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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 2022

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Increase/ (decrease)
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	
Revenue and other gains/(losses)	176,634	169,383	4.3%
Gross profit	19,307	29,373	(34.3)%
Profit before income tax expense	869	14,741	(94.1)%
(Loss)/profit attributable to the owners of the Company for the period	(158)	12,363	(101.3)%
Basic and diluted (loss)/earnings per share (HK cents)	(0.0)	1.5	(101.3)%

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022.

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 2022, together with the comparative figures for the corresponding period in 2021.

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

For the six months ended 30 September 2022

		Six months ended	
		30 September	
	<i>Notes</i>	2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	6	179,728	169,791
Other gains/(losses)	6	(3,094)	(408)
Revenue and other gains/(losses)	6	176,634	169,383
Direct costs		(157,327)	(140,010)
Gross profit		19,307	29,373
Other income	7	2,694	333
Administrative and other operating expenses		(20,407)	(14,783)
Finance costs	9	(725)	(182)
Profit before income tax expense	8	869	14,741
Income tax expense	10	(1,229)	(2,721)
(Loss)/profit for the period		(360)	12,020
(Loss)/profit for the period attributable to:			
— Owners of the Company		(158)	12,363
— Non-controlling interests		(202)	(343)
		(360)	12,020
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,785)	—
Total comprehensive income		(2,145)	12,020
Total comprehensive income attributable to:			
— Owners of the Company		(1,943)	12,363
— Non- controlling interests		(202)	(343)
		(2,145)	12,020
(Loss)/earnings per share:	11		
Basic and diluted (HK cents)		(0.0)	1.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	<i>Notes</i>	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		717	924
Right-of-use assets		3,011	4,302
Financial assets at fair value through profit or loss		12,968	16,062
Investment property		114,026	–
Total non-current assets		130,722	21,288
Current assets			
Contract assets		91,732	100,139
Trade and other receivables	13	43,227	28,643
Property under development		10,943	10,250
Inventories		594	604
Pledged deposits		13,479	14,850
Tax recoverable		371	278
Cash and cash equivalents		63,642	141,647
Total current assets		223,988	296,411
Current liabilities			
Contract liabilities		7,066	4,072
Trade and other payables	14	114,957	135,473
Bank borrowings repayable within 12 months		958	–
Lease liabilities		2,887	2,791
Tax payables		7,164	5,933
Dividend payable		8,000	–
Total current liabilities		141,032	148,269
Net current assets		82,956	148,142
Total assets less current liabilities		213,678	169,430
Non-current liabilities			
Lease liabilities		233	1,759
Bank borrowings repayable beyond 12 months		55,919	–
Total non-current liabilities		56,152	1,759
NET ASSETS		157,526	167,671
Capital and reserves			
Share capital	15	8,000	8,000
Reserves		150,591	160,534
Equity attributable to owners of the Company		158,591	168,534
Non-controlling interests		(1,065)	(863)
TOTAL EQUITY		157,526	167,671

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 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 2022, 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 2022, except for those that relate to new standards or interpretations effective for the first time for the current accounting period of the Group and the accounting policies regarding to the acquisition of property during the current interim period. The adoption of the new and revised HKFRSs have no material effect on these condensed consolidated interim financial statements.

(A) Significant events

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 at Dublin, Ireland. Further details of the acquisition were disclosed in the Company’s announcement dated 18 May 2022 and the circular dated 29 June 2022. The transaction was completed on 26 May 2022.

(B) Accounting policy

Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the period in which the property is derecognised.

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 HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018–2020

The new or amended HKFRSs that are effective from 1 April 2022 did not have any significant impact on the Group’s accounting policies.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to annual financial statements of the Group for the year ended 31 March 2022.

5. SEGMENT REPORTING

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

During the six months ended 30 September 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 and properties

(a) Inter-segment transactions are priced with reference to prices charged to external parties for similar order. The segment revenue and results for the six months ended 30 September 2022 are as follows:

Six months ended 30 September 2022

	Contracting <i>HK\$’000</i> (Unaudited)	Building Solutions <i>HK\$’000</i> (Unaudited)	Strategic Investments <i>HK\$’000</i> (Unaudited)	Total <i>HK\$’000</i> (Unaudited)
Revenue & other gains/(losses)	175,406	1,911	(634)	176,683
Inter-segment revenue	—	(49)	—	(49)
Segment revenue from external customers and other sources	175,406	1,862	(634)	176,634
Segment profit/(loss)	9,746	(940)	(4,457)	4,349
Bank interest income				4
Unallocated corporate expenses				(3,359)
Finance costs				(125)
Profit before income tax expense				<u>869</u>

Six months ended 30 September 2021

	Contracting <i>HK\$'000</i> (Unaudited)	Building Solutions <i>HK\$'000</i> (Unaudited)	Strategic Investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue & other gains/(losses)	168,591	265	527	169,383
Segment profit/(loss)	16,678	(1,636)	444	15,486
Bank interest income				9
Unallocated corporate expenses				(572)
Finance costs				(182)
Profit before income tax expense				<u>14,741</u>

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

(b) The segment assets and liabilities as at 30 September 2022 are as follows:

	Contracting <i>HK\$'000</i> (Unaudited)	Building Solutions <i>HK\$'000</i> (Unaudited)	Strategic Investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	177,569	3,580	142,463	323,612
Unallocated assets				31,098
				<u>354,710</u>
Segment liabilities	130,589	772	57,641	189,002
Unallocated liabilities				8,182
				<u>197,184</u>

The segment assets and liabilities as at 31 March 2022 are as follows:

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

(c) Geographical information

The Group operates in three principal geographical areas — Hong Kong, Macau and Ireland.

The Group's revenue derived from Contracting, Building Solutions and Strategic Investments segments from external customers for the six months ended 30 September 2022 is analysed as follows:

Revenue from external customers	Six months ended 30 September		
	2022		
	Contracting <i>HK\$'000</i> (Unaudited)	Building Solutions <i>HK\$'000</i> (Unaudited)	Strategic Investments <i>HK\$'000</i> (Unaudited)
Hong Kong	175,406	1,806	–
Macau	–	–	–
Ireland	–	–	2,259
Others	–	56	–
	<u>175,406</u>	<u>1,862</u>	<u>2,259</u>

The Group's revenue derived from Contracting and Building Solutions segments from external customers for the six months ended 30 September 2021 is analysed as follows:

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

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

Specified non-current assets

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
	Hong Kong	3,728
Macau	–	–
Ireland	114,026	–
	<u>117,754</u>	<u>5,226</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.

(d) **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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer I	42,574	–
Customer II	27,625	–
Customer III	25,958	–
Customer IV	23,640	32,550
Customer V	–	22,656
Customer VI	–	19,875
Customer VII	–	17,000
Customer VIII	–	16,941

6. REVENUE AND OTHER GAINS/(LOSSES)

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Revenue from Contracting	175,406	168,591
Revenue from Building Solutions	1,862	265
Dividend income from financial assets at FVTPL	201	935
Rental income from investment property	2,259	–
	179,728	169,791
Other gains/(losses)		
Net realised and unrealised losses on financial assets at FVTPL	(3,094)	(408)
	176,634	169,383

Timing of revenue recognition within scope of HKFRS 15:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from Contracting		
— Over time	175,406	168,591
Revenue from Building Solutions		
— At a point in time	1,862	265
	177,268	168,856

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

7. OTHER INCOME

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	4	9
Government grants (<i>note</i>)	2,649	—
Gain on lease modification	—	324
Others	41	—
	2,694	333

For the six months ended 30 September 2022, the amount of government grants obtained relating to support the payroll of the Group's employees from the Hong Kong Government and the Macau Government included in profit or loss was approximately HK\$2,622,000. The Group had to commit to spending the assistance obtained 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 did not have any unfulfilled obligations relating to these programs.

For the six months ended 30 September 2022, HK\$27,000 (2021: Nil) represented training grants obtained from the Construction Innovation and Technology Fund (“CITF”) under Construction Industry Council. Under the CITF, the Group should commit to spend the grants on Building Information Modeling (“BIM”) training and BIM Software with specific vendors. The Group does not have other unfulfilled obligations relating to these programs.

8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	460	450
Depreciation of property, plant and equipment	282	331
Depreciation of right-of-use assets	1,291	1,328
Staff costs including directors' emoluments:		
— Salaries and allowances	32,563	28,355
— Contributions on defined contribution retirement plans	776	763
	<u>33,339</u>	<u>29,118</u>
Short term leases expenses	185	199
Gain on lease modification	—	(324)
Foreign exchange loss/(gain), net	4,773	45
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income	79	—
	<u>79</u>	<u>—</u>

9. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	125	182
Interest expenses on bank borrowings	600	—
	<u>725</u>	<u>182</u>

10. INCOME TAX EXPENSE

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
— provision for the period	1,186	2,721
Current tax — overseas		
— provision for the period	43	—
	<u>1,229</u>	<u>2,721</u>

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

For the six months ended 30 September 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 thresholds 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.

The Group’s subsidiary in Ireland is subject to corporation tax of 25%.

11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share for the six months ended 30 September 2022 is based on the loss for the six months ended 30 September 2022 attributable to owners of the Company of approximately HK\$158,000 (six months ended 30 September 2021: profit HK\$12,363,000) and on the weighted average number of 800,000,000 (six months ended 30 September 2021: 800,000,000) ordinary shares of the Company.

Diluted (loss)/earnings per share for the six months ended 30 September 2022 and 2021 were the same as the basic (loss)/earnings per share as there were no dilutive potential shares in existence during the periods.

12. DIVIDENDS

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2022.

The interim dividend in respect of the six months ended 30 September 2021 of HK1.0 cent per ordinary share, amounting to HK\$8.0 million was paid on 28 December 2021.

The final dividend of the Company in respect of the year ended 31 March 2022 of HK1.0 cent per ordinary share, amounting to HK\$8,000,000 was paid on 7 October 2022.

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Trade receivables (<i>Notes (i) and (ii)</i>)	41,725	25,690
Deposits and other receivables	1,119	2,122
Prepayments	383	831
	<u>43,227</u>	<u>28,643</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 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Within 30 days	33,193	25,667
31–60 days	7,749	–
61–90 days	783	–
Over 90 days	–	23
	<u>41,725</u>	<u>25,690</u>

14. TRADE AND OTHER PAYABLES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Trade payables (<i>Note (i)</i>)	15,495	15,258
Accruals for costs of contract work	72,577	83,076
Retention payables (<i>Note (ii)</i>)	21,295	28,950
Other payables and accruals	5,590	8,189
	<u>114,957</u>	<u>135,473</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 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	14,325	11,973
31 – 60 days	813	2,854
61 – 90 days	–	40
Over 90 days	357	391
	<u>15,495</u>	<u>15,258</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 2022, retention payables of approximately HK\$321,000 (31 March 2022: HK\$651,000) 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 2022 (Unaudited)	As at 31 March 2022 (Audited)	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
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>

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 2022 and 2021 were as follows:

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Compensation of key management personnel	<u>2,743</u>	<u>2,694</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 investments division.

Contracting

Through the subsidiaries of the Company 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 organisation and property development.

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

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

Building Solutions

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

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

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

Strategic Investments

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

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

BUSINESS REVIEW

For the six months ended 30 September 2022, the Group recorded a loss attributable to the owners of the Company after tax of approximately HK\$0.2 million (2021: profit HK\$12.4 million) from revenue and other gains/(losses) totalling approximately HK\$176.6 million (2021: HK\$169.4 million).

1. Contracting

During the six months ended 30 September 2022, the Group completed 11 projects and was awarded 10 projects, all of which were fitting-out projects. The Group recorded segment profit from contracting of approximately HK\$9.7 million.

The Hong Kong component of the Group had performed well during this period despite a tough and highly competitive environment.

The impact of Covid-19 continues to weigh heavily on the contracting industry and we are experiencing not only a reduction in the numbers of tenders generally, but also a significant increase in aggressive pricing strategies from our competitors.

Investment into Hong Kong has been subdued for a number of years now and whilst there have been significant improvements in the removal of Covid-19 pandemic travel restrictions, new investment has been slow to return to Hong Kong and as a result, the number of new construction projects continue to drop.

The Macau market continues to be heavily depressed due to both its highly restrictive Covid-19 based border controls and its heavy reliance on tourism of Mainland China. We will continue to keep our operations in hibernation mode until the situation improves. With the renewal of the Macau gaming licences in progress, we are confident that as soon as the ease of border policies, this market will bounce back very quickly.

2. Building Solutions

For the six months ended 30 September 2022, BSL has registered a segment loss of approximately HK\$0.9 million (2021: HK\$1.6 million).

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

The third year of BSL's operations have shown a significant improvement in sales rewarding the team for their hard work and dedication during the early stages of the business.

Whilst BSL's core air quality based products continue to perform well, it is Company's new energy efficient lighting solution that is leading the charge in this period's sales. Our products have now been selected and approved by a number of leading Hong Kong organisations and in particular, we are in the process of renewing all of the lights in the branches and offices of one of Hong Kong's leading banking organisations.

BSL is now well placed to benefit from the current focus on ESG and we look forward to reporting continued gains in this subsidiary moving forward.

3. Strategic Investments

For the six months ended 30 September 2022, the strategic investments division of the Group has registered a segment loss of approximately HK\$4.5 million (2021: segment profit HK\$0.4 million).

Despite solid performance of the individual assets of the this division, we have suffered from negative currency swings in the UK pound and the Euro and these swings are the sole reason for the loss recorded in this period.

The main reason behind the unusually large currency movements is high inflation in the United States (the "US"). The US was the first country to begin raising its interest rates to combat inflation and has been the most aggressive with both the timing and the levels of the increases.

We predict that there will be further interest rate increases in the coming year however these increases will reduce in both frequency and size. As inflation numbers are tempered by the high interest rates, currency exchanges will begin to return to normal and in twelve to eighteen months times, we expect to see a requisite gain from the reversal of these positions.

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

MOVING FORWARD

The new administration in Hong Kong has made great efforts to return the territory to normal operations. Covid-19 restrictions are being removed on a regular basis and both living in and travelling in and out of the territory are now the simplest it has been in almost three years. Whilst these improvements will greatly improve life in the territory, it is essential for Mainland China to mirror these improvements before we will see significant improvements in both tourism and international investment.

We will continue to work hard over the coming months to get through this challenging period and will continue to look for opportunities that provide the Group with a financial and strategic advantage.

We continue to have great faith in Hong Kong and China as a base for our operations and believe that the efforts made enduring these current challenges will be rewarded in the near future.

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			
	2022		2021	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
	(Unaudited)		(Unaudited)	
Hong Kong	175,406	100.0%	168,591	100.0%
Macau	—	0.0%	—	0.0%
Total	175,406	100.0%	168,591	100.0%

Revenue by type of projects

	Six months ended 30 September			
	2022		2021	
	HK\$'000 (Unaudited)	% of revenue	HK\$'000 (Unaudited)	% of revenue
Fitting-out projects	151,586	86.4%	133,805	79.4%
A&A projects	23,820	13.6%	34,786	20.6%
Total	175,406	100.0%	168,591	100.0%

The Group's revenue from contracting for the six months ended 30 September 2022 was approximately HK\$175.4 million, which represented an increase of approximately HK\$6.8 million or approximately 4.0% over the last corresponding period. The Group's revenue had remained stable.

The Group's gross profit from contracting business decreased by approximately HK\$9.6 million or approximately 33.5% from approximately HK\$28.8 million for the six months ended 30 September 2021 to approximately HK\$19.2 million for the six months ended 30 September 2022. The Group's gross profit margin from contracting for the six months ended 30 September 2022 decreased to approximately 10.9% from approximately 17.1% for the six months ended 30 September 2021. The decrease in gross profit and gross profit margin was mainly attributable to an increased gross profit recognised for the six months ended 30 September 2021 due to the timing of the conclusion of a number of final accounts.

Building Solutions

Our business segment, BSL reported revenue of approximately HK\$1.9 million for the six months ended 30 September 2022 as compared to approximately HK\$0.3 million for the six months ended 30 September 2021, which represented an increase of approximately HK\$1.6 million or 602.6%. Gross profit has also increased by approximately HK\$0.7 million or 696.8% from approximately HK\$0.1 million for the six months ended 30 September 2021 to approximately HK\$0.8 million for the six months ended 30 September 2022. The gross profit margin of BSL for the six months ended 30 September 2022 was approximately 40.6% as compared to approximately 35.7% for the six months ended 30 September 2021. The increase in revenue and gross profit was mainly due to the increased sales for energy efficient lighting products.

Strategic Investments

During the six months ended 30 September 2022, the Group received dividends from financial assets at FVTPL of approximately HK\$0.2 million (2021: HK\$0.9 million) and recognised net realised and unrealised losses on financial assets at FVTPL of approximately HK\$3.1 million as compared to a net realised and unrealised loss of approximately HK\$0.4 million for the six months ended 30 September 2021. The increased loss was mainly due to the exchange losses arisen from the decrease in foreign currency exchange rates against the Hong Kong dollar. For details, please see section headed “Significant investments held” in this announcement.

During the six months ended 30 September 2022, the Group acquired an investment property located in Dublin, Ireland. As of the six months ended 30 September 2022, the Group had received rental income of approximately HK\$2.3 million.

Administrative and other operating expenses

The administrative and other operating expenses for the six months ended 30 September 2022 were approximately HK\$20.4 million, representing an increase of approximately HK\$5.6 million or approximately 38.0% from approximately HK\$14.8 million for the six months ended 30 September 2021. The increase was mainly due to the increase in foreign currency exchange losses.

Loss/profit for the period

The Group’s loss attributable to the owners of the Company for the six months ended 30 September 2022 amounted to approximately HK\$0.2 million, representing a decrease of approximately HK\$12.5 million or approximately 101.3% as compared with a profit of approximately HK\$12.4 million for the six months ended 30 September 2021. Such decrease was mainly due to the decrease in gross profit and increase in administrative and operating expenses as mentioned above.

Bank borrowings

As at 30 September 2022, the Group had bank borrowings of approximately HK\$56.9 million (As at 31 March 2022: HK\$Nil). 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 2022, the Group had current assets of approximately HK\$224.0 million (as at 31 March 2022: HK\$296.4 million), of which approximately HK\$63.6 million was cash and cash equivalents (as at 31 March 2022: HK\$141.6 million), mainly denominated in Hong Kong dollars. As at 30 September 2022, the Group had non-current liabilities of approximately HK\$56.2 million (as at 31 March 2022: HK\$1.8 million), and its current liabilities amounted to approximately HK\$141.0 million (as at 31 March 2022: HK\$148.3 million), consisting mainly of payables arising from the normal course of operation. Accordingly, the current ratio of the Company, being the ratio of current assets to current liabilities, was approximately 1.6 as at 30 September 2022 (as at 31 March 2022: 2.0).

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 2022, the gearing ratio of the Group was approximately 38.1% (as at 31 March 2022: 2.7%). Total debts include bank borrowings and 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 2022, the Group's exposure to currency risks was mainly attributable to certain listed equity investments included in financial assets at FVTPL and investment property, which are denominated in British pound sterling and Euro. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency fluctuations to cause material operational difficulties or liquidity problems.

Save as disclosed above, the Group's monetary assets and transactions are principally denominated in Hong Kong dollars, it did not have any significant exposure to risk resulting from changes in foreign currency exchange rates during the six months ended 30 September 2022.

During the six months ended 30 September 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 30 September 2022, the Group did not have any significant capital commitments (as at 31 March 2022: nil).

Information on employees

As at 30 September 2022, the Group had 95 employees (as at 30 September 2021: 90), including the executive Directors. Total staff costs (including Directors’ emoluments) were approximately HK\$33.3 million for the six months ended 30 September 2022, as compared with approximately HK\$29.1 million for the six months ended 30 September 2021. Remuneration is determined with reference to market norms and individual employees’ performance, qualification and experience.

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

The salaries and benefits of the Group’s employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 20 September 2016 (the “**Share Option Scheme**”), pursuant to which options to subscribe for shares may be granted to the Directors and employees of the Group.

Share Option Scheme

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

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

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

Significant investments held

As at 30 September 2022, the Group had listed equity investments included in financial assets at FVTPL of approximately HK\$13.0 million (as at 31 March 2022: HK\$16.1 million).

During the six months ended 30 September 2022, the Group received dividends of approximately HK\$0.2 million (2021: HK\$0.9 million). The Group recognised a net realised and unrealised loss on financial assets at FVTPL of approximately HK\$3.1 million. The listed equity investments mainly comprised high quality blue chip banking corporations listed in the United Kingdom. The Group expects to benefit from the receipt of dividends and capital gains in the long term. The Group will continue to monitor and assess the performance of these investments and make timely and appropriate adjustments to enhance the returns on investment for the Group and ultimately benefit the Shareholders as a whole.

As at 30 September 2022, the fair value of each of the listed equity investments represented less than 5% of the total assets of the Group.

During the six months ended 30 September 2022, the Group acquired a property located at Dublin, Ireland (the “**Property**”). The Property is held by the Group to earn rentals and hence is classified as investment property. For further details, please refer to note 2(A) to the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 and the section headed “Management Discussion and Analysis — Financial Review” in this announcement.

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

Future plans for material investments and capital assets

The Group did not have other plans for material investments and capital assets as at 30 September 2022.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2022, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge and charges of assets

As at 30 September 2022, pledged deposits amounted to approximately HK\$13.5 million (as at 31 March 2022: HK\$14.9 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.

The bank borrowing is secured by a limited recourse guarantee provided by subsidiaries of the Company and a debenture by a subsidiary of the Company.

Contingent liabilities

The Group had no material contingent liabilities as at 30 September 2022 (as at 31 March 2022: nil).

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the six months ended 30 September 2022 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 2022, 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 C.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 2022.

Code Provision C.2.1 of the Corporate Governance Code stipulates that 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 the Company and our shareholders (the “**Shareholders**”) as a whole. The Company will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the 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 2022.

AUDIT COMMITTEE

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

The unaudited consolidated interim financial statements for the six months ended 30 September 2022 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 2022 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022.

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 2022 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, 24 November 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.