

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



IBI Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1547)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Increase/ (decrease)
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	
Revenue and other gains/(losses)	169,383	258,512	(34.5)%
Gross profit	29,373	20,751	41.5%
Profit before income tax expense	14,741	12,358	19.3%
Profit attributable to the owners of the Company for the period	12,363	10,745	15.1%
Basic and diluted earnings per share (HK cents)	1.5	1.3	15.1%

The Board proposed the payment of an interim dividend of HK1.0 cent per ordinary share for the six months ended 30 September 2021.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of IBI Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020.

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

For the six months ended 30 September 2021

		Six months ended	
		30 September	
	<i>Notes</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	6	169,791	261,883
Other gains/(losses)	6	(408)	(3,371)
Revenue and other gains/(losses)	6	169,383	258,512
Direct costs		(140,010)	(237,761)
Gross profit		29,373	20,751
Other income	7	333	4,106
Administrative and other operating expenses		(14,783)	(12,332)
Finance costs	9	(182)	(167)
Profit before income tax expense	8	14,741	12,358
Income tax expense	10	(2,721)	(1,762)
Profit and total comprehensive income for the period		12,020	10,596
Profit and total comprehensive income for the period attributable to:			
— Owners of the Company		12,363	10,745
— Non-controlling interests		(343)	(149)
		12,020	10,596
Earnings per share:	11		
Basic and diluted (HK cents)		1.5	1.3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		1,213	359
Right-of-use assets		5,592	3,827
Financial assets at fair value through profit or loss		55,871	61,825
		62,676	66,011
Total non-current assets			
Current assets			
Contract assets		111,579	110,130
Trade and other receivables	13	8,725	116,917
Inventories		519	381
Pledged deposits		11,490	14,426
Tax recoverable		2,077	1,210
Cash and cash equivalents		168,285	87,142
		302,675	330,206
Total current assets			
Current liabilities			
Contract liabilities		–	1,224
Trade and other payables	14	163,368	209,322
Lease liabilities		2,698	2,992
Tax payables		2,931	270
Dividend payable		32,000	–
		200,997	213,808
Total current liabilities			
Net current assets		101,678	116,398
Total assets less current liabilities		164,354	182,409
Non-current liabilities			
Lease liabilities		3,120	1,195
NET ASSETS		161,234	181,214
Capital and reserves			
Share capital	15	8,000	8,000
Reserves		153,887	173,524
		161,887	181,524
Equity attributable to owners of the Company			
Non-controlling interests		(653)	(310)
		161,234	181,214
TOTAL EQUITY		161,234	181,214

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempt 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. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The condensed consolidated financial statements have not been audited or reviewed by the Company’s external auditors, but have been reviewed by the audit committee of the Company.

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2021, except for those that relate to new standards or interpretations effective for the first time for the current accounting period of the Group. The adoption of the new and revised HKFRSs have no material effect on these condensed consolidated interim financial statements.

The preparation of these unaudited condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the unaudited condensed consolidated interim financial statements and their effect are disclosed in note 4.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

3. CHANGES IN HKFRSs

The HKICPA has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The new or amended HKFRSs that are effective from 1 April 2021 did not have any significant impact on the Group's accounting policies.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim 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 annual financial statements of the Group for the year ended 31 March 2021.

5. 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 six months ended 30 September 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

There are no sales or other transactions between the business segments.

(a) The segment revenue and results for the six months ended 30 September 2021 are as follows:

	Contracting <i>HK\$'000</i> (Unaudited)	Building Solutions <i>HK\$'000</i> (Unaudited)	Strategic Investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue & other gains/(losses)	168,591	265	527	169,383
Segment profit/(loss)	16,678	(1,636)	444	15,486
Bank interest income				9
Unallocated corporate expenses				(572)
Finance costs				(182)
Profit before income tax expense				<u>14,741</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 revenue and results for the six months ended 30 September 2020 are as follows:

	Contracting <i>HK\$'000</i> (Unaudited)	Strategic Investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue & other gains/(losses)	261,465	(2,953)	258,512
Segment profit/(loss)	11,927	(3,650)	8,277
Other income			4,106
Foreign exchange gain, net			142
Finance costs			(167)
Profit before income tax expense			<u>12,358</u>

The segment assets and liabilities as at 30 September 2021 are as follows:

	Contracting <i>HK\$'000</i> (Unaudited)	Building Solutions <i>HK\$'000</i> (Unaudited)	Strategic Investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	194,424	1,939	121,318	317,681
Unallocated assets				47,670
				<hr/> 365,351
Segment liabilities	166,018	42	15	166,075
Unallocated liabilities				38,042
				<hr/> 204,117

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

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

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 six months ended 30 September 2021 is analysed as follows:

Revenue from external customers	Six months ended 30 September 2021	
	Contracting <i>HK\$'000</i> (Unaudited)	Building Solutions <i>HK\$'000</i> (Unaudited)
Hong Kong	168,591	265
Macau	—	—
Others	—	—
	<u>168,591</u>	<u>265</u>

The Group's revenue derived from Contracting segment from external customers for the six months ended 30 September 2020 is analysed as follows:

	Six months ended 30 September 2020 Contracting <i>HK\$'000</i> (Unaudited)
Hong Kong	261,456
Macau	9
	<u>261,465</u>

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

Specified non-current assets

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Hong Kong	6,805	4,186
Macau	—	—
	<u>6,805</u>	<u>4,186</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.

(c) **Information about major customers**

Contracting revenues from each of the major customers accounted for 10% or more of the Group's total revenue are set out below:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer I	32,550	N/A
Customer II	22,656	71,153
Customer III	19,875	N/A
Customer IV	17,000	N/A
Customer V	16,941	N/A
Customer VI	N/A	48,045
Customer VII	N/A	28,800

6. REVENUE AND OTHER GAINS/(LOSSES)

Revenue and other gains/(losses) recognised during the period comprise the following:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Revenue from Contracting	168,591	261,465
Revenue from Building Solutions	265	–
Dividend income from financial assets at FVTPL	935	418
	169,791	261,883
Other gains/(losses)		
Net realised and unrealised losses on financial assets at FVTPL	(408)	(3,371)
	169,383	258,512

Timing of revenue recognition within scope of HKFRS 15:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from Contracting		
— Over time	168,591	261,465
Revenue from Building Solutions		
— At a point in time	265	–
	168,856	261,465

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

7. OTHER INCOME

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Bank interest income	9	388
Government grants	–	3,697
Gain on lease modification	324	–
Others	–	21
	<u>333</u>	<u>4,106</u>

8. PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Auditor's remuneration	450	450
Depreciation of property, plant and equipment	331	102
Depreciation of right-of-use assets	1,328	1,217
Staff costs including directors' emoluments:		
— Salaries and allowances	28,355	30,380
— Contributions on defined contribution retirement plans	763	829
	<u>29,118</u>	<u>31,209</u>
Short term leases expenses	199	209
Covid-19-related rent concessions	–	(306)
Gain on lease modification	(324)	–
Foreign exchange loss/(gain), net	45	(142)

9. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest expenses on lease liabilities	<u>182</u>	<u>167</u>

10. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax — Hong Kong Profits Tax — provision for the period	2,721	1,762
Current tax — overseas — provision for the period	<u>—</u>	<u>—</u>
	<u>2,721</u>	<u>1,762</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 six months ended 30 September 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 thresholds 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.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2021 is based on the profit for the six months ended 30 September 2021 attributable to owners of the Company of approximately HK\$12,363,000 (six months ended 30 September 2020: HK\$10,745,000) and on the weighted average number of 800,000,000 (six months ended 30 September 2020: 800,000,000) ordinary shares of the Company.

Diluted earnings per share for the six months ended 30 September 2021 and 2020 were the same as the basic earnings per share as there were no dilutive potential shares in existence during the periods.

12. DIVIDENDS

Subsequent to the six months ended 30 September 2021, the Directors resolved the payment of an interim dividend of HK1.0 cent per ordinary share for the six months ended 30 September 2021 (six months ended 30 September 2020: HK1.0 cent), amounting to HK\$8,000,000 (six months ended 30 September 2020: HK\$8,000,000). The proposed interim dividend subsequent to the six months ended 30 September 2021 has not been recognised as a liability of the Company as at 30 September 2021.

The final dividend of the Company in respect of the year ended 31 March 2021 of HK4.0 cents per ordinary share, amounting to HK\$32,000,000 was paid on 15 October 2021.

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Notes (i) and (ii)</i>)	7,009	55,775
Deposits and other receivables (<i>Note (iii)</i>)	1,428	60,072
Prepayments	288	1,070
	<u>8,725</u>	<u>116,917</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:

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Within 30 days	6,775	53,432
31–60 days	150	657
61–90 days	84	1,686
Over 90 days	–	–
	<u>7,009</u>	<u>55,775</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.

14. TRADE AND OTHER PAYABLES

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Trade payables (<i>Note (i)</i>)	11,566	14,460
Accruals for costs of contract work	115,007	149,730
Retention payables (<i>Note (ii)</i>)	31,236	34,948
Other payables and accruals	5,559	10,184
	<u>163,368</u>	<u>209,322</u>

Notes:

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

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
0 – 30 days	8,931	13,963
31 – 60 days	2,151	210
61 – 90 days	151	–
Over 90 days	333	287
	<u>11,566</u>	<u>14,460</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 30 September 2021, retention payables of approximately HK\$25,000 (31 March 2021: HK\$398,000) were expected to be settled beyond twelve months after the end of the reporting period.

15. SHARE CAPITAL

	Number of ordinary shares		Share capital	
	As at 30 September 2021 (Unaudited)	As at 31 March 2021 (Audited)	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
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

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of key management personnel, who are the executive directors of the Company, for the six months ended 30 September 2021 and 2020 were as follows:

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Compensation of key management personnel	<u>2,694</u>	<u>2,187</u>

17. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequently to 30 September 2021:

- (a) On 4 October 2021, Mr. Richard Gareth Williams stepped down as an independent non-executive Director and Mr. Martin Woods was appointed as an independent non-executive Director.
- (b) On 13 October 2021, the Company, through its wholly-owned subsidiary as the purchaser, entered into a sale and purchase agreement with the vendor to acquire a piece of land located at Hokkaido, Japan at a consideration of JPY151,450,000 (equivalent to approximately HK\$10,641,000). Further details of the acquisition were disclosed in the Company's announcement dated 13 October 2021.

As at the date of this announcement, the transaction had yet to be completed.

- (c) On 18 October 2021, the Company, through its wholly-owned subsidiary, disposed on the open market a total of 258,400 ordinary shares of HSBC Holdings Plc (the "HSBC Shares") at an aggregate consideration of approximately HK\$11,835,000 (exclusive of transaction costs) at an average price of approximately HK\$45.8 per HSBC Share, which constituted a discloseable transaction of the Company and was completed and fully settled on 20 October 2021.

As a result of the aforesaid disposal, the Group expects to realise a gain of approximately HK\$1,288,000, being the difference between the aggregate consideration for the disposal of and the aggregate purchase price of the acquisition of the HSBC Shares sold. Further details of the aforesaid disposal were disclosed in the Company's announcement dated 18 October 2021.

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 investments division.

Contracting

Through the subsidiaries of the Company, namely 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, energy efficient lighting 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 six months ended 30 September 2021, the Group recorded profit attributable to the owners of the Company after tax of approximately HK\$12.4 million (2020: HK\$10.7 million) from revenue and other gains/(losses) totalling approximately HK\$169.4 million (2020: HK\$258.5 million).

1. Contracting

During the six months ended 30 September 2021, the Group completed 8 projects and was awarded 6 projects, all of which were fitting-out projects. The Group recorded segment profit from contracting of approximately HK\$16.7 million.

The Hong Kong component of the Group has remained busy during this financial period and has benefitted from the more stable environment within the territory brought on by the significant reduction of Covid-19 cases and the easing of restrictions on all areas of business. Although the ongoing Covid-19 pandemic situation continues to cast a level of uncertainty, companies are beginning to see light at the end of the tunnel and are benefitting from strong domestic demand.

Due to its heavy reliance on tourism and gaming and the fact that its borders remain effectively closed to all but a limited volume of tourists from Mainland China, the Macau market continues to be negatively impacted by the Covid-19 pandemic.

Recent news relating to the renewal of casino licenses and the potential for closer monitoring of the gaming business by the Macau Government, has also shaken this currently fragile market and as a result, volume of work in the territory is at an all-time low and our Macau office continues to be in hibernation mode.

There are recent indications that the border controls between Hong Kong, Macau and Mainland China may be relaxed. Although the initial opening up maybe limited to a fairly small number of specific individuals, if this experiment is deemed to be a success, then we can possibly look to further relaxations.

We continue to work hard during this challenging period and genuinely believe that 2022 will see slow and steady improvements in the fight against Covid-19 and the gradual return to a normal business environment.

2. Building Solutions

For the six months ended 30 September 2021, BSL has registered a segment loss of approximately HK\$1.6 million.

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

During its 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. As we move into the second year of operation, the team is heavily focused on developing sales and is working hard to form and nurture relationships with both consultants and end users.

As our sales and marketing efforts expand, we are moving closer to securing significant sales and look forward to reporting positive news in the coming months.

3. Strategic Investments

For the six months ended 30 September 2021, the strategic investments division of the Group has registered a segment profit of approximately HK\$0.4 million.

A larger portion of blue chip equities that were purchase early in 2020 have now been disposed of and profits recorded. The remaining equities still hold upside potential and will be held for the foreseeable future.

The Group has been focusing heavily on property development projects over the last six months and has considered numerous development opportunities in Australia, Japan, Hong Kong and Ireland.

The Group is pleased to have recently acquired a plot of development land in Kutchan, Hokkaido, Japan. Over the coming months, we will be reviewing our plans for this plot and consulting with local professionals as to how the space can be maximised.

MOVING FORWARD

The vaccination roll out across the world has been remarkable and as many countries reach vaccination levels in excess of 70% of their populations, we are seeing increased confidence levels from Governments that believe they can live with Covid-19, without it overwhelming their medical services and without significant increases in death rates.

As mentioned in our last report, the Group initiated its own vaccination drive which we are pleased to advise was highly successful. From a starting position of only 20%, the Company, through a “carrot based” approach, managed to drive the vaccination levels up to 76% in only two months. Apart from the obvious health benefits to the individuals, the increase level of vaccination within the Group will significantly reduce our risk of business interruption and enable our teams to work consistently through this challenging period.

Whilst the last 18 months have been extremely demanding, our teams have yet again shown their strength and fortitude in dealing with the challenges they face. We are confident that 2022 will see a substantial improvement in our day to day lives and we look forward to brighter skies ahead.

FINANCIAL REVIEW

Revenue and other gain/(loss), gross profit and gross profit margin

Contracting

The Group is primarily 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

	Six months ended 30 September			
	2021		2020	
	HK\$'000 (Unaudited)	% of revenue	HK\$'000 (Unaudited)	% of revenue
Hong Kong	168,591	100.0%	261,456	100.0%
Macau	–	0.0%	9	0.0%
Total	168,591	100.0%	261,465	100.0%

Revenue by type of projects

	Six months ended 30 September			
	2021		2020	
	HK\$'000 (Unaudited)	% of revenue	HK\$'000 (Unaudited)	% of revenue
Fitting-out projects	133,805	79.4%	254,512	97.3%
A&A projects	34,786	20.6%	6,953	2.7%
Total	168,591	100.0%	261,465	100.0%

The Group's revenue from contracting for the six months ended 30 September 2021 was approximately HK\$168.6 million, which represented a decrease of approximately HK\$92.9 million or approximately 35.5% over the last corresponding period. The Group's revenue had decreased mainly attributable to (i) decrease in number of sizeable projects available within the market during the six months ended 30 September 2021 as a result of the impact of Covid-19 and (ii) the Macau market has not been recovered since 2020.

The Group's gross profit from contracting business increased by approximately HK\$4.5 million or approximately 18.4% from approximately HK\$24.4 million for the six months ended 30 September 2020 to approximately HK\$28.8 million for the six months ended 30 September 2021. The Group's gross profit margin from contracting for the six months ended 30 September 2021 increased to approximately 17.1% from approximately 9.3% for the six months ended 30 September 2020. The increase in gross profit and gross profit margin was due to the timing of concluding a number of final accounts.

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 six months ended 30 September 2021. The gross profit margin of BSL for the six months ended 30 September 2021 was approximately 35.7%. This new business segment commenced its operations during the year ended 31 March 2021 and began contributing towards the Group's revenue.

Strategic Investments

The dividends received from investments of the Group in listed equities classified as financial assets at FVTPL for the six months ended 30 September 2021 was approximately HK\$0.9 million as compared to approximately HK\$0.4 million for the six months ended 30 September 2020. The Group recognised net realised and unrealised losses on financial assets at FVTPL of approximately HK\$0.4 million as compared to fair value losses of approximately HK\$3.4 million for the six months ended 30 September 2020. The segment results have increased from a segment loss of approximately HK\$3.7 million to a segment profit of approximately HK\$0.4 million. The improved results were mainly due to the gradually recovering stock market.

Administrative and other operating expenses

The administrative and other operating expenses for the six months ended 30 September 2021 were approximately HK\$14.8 million, representing an increase of approximately HK\$2.5 million or approximately 19.9% from approximately HK\$12.3 million for the six months ended 30 September 2020. The increase was mainly due to initial cost incurred for establishing BSL's showroom operation.

Profit for the period

The Group's profit attributable to the owners of the Company for the six months ended 30 September 2021 amounted to approximately HK\$12.4 million, representing an increase of approximately HK\$1.6 million or approximately 15.1% as compared with approximately HK\$10.7 million for the six months ended 30 September 2020. Such increase was mainly due to the increase in gross profit as mentioned above and the improved segment results from our Strategic Investments segment.

Bank borrowings

As at 30 September 2021 and 31 March 2021, 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 30 September 2021, the Group had current assets of approximately HK\$302.7 million (as at 31 March 2021: HK\$330.2 million) which approximately HK\$168.3 million was cash and cash equivalents (as at 31 March 2021: HK\$87.1 million), mainly denominated in Hong Kong dollars. As at 30 September 2021, the Group had non-current liabilities of approximately HK\$3.1 million (as at 31 March 2021: HK\$1.2 million), and its current liabilities amounted to approximately HK\$201.0 million (as at 31 March 2021: HK\$213.9 million), consisting mainly of payables arising from the normal course of operation. Accordingly, the current ratio of the Company, being the ratio of current assets to current liabilities, was approximately 1.5 as at 30 September 2021 (as at 31 March 2021: 1.5).

Gearing ratio

The gearing ratio of the Group is defined as a percentage of total borrowings at the end of the reporting period divided by total equity at the end of the reporting period. As at 30 September 2021, the gearing ratio of the Group was 3.6% (as at 31 March 2021: 2.3%). 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 30 September 2021, the Group's exposure to currency risks was mainly attributable to certain listed equity investments included in financial assets at FVTPL, which are denominated in Australian dollar and British pound sterling. 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 six months ended 30 September 2021.

During the six months ended 30 September 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 30 September 2021, the Group did not have any significant capital commitments (as at 31 March 2021: nil).

Information on employees

As at 30 September 2021, the Group had 90 employees (as at 30 September 2020: 103), including the executive Directors. Total staff costs (including Directors’ emoluments) were approximately HK\$29.1 million for the six months ended 30 September 2021, as compared with approximately HK\$31.2 million for the six months ended 30 September 2020. Remuneration is determined with reference to market norms and individual employees’ performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the performance of the Group as well as individuals. 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 our 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 annually. The Group also operates a share option scheme adopted by the Company on 20 September 2016 (the “**Share Option Scheme**”), pursuant to which options to subscribe for shares may be granted to the Directors and employees of the Group.

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 30 September 2021, the Group had listed equity investments included in financial assets at FVTPL of approximately HK\$55.9 million (as at 31 March 2021: HK\$61.8 million).

During the six months ended 30 September 2021, the Group received dividends of approximately HK\$0.9 million. The Group had also disposed listed equity securities of approximately HK\$5.5 million and recognised a net realised and unrealised gain on financial assets at FVTPL of approximately HK\$0.4 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 adjustments to enhance the returns on investment for the Group and ultimately benefit the Shareholders as a whole.

As at 30 September 2021, the Group held 1,032,000 listed shares of Barclays Plc, a company incorporated in England and Wales and listed on the London Stock Exchange (stock exchange: BARC) (“**Barclays**”), which represented approximately 0.006% of its issued share capital with an acquisition cost of approximately HK\$10.9 million. The investment in Barclays was classified as financial assets at FVTPL and had a fair value of approximately HK\$20.3 million which contributes to approximately 5.6% of the Group’s total assets. The Group recognised an unrealised fair value loss of approximately HK\$0.6 million and received dividends of approximately HK\$0.2 million from Barclays during the six months ended 30 September 2021. No acquisition or disposal of the investment in Barclays was made during the six months ended 30 September 2021.

Barclays’s businesses include consumer banking and payments operations around the world, as well as a global corporate and investment bank. The investment in Barclays still holds upside potential and will be held for the foreseeable future.

As at 30 September 2021, the fair value of each of the other 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 30 September 2021.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2021, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge of assets

As at 30 September 2021, pledged deposits amounted to approximately HK\$11.5 million (as at 31 March 2021: HK\$14.4 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 are satisfied that no claims will arise from the projects under the performance bonds.

Contingent liabilities

The Group had no material contingent liabilities as at 30 September 2021 (as at 31 March 2021: nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in notes 12 and 17 to the condensed consolidated interim financial statements for the six months ended 30 September 2021, there were no significant events after the six months ended 30 September 2021 and up to the date of this announcement.

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

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries had 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 had 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 six months ended 30 September 2021.

Our Company complies with 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 and in the interests of our Company and our shareholders (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 as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct for securities transactions. Following specific enquires of all Directors, all Directors confirm that they have complied with the required standards of dealing as set out in the Model Code throughout the six months ended 30 September 2021.

AUDIT COMMITTEE

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

The unaudited consolidated interim financial statements for the six months ended 30 September 2021 have not been audited or reviewed by the Company’s external auditors, but have been reviewed by the Audit Committee, and the Audit Committee is of the view that the interim results for the six months ended 30 September 2021 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board resolved the payment of an interim dividend of HK1.0 cent per ordinary share for the six months ended 30 September 2021 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 15 December 2021. It is expected that the interim dividend will be paid on or around Tuesday, 28 December 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 interim dividend for the six months ended 30 September 2021 payable to the Shareholders is HK\$8.0 million in aggregate.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 December 2021 to Wednesday, 15 December 2021 (both days inclusive) and during such period, no transfer of shares of the Company will be registered. To ensure the entitlement to the interim dividend, 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 no later than 4:30 p.m. on Friday, 10 December 2021.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ibighl.com>). An interim report of the Company for the six months ended 30 September 2021 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

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

Hong Kong, 25 November 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. Robert Peter Andrews, Mr. David John Kennedy and Mr. Martin Woods.