macau.

The Group's revenue derived from Contracting and Building Solutions segments from external customers for the year ended 31 March 2021 is analysed as follows:

Revenue from external customers	2021	
	Contracting <i>HK\$'000</i>	Building Solutions <i>HK\$'000</i>
Hong Kong	510,709	158
Macau	249	–
Others	–	118
	<u>510,958</u>	<u>276</u>

The Group's revenue derived from Contracting segment from external customers for the year ended 31 March 2020 is analysed as follows:

	2020 Contracting <i>HK\$'000</i>
Hong Kong	538,347
Macau	52,782
	<u>591,129</u>

The following table provides an analysis of the Group's non-current assets (“Specified non-current assets”):

Specified non-current assets	As at 31 March	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	4,186	5,509
Macau	–	–
	<u>4,186</u>	<u>5,509</u>

The non-current assets information above excludes financial assets at fair value through profit or loss (“FVTPL”) and is based on the physical locations of the respective assets.

(b) Information about major customers

Revenues derived from contracting segment from each of the major customers accounted for 10% or more of the Group's total revenue from external customers are set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer I	116,912	109,691
Customer II	95,778	83,365
Customer III	76,815	N/A
Customer IV	67,247	N/A
Customer V	N/A	110,539

5. REVENUE AND OTHER GAINS/(LOSSES)

Revenue and other gains/(losses) recognised during the year comprises the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Revenue from Contracting	510,958	591,129
Revenue from Building Solutions	276	–
Dividend income from financial assets at FVTPL	1,902	–
	513,136	591,129
Other gains/(losses)		
Net realised and unrealised gains on financial assets at FVTPL	43,566	–
	556,702	591,129

Timing of revenue recognition within scope of HKFRS 15:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from Contracting		
— Over time	510,958	591,129
Revenue from Building Solutions		
— At a point in time	276	–
	511,234	591,129

For timing of revenue recognition, dividend income falls outside the scope of HKFRS 15.

The Group has applied the practical expedient to its sales contracts for Contracting and therefore the below information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for Construction Services that had an original expected duration of one year or less.

As at 31 March 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately HK\$55,135,000. This amount represented revenue expected to be recognised in the future from partially-completed long-term construction contracts and has been recognised during the year ended 31 March 2021.

6. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	468	1,141
Government grants (<i>note</i>)	5,435	–
Fair value gain on financial assets at fair value through profit or loss	–	57
	<u>5,903</u>	<u>1,198</u>

Note:

Included in profit or loss is HK\$5,395,000 of government grants (2020: HK\$Nil) obtained relating to support the payroll of the Group's employees from the Hong Kong Government and the Macau Government. The Group had to commit to spending the assistance on payroll expenses, and not to reduce employee head count below prescribed levels for a specified period of time. At the end of the reporting period, the Group does not have any unfulfilled obligations relating to these programs.

The remaining amount of HK\$40,000 (2020: HK\$Nil) represented training grants obtained from the Construction Innovation and Technology Fund (“CITF”) under Construction Industry Council. Under the CITF, the Group should commit to spend the grants on Building Information Modeling (“BIM”) training and BIM software with specific vendors. The Group does not have other unfulfilled obligations relating to these programs.

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on lease liabilities	<u>316</u>	<u>368</u>

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	860	900
Depreciation of property, plant and equipment	211	327
Depreciation of right-of-use assets	2,558	2,029
Staff costs including directors' emoluments:		
— Salaries and allowances	65,119	69,607
— Contributions on defined contribution retirement plans	1,596	1,670
	<u>66,715</u>	<u>71,277</u>
Short term leases expenses	411	855
Covid-19-related rent concessions	(306)	–
Foreign exchange gain, net	(177)	(144)
	<u>(172)</u>	<u>(43)</u>

9. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
— Tax for the year	1,761	3,709
— Over provision in respect of prior years	(41)	(42)
	<u>1,720</u>	<u>3,667</u>
Current tax — overseas		
— Tax for the year	—	—
	<u>1,720</u>	<u>3,667</u>

Under the Hong Kong two-tiered profits tax rates regime (the “**Regime**”), the first HK\$2,000,000 of assessable profits of one subsidiary of the Company, which is a qualifying corporation, is taxed at 8.25% and the remaining assessable profits at 16.5%. The profits of other group entities not elected for the two-tiered profits tax rates regime will continue to be taxed at 16.5%.

For the years ended 31 March 2021 and 2020, Hong Kong Profits Tax is calculated in accordance with the Regime.

Pursuant to the relevant laws and regulations in Macau and with the short-term tax incentives granted by the Macau Government, the Group’s subsidiary in Macau was subject to complementary tax at the rate of 12% for taxable profits over the tax threshold of MOP600,000 for the tax year ended 31 December 2020. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2021.

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2021 is based on the profit attributable to owners of the Company of approximately HK\$54,390,000 (2020: approximately HK\$21,627,000) and on the weighted average number of 800,000,000 (2020: 800,000,000) ordinary shares in issue during the year.

Dilutive earnings per share is the same as the basic earnings per share because the Group had no diluted potential shares during the years ended 31 March 2021 and 2020.

11. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend declared and paid (<i>Note (i)</i>)	8,000	8,000
Proposed final dividend (<i>Note (ii)</i>)	32,000	—
	<u>40,000</u>	<u>8,000</u>

Notes:

- (i) The interim dividend in respect of the financial year ended 31 March 2021 of HK1.0 cent (2020: HK1.0 cent) per ordinary share, amounting to HK\$8.0 million (2020: HK\$8.0 million) was paid on 15 January 2021.
- (ii) The final dividend in respect of the financial year ended 31 March 2021 of HK4.0 cents per ordinary share, amounting to HK\$32.0 million, has been proposed by the Directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The final dividend declared subsequent to 31 March 2021 has not been recognised as a liability as at 31 March 2021.

No final dividend was paid in respect of the year ended 31 March 2020. The final dividend in respect of the year ended 31 March 2019 of HK1.5 cents per ordinary share amounting to HK\$12.0 million was paid on 18 October 2019 and was recognised in the year ended 31 March 2020.

12. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables (<i>Notes (i) and (ii)</i>)	55,775	23,670
Deposits and other receivables (<i>Note (iii)</i>)	60,072	1,369
Prepayments	1,070	324
	<u>116,917</u>	<u>25,363</u>

Notes:

- (i) The credit period granted to customers on final and progress billings is generally between 14 and 60 days from the invoice date.
- (ii) The ageing analysis of trade receivables (net of allowances) at the end of each reporting period based on the invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	53,432	23,000
31–60 days	657	670
61–90 days	1,686	–
Over 90 days	–	–
	<u>55,775</u>	<u>23,670</u>

- (iii) Included in the other receivables as at 31 March 2021 were the proceeds from disposal of listed securities and dividend receivables of listed securities of approximately HK\$58,722,000. The balances had been fully received in April 2021.

13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables (<i>Note (i)</i>)	14,460	27,110
Accruals for costs of contract work	149,730	172,586
Retention payables (<i>Note (ii)</i>)	34,948	31,668
Other payables and accruals	10,184	6,685
	<u>209,322</u>	<u>238,049</u>

Notes:

- (i) The ageing analysis of trade payables, based on invoice date, as at the end of each reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	13,963	26,271
31–60 days	210	118
61–90 days	–	329
Over 90 days	287	392
	<u>14,460</u>	<u>27,110</u>

The credit period granted by suppliers is generally between 14 and 60 days from the invoice date and subcontractors is generally within 14 days after receipt of payment from customers.

- (ii) As at 31 March 2021, retention payables of approximately HK\$398,000 (2020: HK\$9,269,000) were expected to be settled beyond twelve months after the end of the reporting period.

14. SHARE CAPITAL

	Number of ordinary shares		Share capital	
	2021	2020	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each:				
Authorised	<u>10,000,000,000</u>	10,000,000,000	<u>100,000</u>	100,000
Issued and fully paid	<u>800,000,000</u>	800,000,000	<u>8,000</u>	8,000

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of key management personnel, who are the executive directors of the Company, for the years ended 31 March 2021 and 2020 were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Compensation of key management personnel	<u>8,730</u>	<u>7,780</u>

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP PROFILE

IBI Group Holdings Limited is a publicly listed holding company on the Main Board of the Stock Exchange. The Group focuses on investments in the built environment.

The Group's subsidiaries include a building contractor, a building solutions provider and a strategic investment division.

Contracting

Through its subsidiaries IBI Limited, IBI Projects and IBI Macau, the Group provides world class interior fitting out and building refurbishment services in Hong Kong and Macau.

Whilst acting predominantly as a main contractor, the Group secures and completes projects for clients across many industry sectors, including but not limited to banking, legal, hospitality and property development.

The Group's competitive strengths have contributed to its success in contracting and distinguished it from our competitors. We believe our competitive strengths lie in three key specific areas of the business, namely,

1. an established reputation and proven track record;
2. implementation, management and execution expertise; and
3. commitment to the management of risk, cash flow and general financial security.

Building Solutions

Building Solutions Limited (“**BSL**”), is a product and service supplier with a focus on air quality and modern sustainable building materials.

BSL provides products and services that enhance the performance and well-being of the built environment in order to provide modern, healthy and high performing spaces for the occupants.

Under BSL, the Group aims to tap into the very latest technology available worldwide and to deliver it to the Asia region.

Strategic Investments

The strategic investments division of the Group was established to make efficient use of its available capital, to expand the Group's reach both geographically and, to enter new market sectors.

With a continuing focus on the “Built Environment”, the Group is looking in detail at a wide range of investment opportunities from property development to new start-ups in the field of building technology and management.

BUSINESS REVIEW

For the year ended 31 March 2021, the Group recorded profit attributable to the owners of the Company after tax of approximately HK\$54.4 million (2020: HK\$21.6 million) from revenue and other gains/(losses) totalling approximately HK\$556.7 million (2020: HK\$591.1 million).

1. Contracting

During the year ended 31 March 2021, the Group completed 13 projects and was awarded 12 projects, 10 of which were fitting-out projects and two were alteration and addition (“A&A”) projects. The Group recorded segment profit from contracting of approximately HK\$17.7 million.

The Hong Kong component of the Group has remained busy during this financial period although the ongoing Covid-19 pandemic situation has cast a significant level of uncertainty over businesses generally which has impacted their desire and ability to initiate capital works projects.

As a result, several projects have been postponed or cancelled and others have been reduced in size. This industry trend has impacted our tendering opportunities, increased competitiveness within the industry and ultimately, adversely impacted entry margins on secured projects.

Due to its heavy reliance on tourism and gaming, the Macau market has been impacted negatively by the Covid-19 pandemic. At a very early point in the pandemic, the Macau authorities closed its borders to tourists and as a result, the Hotel and Casino industry experienced a catastrophic drop in revenue.

In response to this situation, the Group quickly reduced the staffing levels in the Macau office to a minimal level and where possible, relocated employees back to Hong Kong.

More recently, the borders between Macau and the People’s Republic of China have opened up allowing a significant flow of Mainland Chinese into the territory. We are hopeful that with the recent low rate of infections in Hong Kong, Macau and Hong Kong will open their borders up to each other and we can then look at re-staffing the Macau office and begin to take on new projects.

2. Building Solutions

For the year ended 31 March 2021 (the first year of its operation), BSL has registered a segment loss of approximately HK\$1.5 million, which is in line with our envisioned first year performance figures.

BSL was established in April 2020 and the team has been working diligently to develop the business.

During the first year of operation, the BSL team has developed the brand image, constructed and opened a showroom space and most importantly, secured the distribution rights for five product ranges. The team now is fully focused on sales and has had some early successes, particularly in relation to its air quality monitoring and disinfection products.

As sales levels increase during the next financial period, we are hopeful of breaking even and then for BSL to begin to contribute towards the earnings of the Group.

3. Strategic Investments

For the year ended 31 March 2021, the strategic investments division of the Group has registered a segment profit of approximately HK\$43.9 million.

This division was formed in early 2020 in order to more efficiently use the Group's available capital. During its first year of operation, the Group took advantage of the heavily depressed markets in the United Kingdom, Australia and Hong Kong to make investments into large, blue chip, dividend yielding companies with a long history and ability to withstand periods of market disruption.

Gains from a number of the initial investments have already been realised and the remainder will be monitored carefully in order to secure a safe and timely exit.

Moving forward, the Group is looking into several potential investment opportunities including property development projects in jurisdictions outside of Hong Kong. The Group is diligently working to secure these opportunities in order to secure further profits for the Group on an ongoing basis.

MOVING FORWARD

The ongoing pressure from the Covid-19 pandemic continues to weigh heavy on the global economy.

Although many countries have successfully implemented a vaccine delivery programme, others are yet to secure access to vaccines and therefore their populations will continue to be at risk and the international community will be reluctant to welcome them.

Herd Immunity is a critical aspect to overcoming the pandemic and therefore the Group decided to implement its own initiative to promote and encourage the employees to take the vaccine.

In June 2021, the Group announced a "Carrot" based approach of rewarding staff with a one-off cash reward once they have been fully vaccinated. This promotion was open to all employees and on a completely voluntary basis. This will be followed by a lucky draw for a larger prize once the Group as a whole has achieved "Herd Immunity" by having at least 70% of its staff vaccinated.

We hope that this initiative will be seen by other companies and followed. The opening up of Hong Kong's borders is critical to a return to normality and a more stable business environment.

Irrespective of the pandemic and as always during a period of crisis, business opportunities still exist. With the Group's healthy level of liquidity and a cautious approach, we hope to be able to capitalise on these opportunities.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

Contracting

The Group is a building contractor focusing on providing renovation services as a main contractor for property projects in the private sector in Hong Kong and Macau. Our two main types of projects are (i) fitting-out projects; and (ii) A&A projects.

Revenue by geographical location of projects

	Year ended 31 March			
	2021		2020	
	HK\$'000	% of revenue	HK\$'000	% of revenue
Hong Kong	510,709	100.0%	538,347	91.1%
Macau	249	0.0%	52,782	8.9%
Total	510,958	100.0%	591,129	100.0%

Revenue by type of projects

	Year ended 31 March			
	2021		2020	
	HK\$'000	% of revenue	HK\$'000	% of revenue
Fitting-out projects	486,324	95.2%	567,067	95.9%
A&A projects	24,634	4.8%	24,062	4.1%
Total	510,958	100.0%	591,129	100.0%

The Group's revenue from contracting for the year ended 31 March 2021 was approximately HK\$511.0 million, which represented a decrease of approximately HK\$80.2 million or approximately 13.6% over the last financial year. The decrease in the Group's contracting revenue was mainly due to the impact of the Covid-19 outbreak, the revenue contribution from Hong Kong decreased by approximately HK\$27.6 million or 5.1% over the last financial year. For the same reason, revenue contribution from Macau has also decreased to approximately HK\$0.2 million for the year ended 31 March 2021, as compared to approximately HK\$52.8 million in the previous year.

The Group's gross profit from contracting decreased by approximately HK\$16.6 million or 32.0% from approximately HK\$51.9 million for the year ended 31 March 2020 to approximately HK\$35.3 million for the year ended 31 March 2021. Accordingly, the Group's gross profit margin from contracting for the year ended 31 March 2021 decreased to approximately 6.9% from approximately 8.8% for the year ended 31 March 2020. The decrease in gross profit margin was mainly attributable to the lower margin projects awarded during the year.

Building Solutions

Our new business segment, BSL reported revenue of approximately HK\$0.3 million and gross profit of approximately HK\$0.1 million for the year ended 31 March 2021. The gross profit margin from BSL for the year ended 31 March 2021 was 39.6%. This new business segment commenced its operations during the year ended 31 March 2021 and began contributing towards the Group's revenue.

Strategic Investments

During the year ended 31 March 2021, the Group received dividends from financial assets at FVTPL of approximately HK\$1.9 million and recognised net realised and unrealised gains on financial assets at FVTPL of approximately HK\$43.6 million. The Group began to make investments in listed equity securities during the initial stage of the Covid-19 outbreak and had successfully took advantage of the heavily depressed stock markets.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the year ended 31 March 2021 were approximately HK\$29.2 million, representing an increase of approximately HK\$1.8 million or 6.6% from approximately HK\$27.4 million for the year ended 31 March 2020. The increase was mainly due to additional startup cost incurred for the new segment, Building Solutions.

Income tax expense

The Group's operations are based in Hong Kong and Macau, and are subject to (i) Hong Kong profits tax calculated at 8.25% for the first HK\$2 million and 16.5% on the remaining balance of estimated assessable profits during the reporting period; and (ii) Macau complementary tax calculated at 12.0% on the taxable profits over the relevant tax threshold during the reporting period.

For the year ended 31 March 2021, the Group recorded income tax expense of approximately HK\$1.7 million (2020: HK\$3.7 million) representing an effective tax rate of approximately 3.1% (2020: 14.5%). The decrease in the Group's effective tax rate during the year ended 31 March 2021 was mainly due to the increase in non-taxable income.

Profit for the year

The Group's profit attributable to the owners of the Company for the year ended 31 March 2021 amounted to approximately HK\$54.4 million, representing an increase of approximately HK\$32.8 million or approximately 151.5% from approximately HK\$21.6 million for the year ended 31 March 2020. Such increase was mainly attributable to the profit generated from our strategic investments segment as mentioned above.

Bank borrowings

As at 31 March 2021 and 2020, the Group had no bank borrowings. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

As at 31 March 2021, the Group had current assets of approximately HK\$330.2 million (2020: HK\$381.2 million) which comprised cash and cash equivalents of approximately HK\$87.1 million (2020: HK\$195.7 million), mainly denominated in Hong Kong dollars. As at 31 March 2021, the Group had non-current liabilities of approximately HK\$1.2 million (2020: HK\$3.1 million), and its current liabilities amounted to approximately HK\$213.8 million (2020: HK\$261.1 million), consisting mainly of payables arising in the normal course of business operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.5 times as at 31 March 2021 (2020: 1.5 times). The Group's working capital requirements were mainly financed by internal resources.

Gearing ratio

The gearing ratio of the Group is defined as a percentage of total debts at the end of the reporting period divided by total equity at the end of the reporting period. As at 31 March 2021, the gearing ratio of the Group was 2.3% (2020: 4.1%). Total debts include lease liabilities.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign exchange exposure

As at 31 March 2021, the Group's exposure to currency risks is mainly attributable to certain listed equity investments included in financial assets at fair value through profit or loss, which are denominated in Australian dollar and British pound. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency fluctuations to cause material operational difficulties or liquidity problems.

Save as disclosed above, the Group's monetary assets and transactions are principally denominated in Hong Kong dollars, it did not have any significant exposure to risk resulting from changes in foreign currency exchange rates during the year ended 31 March 2021.

During the year ended 31 March 2021, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

The shares of the Company were listed on the Main Board of the Stock Exchange on 14 October 2016 (the “**Listing Date**”). There has been no change in the capital structure of the Company since the Listing Date and up to the date of this announcement. The capital of the Company comprises ordinary shares and capital reserves.

Capital commitments

As at 31 March 2021, the Group did not have any significant capital commitments (2020: nil).

Share Option Scheme

The Company conditionally approved and adopted the Share Option Scheme on 20 September 2016 by passing of a written resolution of the then shareholders of the Company. The Share Option Scheme became effective on the Listing Date and will remain in force until the tenth anniversary of the Listing Date.

The purpose of the Share Option Scheme is to provide the Company a flexible means of giving incentive to, rewarding, remunerating, compensating and providing benefits to eligible participants and for such other purposes as the Board approves from time to time.

Since the adoption of the Share Option Scheme and up to the date of this announcement, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

Significant investments held

As at 31 March 2021, the Group had listed equity investments included in financial assets at FVTPL of approximately HK\$61.8 million (as at 31 March 2020: HK\$12.6 million).

During the year ended 31 March 2021, the Group further invested approximately HK\$64.2 million in listed equity securities, received dividends of approximately HK\$1.9 million. The Group had also disposed listed equity securities of approximately HK\$58.5 million and recognised a net realised and unrealised gain on financial assets at FVTPL of approximately HK\$43.6 million. The listed equity investments mainly comprised high quality blue chip banking corporations and energy companies listed in Hong Kong, Australia and the United Kingdom. The Group expects to benefit from the receipt of dividends and capital gains in the long term. The Group will continue to monitor and assess the performance of these investments and make timely and appropriate investment adjustments to enhance the returns on investment for the Group and ultimately benefit the shareholders of the Company (the “**Shareholders**”) as a whole.

As at 31 March 2021, the fair value of each of these listed equity investments represented less than 5% of the total assets of the Group.

Save as disclosed above, there was no other significant investment held by the Group.

Future plans for material investments and capital assets

The Group did not have other plans for material investments and capital assets as at 31 March 2021.

Material acquisitions and disposals

During the year ended 31 March 2021, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Pledge of assets

As at 31 March 2021, pledged deposits in the sum of approximately HK\$14.4 million (2020: HK\$16.1 million) were placed with a bank or an insurer as securities for the performance bonds issued by the bank and insurer to certain customers on their projects. The pledged deposits will be released when the bank or insurer is satisfied that no claims will arise from the projects under the performance bonds.

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2021 (2020: nil).

Information on employees

As at 31 March 2021, the Group had 97 employees (2020: 109), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$66.7 million for the year ended 31 March 2021, as compared with approximately HK\$71.3 million for the year ended 31 March 2020. Remuneration is determined with reference to market norms and individual employee's performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees of the Group.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed by management annually. The Group also operates the Share Option Scheme, pursuant to which options to subscribe for shares of the Company may be granted to the Directors and employees of the Group.

The Group encourages self-development of its employees and provides on-the-job training where appropriate.

EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting period up to the date of this announcement.

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

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company confirms that, other than the deviation from code provision A.2.1, the Company has complied with all the code provisions ("**Code Provisions**") set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 March 2021.

Our Company complies with all the Code Provisions with the exception for Code Provision A.2.1, which requires the roles of chairman and chief executive be different individuals. Under Code Provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Neil David Howard holds both positions. Mr. Howard has been primarily responsible for overseeing our Group's general management and business development and for formulating business strategies and policies for our business management and operations since he joined our Group in 2006. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider it is most suitable for Mr. Howard to hold both the positions of chief executive officer and the chairman of our Board and the present arrangements are beneficial to and in the interests of the Company and the Shareholders as a whole. Our Company will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. Following specific enquires of all the Directors, all the Directors confirm that they have complied with the required standards of dealing as set out in the Model Code throughout the year ended 31 March 2021.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) pursuant to a resolution of the Directors passed on 20 September 2016 with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. The terms of reference of the Audit Committee was adopted in compliance with the Code Provisions. The terms of reference is available on the websites of both the Company and the Stock Exchange. The Audit Committee consists of three independent non-executive Directors, namely Mr. David John Kennedy (chairman), Mr. Richard Gareth Williams and Mr. Robert Peter Andrews.

The annual results of the Company for the year ended 31 March 2021 have been reviewed by the Audit Committee which is of the view that the annual results of the Company for the year ended 31 March 2021 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2021. 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 the preliminary announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK4.0 cents per share for the year ended 31 March 2021, to be payable on or about Friday, 15 October 2021. Based on 800,000,000 shares of the Company in issue as at the date of this announcement, it is expected that the total amount of final dividend payable to the Shareholders is HK\$32.0 million in aggregate for the year ended 31 March 2021, subject to the approval of the Shareholders at the 2021 AGM (as defined below).

ANNUAL GENERAL MEETING

The Company will hold its forthcoming annual general meeting on Friday, 17 September 2021 (the “**2021 AGM**”), the notice of which will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Tuesday, 14 September 2021 to Friday, 17 September 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2021 AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 13 September 2021.

Subject to the approval of the Shareholders at the 2021 AGM, the proposed final dividend will be payable on or about Friday, 15 October 2021 to the Shareholders whose names appear on the register of members of the Company on Thursday, 30 September 2021. To ascertain the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 28 September 2021 to Thursday, 30 September 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 27 September 2021.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ibighl.com>). An annual report of the Company for the year ended 31 March 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the aforesaid websites in due course.

By order of the Board
IBI Group Holdings Limited
Neil David Howard
Chairman

Hong Kong, 24 June 2021

As at the date of this announcement, the executive Directors are Mr. Neil David Howard and Mr. Steven Paul Smithers; and the independent non-executive Directors are Mr. Richard Gareth Williams, Mr. Robert Peter Andrews and Mr. David John Kennedy.