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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 2022**

#### **FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 March</b>		<b>Increase/ (decrease)</b>
	<b>2022 HK\$'000</b>	<b>2021 HK\$'000</b>	
Revenue and other (losses)/gains	<b>405,878</b>	556,702	(27.1)%
Gross profit	<b>67,952</b>	79,434	(14.5)%
Profit before income tax expense	<b>33,692</b>	55,798	(39.6)%
Profit attributable to the owners of the Company for the year	<b>27,010</b>	54,390	(50.3)%
Basic and diluted earnings per share (HK cents)	<b>3.4</b>	6.8	(50.3)%

The Board recommended the payment of a final dividend of HK1.0 cent for the year ended 31 March 2022.

#### **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 2022, together with the comparative figures for the year ended 31 March 2021.

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

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	5	<b>407,491</b>	513,136
Other (losses)/gains	5	<b>(1,613)</b>	43,566
Revenue and other (losses)/gains	5	<b>405,878</b>	556,702
Direct costs		<b>(337,926)</b>	(477,268)
Gross profit		<b>67,952</b>	79,434
Other income	6	<b>215</b>	5,903
Administrative and other operating expenses		<b>(34,122)</b>	(29,223)
Finance costs	7	<b>(353)</b>	(316)
<b>Profit before income tax expense</b>	8	<b>33,692</b>	55,798
Income tax expense	9	<b>(7,235)</b>	(1,720)
<b>Profit and total comprehensive income for the year</b>		<b>26,457</b>	54,078
<b>Profit and total comprehensive income for the year attributable to:</b>			
— Owners of the Company		<b>27,010</b>	54,390
— Non-controlling interests		<b>(553)</b>	(312)
		<b>26,457</b>	54,078
<b>Earnings per share:</b>	<i>10</i>		
Basic and diluted (HK cents)		<b>3.4</b>	6.8

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>924</b>	359
Right-of-use assets		<b>4,302</b>	3,827
Financial assets at fair value through profit or loss		<b>16,062</b>	61,825
Total non-current assets		<b>21,288</b>	66,011
<b>Current assets</b>			
Contract assets		<b>100,139</b>	110,130
Trade and other receivables	<i>12</i>	<b>28,643</b>	116,917
Property under development		<b>10,250</b>	–
Inventories		<b>604</b>	381
Pledged deposits		<b>14,850</b>	14,426
Tax recoverable		<b>278</b>	1,210
Cash and cash equivalents		<b>141,647</b>	87,142
Total current assets		<b>296,411</b>	330,206
<b>Current liabilities</b>			
Contract liabilities		<b>4,072</b>	1,224
Trade and other payables	<i>13</i>	<b>135,473</b>	209,322
Lease liabilities		<b>2,791</b>	2,992
Tax payables		<b>5,933</b>	270
Total current liabilities		<b>148,269</b>	213,808
<b>Net current assets</b>		<b>148,142</b>	116,398
<b>Total assets less current liabilities</b>		<b>169,430</b>	182,409
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,759</b>	1,195
<b>NET ASSETS</b>		<b>167,671</b>	181,214
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<b>8,000</b>	8,000
Reserves		<b>160,534</b>	173,524
<b>Equity attributable to owners of the Company</b>		<b>168,534</b>	181,524
Non-controlling interests		<b>(863)</b>	(310)
<b>TOTAL EQUITY</b>		<b>167,671</b>	181,214

## 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, energy efficiency and modern sustainable building materials.

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

#### (a) Adoption of new/revised HKFRSs — effective 1 April 2021

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

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

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

The following amended HKFRSs, potentially relevant to the Group’s consolidated 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 HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018–2020 <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> 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 do not anticipate that the application of the amendments in the future will have material impact on the consolidated financial statements.

**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 2022, 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, energy efficiency 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 during the year ended 31 March 2022.

(a) The segment revenue and results for the year ended 31 March 2022 are as follows:

##### Year ended 31 March 2022

	<b>Contracting</b> <i>HK\$'000</i>	<b>Building</b> <b>Solutions</b> <i>HK\$'000</i>	<b>Strategic</b> <b>Investments</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue and other gains/(losses)	<b>403,888</b>	<b>1,690</b>	<b>300</b>	<b>405,878</b>
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Segment Revenue from external customers and other sources	<b>403,888</b>	<b>1,690</b>	<b>300</b>	<b>405,878</b>
Segment profit/(loss)	<b>40,206</b>	<b>(2,706)</b>	<b>(709)</b>	<b>36,791</b>
Bank interest income				<b>11</b>
Unallocated corporate expenses				<b>(2,757)</b>
Finance costs				<b>(353)</b>
Profit before income tax expense				<b><u>33,692</u></b>

Year ended 31 March 2021

	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>

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

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 2022 are as follows:

	<b>Contracting</b> <i>HK\$'000</i>	<b>Building</b> <b>Solutions</b> <i>HK\$'000</i>	<b>Strategic</b> <b>Investments</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Segment assets	<b>208,476</b>	<b>2,651</b>	<b>62,244</b>	<b>273,371</b>
Unallocated assets				<u><b>44,328</b></u>
				<b>317,699</b>
Segment liabilities	<b>143,617</b>	<b>122</b>	<b>25</b>	<b>143,764</b>
Unallocated liabilities				<u><b>6,264</b></u>
				<u><u><b>150,028</b></u></u>

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 years ended 31 March 2022 and 2021 are analysed as follows:

Revenue from external customers	2022	
	Contracting <i>HK\$'000</i>	Building Solutions <i>HK\$'000</i>
Hong Kong	403,888	1,667
Macau	–	–
Others	–	23
	<u>403,888</u>	<u>1,690</u>

<b>Revenue from external customers</b>	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 following table provides an analysis of the Group's non-current assets (“**Specified non-current assets**”):

<b>Specified non-current assets</b>	<b>As at 31 March</b>	
	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	<b>5,226</b>	4,186
Macau	–	–
	<u><b>5,226</b></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.

**(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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer I	<b>77,600</b>	N/A
Customer II	<b>69,910</b>	N/A
Customer III	N/A	116,912
Customer IV	N/A	95,778
Customer V	N/A	76,815
Customer VI	N/A	67,247

## 5. REVENUE AND OTHER (LOSSES)/GAINS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Revenue from Contracting	403,888	510,958
Revenue from Building Solutions	1,690	276
Dividend income from financial assets at FVTPL	<u>1,913</u>	<u>1,902</u>
	<b>407,491</b>	513,136
Other (losses)/gains		
Net realised and unrealised (losses)/gains on financial assets at FVTPL	<u>(1,613)</u>	<u>43,566</u>
	<b><u>405,878</u></b>	<b><u>556,702</u></b>

Timing of revenue recognition within scope of HKFRS 15:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from Contracting		
— Over time	403,888	510,958
Revenue from Building Solutions		
— At a point in time	<u>1,690</u>	<u>276</u>
	<b><u>405,578</u></b>	<b><u>511,234</u></b>

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.

## 6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	11	468
Government grants ( <i>Note</i> )	204	5,435
	<u>215</u>	<u>5,903</u>

*Note:*

For the year ended 31 March 2022, the amount included in profit or loss was HK\$194,000 of government grants obtained relating to support the payroll of the Group's employees from the Macau Government. For the year ended 31 March 2021, the amount included in profit or loss was HK\$5,395,000 of government grants 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 from the Hong Kong government 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.

For the year ended 31 March 2022, HK\$10,000 (2021:HK\$40,000) 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on lease liabilities	<u>353</u>	<u>316</u>

## 8. PROFIT BEFORE INCOME TAX EXPENSE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	920	860
Depreciation of property, plant and equipment	620	211
Depreciation of right-of-use assets	2,618	2,558
Staff costs including directors' emoluments:		
— Salaries and allowances	66,943	65,119
— Contributions on defined contribution retirement plans	1,520	1,596
	<u>68,463</u>	<u>66,715</u>
Short term leases expenses	427	411
Covid-19-related rent concessions	–	(306)
Gain on lease modification	(324)	–
Foreign exchange loss/(gain), net	445	(177)

## 9. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
— Tax for the year	7,251	1,761
— Over provision in respect of prior years	<u>(16)</u>	<u>(41)</u>
	<u>7,235</u>	<u>1,720</u>
Current tax — overseas		
— Tax for the year	<u>—</u>	<u>—</u>
	<u>7,235</u>	<u>1,720</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 Group, 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 2022 and 2021, 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 2021. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2022.

## 10. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2022 is based on the profit attributable to owners of the Company of approximately HK\$27,010,000 (2021: approximately HK\$54,390,000) and on the weighted average number of 800,000,000 (2021: 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 has no dilutive potential shares during the years ended 31 March 2022 and 2021.

## 11. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend declared and paid ( <i>Note (i)</i> )	8,000	8,000
Proposed final dividend ( <i>Note (ii)</i> )	<u>8,000</u>	<u>32,000</u>
	<u>16,000</u>	<u>40,000</u>

Notes:

- (i) The interim dividend in respect of the financial year ended 31 March 2022 of HK1.0 cent (2021: HK1.0 cent) per ordinary share, amounting to HK\$8.0 million (2021: HK\$8.0 million) was paid on 28 December 2021.
- (ii) The final dividend in respect of the financial year ended 31 March 2022 of HK1.0 cent per ordinary share, amounting to HK\$8.0 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 2022 has not been recognised as a liability as at 31 March 2022.

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 was paid on 15 October 2021 and was recognised in the year ended 31 March 2022. No final dividend was paid in respect of the year ended 31 March 2020.

## 12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables ( <i>Notes (i) and (ii)</i> )	25,690	55,775
Deposits and other receivables ( <i>Note (iii)</i> )	2,122	60,072
Prepayments	831	1,070
	<u>28,643</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	25,667	53,432
31–60 days	–	657
61–90 days	–	1,686
Over 90 days	23	–
	<u>25,690</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.

### 13. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables ( <i>Note (i)</i> )	15,258	14,460
Accruals for costs of contract work	83,076	149,730
Retention payables ( <i>Note (ii)</i> )	28,950	34,948
Other payables and accruals	8,189	10,184
	<u>135,473</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	11,973	13,963
31–60 days	2,854	210
61–90 days	40	–
Over 90 days	391	287
	<u>15,258</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 31 March 2022, retention payables of approximately HK\$651,000 (2021: HK\$398,000) were expected to be settled beyond twelve months after the end of the reporting period.

#### 14. SHARE CAPITAL

	Number of ordinary shares		Share capital	
	2022	2021	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each:				
Authorised	<u>10,000,000,000</u>	<u>10,000,000,000</u>	<u>100,000</u>	<u>100,000</u>
Issued and fully paid	<u>800,000,000</u>	<u>800,000,000</u>	<u>8,000</u>	<u>8,000</u>

#### 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 2022 and 2021 were as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Compensation of key management personnel	<u>10,612</u>	<u>8,730</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, a racing and betting operator 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 financial security.

#### Building Solutions

Building Solutions Limited ("**BSL**"), is a product and service supplier with a focus on air quality, energy efficiency 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 2022, the Group recorded profit attributable to the owners of the Company after tax of approximately HK\$27.0 million (2021: HK\$54.4 million) from revenue and other (losses)/gains totalling approximately HK\$405.9 million (2021: HK\$556.7 million).

### **1. Contracting**

During the year ended 31 March 2022, the Group completed 11 projects and was awarded 14 projects, all of them were fitting-out projects. The Group recorded segment profit from contracting of approximately HK\$40.2 million.

The Hong Kong component of the Group remained busy during this financial period despite the continuing shadow cast by the Covid-19 pandemic.

In general whilst there has been a healthy number of tendering opportunities available to the Group, the size of these projects have generally been smaller than normal and the increased competitiveness of each tender has ultimately impacted entry margin levels.

The Group has not had to make any reduction in its workforce during the period however we are experiencing an imbalance in the supply of construction professionals due to the impact from people leaving the industry for migration or other reasons and the lack of inflow of new people, primarily due to the tough quarantine policies in place. As Hong Kong returns to normality in 2022, we are hopeful that this imbalance will slowly ease.

Due to its heavy reliance on tourism and gaming, the Macau market continues to be impacted negatively by the Covid-19 pandemic. Macau continues to maintain very strict quarantine rules which not only eliminate tourism from outside of mainland China but also prevent any unrestricted travel between Macau and Hong Kong.

As there is currently no indication of any change in Macau's approach to Hong Kong and on the basis that there is minimal construction work on-going in the territory, the Group has reduced its operations to a minimum. We will continue to review the options in Macau and will act swiftly to reignite our business as soon as circumstances change.

## **2. Building Solutions**

For the year ended 31 March 2022, BSL has registered a segment loss of approximately HK\$2.7 million.

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

The second year of BSL's operations have shown significant penetration into the market place which is leading to improved sales figures. In addition to the product ranges previously secured, BSL have now secured distribution rights to a cutting edge lighting product that not only reduces energy consumption, but also can be retrofitted using existing light fittings. This product range has been very well received and this will be reflected in the sales figures for the coming financial year.

BSL is now well placed to benefit from the current trends of wellness and energy consumption reduction and we look forward to reporting significantly improved financials as this subsidiary moves out of its infancy and into its development phase.

## **3. Strategic Investments**

For the year ended 31 March 2022, the strategic investments division of the Group has registered a segment loss of approximately HK\$0.7 million.

The financial year was spent in part, divesting the Group of its earlier stock investments which had generated such phenomenal returns in the previous reporting period. In addition, our efforts were targeted towards property related investment deals and these efforts have generated considerable early success.

During the latter part of the period, the Group secured development land in Hokkaido Japan located in close proximity to a future station of the planned Shinkansen high speed rail line. The Group is now working with local development specialist in order to establish the most efficient use of the land as well as the timing of the development.

Subsequent to the financial reporting period, the Group acquired Adelaide Chambers, a building located in the heart of Dublin, Ireland. Adelaide Chambers is a period building with approximately 20,000 square foot of commercial office space. The investment is a value-add proposition with improvements to be made in both building upgrades and lease improvements in order to increase the overall value of the asset.

Moving forward, the Group will continue to look at potential investment opportunities and we look forward to announcing further successes.

## **MOVING FORWARD**

Hong Kong has now lifted many of the restrictions put in place during the pandemic and life is very quickly returning to normal. Quarantine restrictions whilst greatly reduced, still remain in place and as these are further reduced we will experience Hong Kong start to regain its full international status. We are confident that this will happen soon.

As the pressure from the pandemic recedes, the world is faced once again with the challenge of high inflation. The Group will continue to anticipate the impact of high inflation on each of our business sectors and make sure that the businesses are well placed to battle this storm.

We are looking forward to an exciting year ahead and believe that the business environment will move from strength to strength. Allocation of capital continues to be a main focus of the Group and we are confident that capital allocated for investment will be fully vested within the 2023 financial year.

## **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			
	2022		2021	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Hong Kong	<b>403,888</b>	<b>100.0%</b>	510,709	100.0%
Macau	–	<b>0.0%</b>	249	0.0%
<b>Total</b>	<b>403,888</b>	<b>100.0%</b>	<b>510,958</b>	<b>100.0%</b>

*Revenue by type of projects*

	Year ended 31 March			
	2022		2021	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Fitting-out projects	<b>330,830</b>	<b>81.9%</b>	486,324	95.2%
A&A projects	<b>73,058</b>	<b>18.1%</b>	24,634	4.8%
<b>Total</b>	<b>403,888</b>	<b>100.0%</b>	<b>510,958</b>	<b>100.0%</b>

The Group's revenue from contracting for the year ended 31 March 2022 was approximately HK\$403.9 million, which represented a decrease of approximately HK\$107.1 million or approximately 21.0% 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\$106.8 million or 20.9% over the last financial year. No revenue was recorded from Macau for the year ended 31 March 2022.

The Group's gross profit from contracting increased by approximately HK\$32.1 million or 91.0% from approximately HK\$35.3 million for the year ended 31 March 2021 to approximately HK\$67.4 million for the year ended 31 March 2022. Accordingly, the Group's gross profit margin from contracting for the year ended 31 March 2022 increased to approximately 16.7% from approximately 6.9% for the year ended 31 March 2021. The increase in gross profit margin was mainly attributable to the concluding of final account for a few large projects during the year.

### *Building Solutions*

Our business segment, BSL reported revenue of approximately HK\$1.7 million for the year ended 31 March 2022 as compared to approximately HK\$0.3 million for the year ended 31 March 2021, which represented an increase of approximately HK\$1.4 million or 512.3%. Gross profit has also increased by approximately HK\$0.6 million or 531.2% from approximately HK\$0.1 million for the year ended 31 March 2021 to approximately HK\$0.7 million for the year ended 31 March 2022. The gross profit margin from BSL for the year ended 31 March 2022 was approximately 40.7% as compared to approximately 39.6% for the year ended 31 March 2021. 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 2022, the Group received dividends from financial assets at FVTPL of approximately HK\$1.9 million (2021: HK\$1.9 million) and recognised net realised and unrealised losses on financial assets at FVTPL of approximately HK\$1.6 million as compared to a net realised and unrealised gain of approximately HK\$43.6 million for the year ended 31 March 2021. The Group began to make investments in listed equity securities during the initial stage of the Covid-19 outbreak and had disposed most of them during the year. For details, please see section headed "Significant investments held" in this announcement.

### **Administrative and other operating expenses**

The Group's administrative and other operating expenses for the year ended 31 March 2022 were approximately HK\$34.1 million, representing an increase of approximately HK\$4.9 million or 16.8% from approximately HK\$29.2 million for the year ended 31 March 2021. The increase was mainly due to increase in staff costs.

### **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 2022, the Group recorded income tax expense of approximately HK\$7.2 million (2021: HK\$1.7 million) representing an effective tax rate of approximately 21.5% (2021: 3.1%). The increase in the Group's effective tax rate during the year ended 31 March 2022 was mainly due to the one-off non-taxable income recorded in the year ended 31 March 2021.

## **Profit for the year**

The Group's profit attributable to the owners of the Company for the year ended 31 March 2022 amounted to approximately HK\$27.0 million, representing a decrease of approximately HK\$27.4 million or 50.3% from approximately HK\$54.4 million for the year ended 31 March 2021. Such decrease was mainly attributable to the one-off gain generated from our strategic investments segment in the year ended 31 March 2021.

## **Bank borrowings**

As at 31 March 2022 and 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 31 March 2022, the Group had current assets of approximately HK\$296.4 million (2021: HK\$330.2 million) which comprised cash and cash equivalents of approximately HK\$141.6 million (2021: HK\$87.1 million), mainly denominated in Hong Kong dollars. As at 31 March 2022, the Group had non-current liabilities of approximately HK\$1.8 million (2021: HK\$1.2 million), and its current liabilities amounted to approximately HK\$148.3 million (2021: HK\$213.8 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 2.0 times as at 31 March 2022 (2021: 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 2022, the gearing ratio of the Group was approximately 2.7% (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 31 March 2022, the Group's exposure to currency risks is mainly attributable to cash and cash equivalents and certain listed equity investments included in financial assets at fair value through profit or loss, which are denominated in Euro 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 2022.

During the year ended 31 March 2022, 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 2022, the Group did not have any significant capital commitments (2021: 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 2022, the Group had listed equity investments included in financial assets at FVTPL of approximately HK\$16.1 million (as at 31 March 2021: HK\$61.8 million).

During the year ended 31 March 2022, the Group received dividends of approximately HK\$1.9 million. The Group had also disposed of approximately HK\$44.2 million in listed equity securities and recognised a net realised and unrealised loss on financial assets at FVTPL of approximately HK\$1.6 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 2022, 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\$16.1 million which contributes to approximately 5.1% of the Group’s total assets. The Group recognised an unrealised fair value loss of approximately HK\$4.8 million and received dividends of approximately HK\$0.6 million from Barclays during the year ended 31 March 2022. No acquisition or disposal of the investment in Barclays was made during the year ended 31 March 2022.

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 31 March 2022, the Group did not hold any other listed equity investments that represented more 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**

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets as at 31 March 2022.

## **Material acquisitions and disposals**

During the year ended 31 March 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **Pledge of assets**

As at 31 March 2022, pledged deposits in the sum of approximately HK\$14.9 million (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 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 2022 (2021: nil).

## **Information on employees**

As at 31 March 2022, the Group had 98 employees (2021: 97), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$68.5 million for the year ended 31 March 2022, as compared with approximately HK\$66.7 million for the year ended 31 March 2021. 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**

On 18 May 2022, the Company, through its wholly-owned subsidiary as the purchaser, entered into a sale and purchase agreement with the vendor to acquire a property located in Dublin, Ireland at a consideration of EUR13,500,000 (equivalent to approximately HK\$113,000,000). Further details of the acquisition were disclosed in the Company's announcement dated 18 May 2022 and circular dated 29 June 2022. The transaction was completed on 26 May 2022.

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

During the year ended 31 March 2022, 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 2022.

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 2022.

## **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. Robert Peter Andrews and Mr. Martin Woods.

The annual results of the Company for the year ended 31 March 2022 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 2022 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 2022 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. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by BDO Limited on the preliminary announcement.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK1.0 cent per share for the year ended 31 March 2022, to be payable on or about Friday, 7 October 2022. 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\$8.0 million in aggregate for the year ended 31 March 2022, subject to an approval of the Shareholders at the 2022 AGM (as defined below).

## **ANNUAL GENERAL MEETING**

The Company will hold its forthcoming annual general meeting on Friday, 9 September 2022 (the “**2022 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 2022 AGM, the register of members of the Company will be closed from Tuesday, 6 September 2022 to Friday, 9 September 2022 (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 2022 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 (as from 15 August 2022, 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong), for registration not later than 4:30 p.m. on Monday, 5 September 2022.

Subject to the approval of the Shareholders at the 2022 AGM, the proposed final dividend will be payable on or about Friday, 7 October 2022 to the Shareholders whose names appear on the register of members of the Company on Thursday, 22 September 2022. To ascertain the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 20 September 2022 to Thursday, 22 September 2022 (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 (as from 15 August 2022, 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong), not later than 4:30 p.m. on Monday, 19 September 2022.

## **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 2022 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, 30 June 2022

*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.*