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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 2020

	Six months ended 30 September		Increase/ (decrease)
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	
Revenue and other gains/(losses)	258,512	322,192	(19.8)%
Gross profit	20,751	31,146	(33.4)%
Profit before income tax expense	12,358	18,277	(32.4)%
Profit attributable to the owners of the Company for the period	10,745	15,365	(30.1)%
Basic and diluted earnings per share (HK cents)	1.3	1.9	(31.6)%

The Board proposed the payment of an interim dividend of HK1.0 cent per ordinary share.

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 2020, together with the comparative figures for the corresponding period in 2019.

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

For the six months ended 30 September 2020

		Six months ended	
		30 September	
	<i>Notes</i>	2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	6	261,883	322,192
Other gains/(losses)	6	(3,371)	–
Revenue and other gains/(losses)	6	258,512	322,192
Direct costs		(237,761)	(291,046)
Gross profit		20,751	31,146
Other income	7	4,106	487
Administrative and other operating expenses		(12,332)	(13,196)
Finance costs	9	(167)	(160)
Profit before income tax expense	8	12,358	18,277
Income tax expense	10	(1,762)	(2,912)
Profit and total comprehensive income for the period		10,596	15,365
Profit and total comprehensive income for the period attributable to:			
— Owners of the Company		10,745	15,365
— Non-controlling interests		(149)	–
		10,596	15,365
Earnings per share attributable to owners of the Company:			
Basic and diluted (HK cents)	11	1.3	1.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		As at 30 September 2020	As at 31 March 2020
<i>Notes</i>		<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		183	233
Right-of-use assets		4,059	5,276
Financial assets at fair value through profit or loss		<u>67,291</u>	<u>12,556</u>
Total non-current assets		<u>71,533</u>	<u>18,065</u>
Current assets			
Contract assets		148,092	144,068
Trade and other receivables	13	39,932	25,363
Pledged deposits		17,236	16,136
Tax recoverable		339	1
Cash and cash equivalents		<u>111,378</u>	<u>195,673</u>
Total current assets		<u>316,977</u>	<u>381,241</u>
Current liabilities			
Contract liabilities		11,976	19,726
Trade and other payables	14	224,508	238,049
Lease liabilities		2,507	2,467
Tax payables		<u>1,927</u>	<u>818</u>
Total current liabilities		<u>240,918</u>	<u>261,060</u>
Net current assets		<u>76,059</u>	<u>120,181</u>
Total assets less current liabilities		<u>147,592</u>	<u>138,246</u>
Non-current liabilities			
Lease liabilities		<u>1,860</u>	<u>3,112</u>
NET ASSETS		<u>145,732</u>	<u>135,134</u>
Capital and reserves			
Share capital	15	8,000	8,000
Reserves		<u>137,879</u>	<u>127,134</u>
Equity attributable to owners of the Company		<u>145,879</u>	<u>135,134</u>
Non-controlling interests		<u>(147)</u>	<u>–</u>
TOTAL EQUITY		<u>145,732</u>	<u>135,134</u>

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 190 Elgin Avenue, George Town, Grand Cayman, KY1-9007, Cayman Islands. Its principal place of business 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 (the “**Contracting Services**”) and investment holdings.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 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 2020, 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 2020, 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 new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3: Definition of a Business
- Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform
- Amendments to HKAS 1 and HKAS 8: Definition of Material
- Amendments to HKFRS 16: COVID-19-Related Rent Concessions
- Conceptual Framework for Financial Reporting (Revised)

The impact of early adoption of Amendments to HKFRS 16: COVID-19-Related Rent Concessions was summarised below. The other new or amended HKFRSs that are effective from 1 April 2020 did not have any significant impact on the Group's accounting policies.

Amendments to HKFRS 16: COVID-19-Related Rent Concessions

Effective 1 June 2020, HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

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

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

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from May 2020 to July 2020.

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

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 2020.

5. SEGMENT REPORTING

The executive Directors of the Company, who are the chief operating decision-makers 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 2020, the Group has two 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

Revenue from other sources:

- Investments Holdings — investment in listed securities

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

During the six months ended 30 September 2019, the Group had only one business segment, namely Contracting and no further analysis of this single segment is considered necessary.

(a) The segment results for the six months ended 30 September 2020 are as follows:

	Contracting <i>HK\$'000</i>	Investment Holdings <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 2020 are as follows:

	Contracting <i>HK\$'000</i>	Investment Holdings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	261,321	67,891	329,212
Unallocated assets			59,298
			<u>388,510</u>
Segment liabilities	242,679	5	242,684
Unallocated liabilities			94
			<u>242,778</u>

(b) Geographical information

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

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

	Six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Hong Kong	261,456	290,619
Macau	9	31,573
	<u>261,465</u>	<u>322,192</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 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
Hong Kong	4,242	5,509
Macau	—	—
	<u>4,242</u>	<u>5,509</u>

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

(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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer I	71,153	78,523
Customer II	48,045	N/A
Customer III	28,800	N/A
Customer IV	N/A	70,367
Customer V	N/A	35,171

6. REVENUE AND OTHER GAINS/(LOSSES)

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

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Revenue		
Revenue from Contracting	261,465	322,192
Dividend income from financial assets at FVTPL	418	–
	261,883	322,192
Other gains/(losses)		
Net unrealised losses on financial assets at FVTPL	(3,371)	–
	258,512	322,192

During the year, revenue from Contracting Services is recognised over time, dividend income falls outside the scope of HKFRS 15.

The Group has applied the practical expedient to its sales contracts for Contracting Services 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 Contracting Services that had an original expected duration of one year or less.

As at 30 September 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately HK\$15,983,000 (as at 31 March 2020: HK\$55,135,000). This amount represents revenue expected to be recognised in the future from partially-completed long-term construction contracts. The Group will recognise the expected revenue in future as the project work is progressed, which is expected to occur over the next four months.

7. OTHER INCOME

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	388	487
Government funding for anti-epidemic	3,697	–
Others	21	–
	<u>4,106</u>	<u>487</u>

8. PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	450	450
Depreciation of property, plant and equipment	102	253
Depreciation of right-of-use assets	1,217	812
Staff costs including directors' emoluments:		
— Salaries and allowances	30,380	38,395
— Contributions on defined contribution retirement plans	829	816
	<u>31,209</u>	<u>39,211</u>
Short term leases expenses	209	583
COVID-19-related rent concessions	(306)	–
Foreign exchange gain, net	(142)	–
	<u>(142)</u>	<u>–</u>

9. FINANCE COSTS

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	167	160

10. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
— provision for the period	1,762	2,912
Current tax — overseas		
— provision for the period	—	—
	<u>1,762</u>	<u>2,912</u>

The Hong Kong Government gazetted the “Inland Revenue (Amendment) (No. 3) Ordinance 2018” on 29 March 2018 which introduces the two-tiered profits tax rates regime (the “**Regime**”). Under the Regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

For the six months ended 30 September 2020 and 2019, 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 2019. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2020.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2020 is based on the profit for the period attributable to owners of the Company of approximately HK\$10,745,000 (six months ended 30 September 2019: HK\$15,365,000) and on the weighted average number of 800,000,000 (six months ended 30 September 2019: 800,000,000) ordinary shares of the Company.

Diluted earnings per share for the six months ended 30 September 2020 and 2019 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 reporting period, the Directors resolved the payment of an interim dividend of HK1.0 cent per ordinary share for the six months ended 30 September 2020 (six months ended 30 September 2019: HK1.0 cent), amounting to HK\$8,000,000 (six months ended 30 September 2019: HK\$8,000,000). The proposed interim dividend subsequent to the reporting period has not been recognised as a liability at the end of the reporting period.

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Notes (i) and (ii)</i>)	37,341	23,670
Deposits and other receivables	2,327	1,369
Prepayments	264	324
	<u>39,932</u>	<u>25,363</u>

Notes:

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

	As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
Within 30 days	35,602	23,000
31–60 days	1,365	670
61–90 days	85	–
Over 90 days	289	–
	<u>37,341</u>	<u>23,670</u>

14. TRADE AND OTHER PAYABLES

	As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
Trade payables (<i>Note (i)</i>)	31,356	27,110
Accruals for costs of contract work	149,116	172,586
Retention payables (<i>Note (ii)</i>)	37,523	31,668
Other payables and accruals	6,513	6,685
	<u>224,508</u>	<u>238,049</u>

Notes:

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

	As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
0 – 30 days	30,904	26,271
31 – 60 days	166	118
61 – 90 days	45	329
Over 90 days	241	392
	<u>31,356</u>	<u>27,110</u>

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

- (ii) As at 30 September 2020, retention payables of approximately HK\$10,320,000 (31 March 2020: HK\$9,269,000) 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 2020 (Unaudited)	As at 31 March 2020 (Audited)	As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <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>	<u>800,000,000</u>	<u>8,000</u>	<u>8,000</u>

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 2020 and 2019 were as follows:

	Six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Compensation of key management personnel	<u>2,187</u>	<u>3,122</u>

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Established in 1997, the Group is primarily a building contractor focusing on providing renovation services as a main contractor for the property sector in both Hong Kong and Macau. Our two main types of projects are fitting-out projects and alteration and addition (“A&A”) projects.

Our major customers include a number of highly reputable organisations and commercial enterprises in the private sector in Hong Kong and Macau including multi-national banks, property developers, accountancy and legal firms, hotel and casino ventures and food and beverage operators.

The Group’s competitive strengths have driven our growth in revenue and gross profits and distinguish us from our competitors. We believe our key competitive strengths lie in three key specific areas of the business namely,

- i. an established reputation and proven track record;
- ii. implementation, management and execution expertise; and
- iii. commitment to the management of risk, cash flow and general financial security.

More recently, the Group has diversified its offering with the following subsidiaries:

1. Building Solutions Limited is a company specialising in providing innovative and impactful solutions for the built environment. Building Solutions Limited offers highly tailored services with a heavy focus on air quality monitoring and commercial grade air treatment systems; and
2. IBI Investment Holdings Limited is a company formed this year and whose focus is making investments in well managed companies whose focus is underpinned by a passion for innovation and a constant drive for efficiency. Using existing funds within the Group, we will look to make meaningful investments in companies whose philosophy matches that of our existing companies and businesses.

BUSINESS REVIEW

For the six months ended 30 September 2020, the Company recorded profit attributable to the owners of the Company after tax of approximately HK\$10.7 million, representing a decrease of approximately 30.1% over the same period in the previous financial year. During the six months ended 30 September 2020, the Group had completed seven projects and has been awarded five projects, of which four are fitting-out projects and one is an A&A project.

For the six months ended 30 September 2020, the Company had achieved revenue and other gains/(losses) of approximately HK\$258.5 million which was HK\$63.7 million or 19.8% lower than that achieved during the corresponding period in 2019. Our gross profit amounted to approximately HK\$20.8 million for the six months ended 30 September 2020, representing a drop of approximately HK\$10.4 million or 33.4% from the same period last year.

MARKET REVIEW

Contracting

Hong Kong

The Hong Kong market has been impacted by the fall-out from the COVID-19 pandemic and as a result, the number and size of projects coming to market has significantly reduced.

The Group has secured work during the period and our project teams have been busy completing a number of highly challenging projects. Completing such projects during this period has placed a number of additional demands on our teams as they deal with enhanced health and safety protocols enforced by clients as well as the added complications of working with teams that often, have not been allowed to physically meet.

In addition to dealing with work related demands, our staff have had to manage their own personal situations in around periods of school closures, working from home and increased concerns for the health of family members. We are very grateful to our colleagues for the commitment they have shown during the period and the manner in which they have dealt with these unprecedented challenges.

Macau

Early in 2020, Macau enforced a strict travel ban as a result of the COVID-19 pandemic. Whilst keeping their population safe, the ban decimated the hotel and casino sector and reduced their desire to spend on property renovation works.

The impact on our Macau business was immediate and our ability to win new work was severely curtailed. Our team spent a number of months completing existing work and then where possible, were relocated back to Hong Kong.

The travel ban between Macau and Mainland China has now been relaxed and trade is beginning to return. We are keeping in close contact with our clients throughout this period and will look to re-start our operations at the earliest opportunity. Until such time however, our Macau business will not contribute to our revenue.

Building Solutions

Since the formation of this business earlier in 2020, we have made significant progress refining our offering and securing distribution arrangements with international manufacturers.

At the time of this announcement, we have secured four separate distribution agreements for the Asia region and have begun marketing these products to potential Hong Kong clients. To date, we have received positive responses from our discussions and believe that our philosophy of only representing high quality science based solutions will resonate well with our clients.

We look forward to the continued growth of this enterprise and expect that it will begin to contribute to the results of the Group in 2021.

Investment Holdings

The Group has initially taken advantage of the historic lows in the share prices of many high quality business as a result of the impact from COVID-19. The Group's initial purchases have been limited to large blue chip organisations who have a history of issuing dividends and who have the financial strength to outlast the negative impact of the virus pandemic.

Moving forward, we will focus our efforts on identifying investments in the built environment with companies who are leading their field in building innovation, technology and conservation. These investments will compliment the existing businesses, bring us a greater geographical reach and, add a significant growth opportunity for the Group as a whole.

OUTLOOK

As of November 2020, we are beginning to hear encouraging reports regarding the development of vaccines and their successful completion of final phase trials. We believe that once such vaccines are fully approved and start to be administered in a meaningful way, business sentiment will rebound strongly and improved results will follow.

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			
	2020		2019	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
	(Unaudited)		(Unaudited)	
Hong Kong	261,456	100.0%	290,619	90.2%
Macau	9	0.0%	31,573	9.8%
Total	261,465	100.0%	322,192	100.0%

Revenue by type of projects

	Six months ended 30 September			
	2020		2019	
	HK\$'000 (Unaudited)	% of revenue	HK\$'000 (Unaudited)	% of revenue
Fitting-out projects	254,512	97.3%	298,612	92.7%
A&A projects	6,953	2.7%	23,580	7.3%
Total	261,465	100.0%	322,192	100.0%

The Group's revenue from contracting for the six months ended 30 September 2020 was approximately HK\$261.5 million, which represented a decrease of approximately HK\$60.7 million or approximately 18.8% 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 period as a result of the impact of COVID-19 and (ii) the slowing down of the Macau market.

The Group's gross profit from contracting business decreased by approximately HK\$6.8 million or 21.8% from approximately HK\$31.1 million for the six months ended 30 September 2019 to approximately HK\$24.4 million for the six months ended 30 September 2020. The Group's gross profit margin for the six months ended 30 September 2020 decreased to approximately 9.3% from approximately 9.7% for the six months ended 30 September 2019. The decrease in gross profit was in line with the decrease in revenue and the decrease in gross profit margin was mainly due to projects with more competitive margin awarded during the six months ended 30 September 2020.

Investment Holdings

During the six months ended 30 September 2020, the Group received dividends from financial assets at FVTPL of approximately HK\$0.4 million and recognised a net unrealised loss on financial assets at FVTPL of approximately HK\$3.4 million.

Administrative and other operating expenses

The administrative and other operating expenses for the six months ended 30 September 2020 were approximately HK\$12.3 million, representing a decrease of approximately HK\$0.9 million or approximately 6.5% from approximately HK\$13.2 million for the six months ended 30 September 2019. The slight decrease was mainly due to effective cost control.

Profit for the period

The Group's profit attributable to the owners of the Company for the six months ended 30 September 2020 amounted to approximately HK\$10.7 million, representing a decrease of approximately HK\$4.6 million or approximately 30.1% as compared with approximately HK\$15.4 million for the six months ended 30 September 2019. Such decrease was mainly due to the decrease in revenue as mentioned above and the net unrealised losses on the financial assets at FVTPL recorded in other gains and losses.

Bank borrowings

As at 30 September 2020 and 31 March 2020, the Group had no bank borrowings. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

As at 30 September 2020, the Group had current assets of approximately HK\$317.0 million (as at 31 March 2020: HK\$381.2 million) which approximately HK\$111.4 million was cash and cash equivalents (as at 31 March 2020: HK\$195.7 million), mainly denominated in Hong Kong dollars. As at 30 September 2020, the Group had non-current liabilities of approximately HK\$1.9 million (as at 31 March 2020: HK\$3.1 million), and its current liabilities amounted to approximately HK\$240.9 million (as at 31 March 2020: HK\$261.1 million), consisting mainly of payables arising from the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.3 as at 30 September 2020 (as at 31 March 2020: 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 2020, the gearing ratio was 3.0% (as at 31 March 2020: 4.1%). Total debts include lease liabilities.

Treasury policies

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

Foreign exchange exposure

As at 30 September 2020, 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 period ended 30 September 2020.

During the six months ended 30 September 2020, 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 2020, the Group did not have any significant capital commitments (as at 31 March 2020: nil).

Information on employees

As at 30 September 2020, the Group had 103 employees (as at 30 September 2019: 111), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$31.2 million for the six months ended 30 September 2020, as compared with approximately HK\$39.2 million for the six months ended 30 September 2019. 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 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 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 principal terms of the Share Option Scheme were summarised in the paragraph headed “Statutory and General Information — F. Share Option Scheme” in Appendix IV to the prospectus of the Company dated 29 September 2016 (the “**Prospectus**”).

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 2020, the Group had listed equity investments included in financial assets at FVTPL of approximately HK\$67.3 million (as at 31 March 2020: HK\$12.6 million).

During the six months ended 30 September 2020, the Group further invested approximately HK\$58.1 million in listed equity securities, received dividends of approximately HK\$0.4 million and recognised a net unrealised loss on financial assets at FVTPL of approximately HK\$3.4 million. The listed equity investments mainly comprised of high quality blue chip banking corporations and energy companies listed in Hong Kong, Australia and the United Kingdom. However, up to the date of this announcement, there was an increase in value of certain listed equity securities held by the Group as the market price of those listed equity securities increased. 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 2020, the fair value of each of these listed equity investments represented less than 5% of the total assets of the Group.

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

Future plans for material investments and capital assets

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets as at 30 September 2020.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2020, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge of assets

As at 30 September 2020, pledged deposits amounted to approximately HK\$17.2 million (as at 31 March 2020: HK\$16.1 million) were placed with a bank or an insurer as securities for the performance bonds issued by the bank and insurer to certain customers on their projects. The pledged deposits will be released when the bank or insurer 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 2020 (as at 31 March 2020: nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 12 to the condensed consolidated interim financial statements, there were no significant events after the six months ended 30 September 2020 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 2020, 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 2020.

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 2020.

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. Richard Gareth Williams and Mr. Robert Peter Andrews.

The unaudited consolidated interim financial statements for the six months ended 30 September 2020 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 2020 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 in respect of the reporting period to the Shareholders whose names appear on the register of members of the Company on Wednesday, 16 December 2020. It is expected that the interim dividend will be paid on or around Friday, 15 January 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 payable to the Shareholders is HK\$8.0 million in aggregate for the six months ended 30 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 December 2020 to Wednesday, 16 December 2020 (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, 11 December 2020.

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 2020 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, 26 November 2020

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