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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 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Increase/ (decrease)
	2023	2022	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(Unaudited)	(Unaudited)	
Revenue and other gains/(losses)	216,856	176,634	22.8%
Gross profit	12,716	19,307	(34.1)%
(Loss)/profit before income tax expense	(4,869)	869	(660.3)%
Loss attributable to the owners of the Company for the period	(4,936)	(158)	3,024.1%
Basic and diluted loss per share (HK cents)	(0.6)	(0.0)	3,024.1%

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023.

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 2023, together with the comparative figures for the corresponding period in 2022.

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

For the six months ended 30 September 2023

		Six months ended	
		30 September	
	<i>Notes</i>	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	6	219,252	179,728
Other gains/(losses)	6	(2,396)	(3,094)
Revenue and other gains/(losses)	6	216,856	176,634
Direct costs		(204,140)	(157,327)
Gross profit		12,716	19,307
Other income	7	423	2,694
Administrative and other operating expenses		(15,853)	(20,407)
Finance costs	9	(2,155)	(725)
(Loss)/profit before income tax expense	8	(4,869)	869
Income tax expense	10	(195)	(1,229)
Loss for the period		(5,064)	(360)
Loss for the period attributable to:			
— Owners of the Company		(4,936)	(158)
— Non-controlling interests		(128)	(202)
		(5,064)	(360)
Other comprehensive income, after tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(569)	(1,785)
Total comprehensive income		(5,633)	(2,145)
Total comprehensive income attributable to:			
— Owners of the Company		(5,505)	(1,943)
— Non- controlling interests		(128)	(202)
		(5,633)	(2,145)
Loss per share:	11		
Basic and diluted (HK cents)		(0.6)	(0.0)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	<i>Notes</i>	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		278	486
Right-of-use assets		430	1,721
Financial assets at fair value through profit or loss		7,603	9,999
Investment property		<u>121,206</u>	<u>124,633</u>
Total non-current assets		<u>129,517</u>	<u>136,839</u>
Current assets			
Contract assets		112,625	89,611
Trade and other receivables	13	50,532	19,089
Property under development		10,956	10,943
Inventories		503	480
Pledged deposits		7,657	6,486
Tax recoverable		195	371
Cash and cash equivalents		<u>38,741</u>	<u>58,870</u>
Total current assets		<u>221,209</u>	<u>185,850</u>
Current liabilities			
Contract liabilities		–	492
Trade and other payables	14	118,367	76,141
Bank borrowings repayable within 12 months		19,400	19,333
Lease liabilities		233	1,759
Tax payables		<u>803</u>	<u>684</u>
Total current liabilities		<u>138,803</u>	<u>98,409</u>
Net current assets		<u>82,406</u>	<u>87,441</u>
Total assets less current liabilities		<u>211,923</u>	<u>224,280</u>
Non-current liabilities			
Bank borrowings repayable beyond 12 months		<u>54,792</u>	<u>61,516</u>
Total non-current liabilities		<u>54,792</u>	<u>61,516</u>
NET ASSETS		<u>157,131</u>	<u>162,764</u>
Capital and reserves			
Share capital	15	8,000	8,000
Reserves		<u>150,466</u>	<u>155,971</u>
Equity attributable to owners of the Company		<u>158,466</u>	<u>163,971</u>
Non-controlling interests		<u>(1,335)</u>	<u>(1,207)</u>
TOTAL EQUITY		<u>157,131</u>	<u>162,764</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 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, property 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 2023 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 2023, 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 2023, 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

(a) Amendments adopted from 1 April 2023

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 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The new or amended HKFRSs that are effective from 1 April 2023 did not have any significant impact on the Group’s accounting policies.

(b) New guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (“**the Amendment Ordinance**”) was gazetted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“**MPF**”) to offset severance payment (“**SP**”) and long service payments (“**LSP**”) (“**the Abolition**”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (“**the Transition Date**”).

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of employer’s MPF contributions and its LSP obligation and hence the impact arising from the Abolition, in July 2023 the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“**the Guidance**”) to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of HKAS 19.93(a)
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

In prior years and in this 6-month interim period, the Group has estimated its LSP obligations along the defined benefit plan accounting requirements under HKAS 19 Employee Benefits whereas its obligations under MPF scheme are accounted for as defined contribution plan. The Group's estimated LSP obligation is reduced by the accrued MPF benefits derived from its contributions. The Guidance provides new information on the accounting for the interaction between the employer's MPF contributions and its LSP obligations. Based on the Group's assessment, it would need to change its accounting policy for the interaction to confirm with the guidance. The Group's management team is now collecting information and assessing the financial statements impacts under the above-mentioned two accounting approaches. At the time when these interim financial statements are authorised for issue, the management team is continuing the information collection and impacts assessment. Therefore the Group has not yet concluded the new accounting policy and the resultant impacts on its financial statements. No matter which of Approach 1 or Approach 2 is the Group's new accounting policy, the new accounting policy would be applied retrospectively in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Group estimated that the new accounting policy would be concluded before the end of early 2024 and the resultant impacts on financial statements would be reflected in the Group's 2024 annual financial statements.

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 2023.

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 2023, the Group has four (2022: three) reportable segments. Property investments is identified as a new reportable segment following the acquisition of a property located in Ireland last year. 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 property development
 - Property Investments — rental income from leasing of property in Ireland
- (a) The segment revenue and results for the six months ended 30 September 2023 and 2022 are as follows:

Six months ended 30 September 2023

	Contracting <i>HK\$'000</i> (Unaudited)	Building Solutions <i>HK\$'000</i> (Unaudited)	Strategic Investments <i>HK\$'000</i> (Unaudited)	Property Investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue & other gains/(losses)	213,343	2,193	(2,161)	3,481	216,856
Inter-segment revenue	—	—	—	—	—
Total revenue from external customers and other sources	213,343	2,193	(2,161)	3,481	216,856
Segment profit/(loss)	(1,203)	(579)	(2,667)	599	(3,850)
Unallocated bank interest income					423
Unallocated corporate expenses					(1,442)
Loss before income tax expense					(4,869)

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	<u>–</u>	<u>(49)</u>	<u>–</u>	<u>(49)</u>
Total revenue from external customers and other sources	175,406	1,862	(634)	176,634
Segment profit/(loss)	9,746	(940)	(4,457)	4,349
Unallocated bank interest income				4
Unallocated corporate expenses				(3,359)
Finance costs				<u>(125)</u>
Profit before income tax expense				<u><u>869</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 and corporate expenses for the six months ended 30 September 2023. Segment results represent the profit earned or loss incurred by each segment without allocation of certain bank interest income, corporate expenses and finance costs for the six months ended 30 September 2022. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The segment assets and liabilities as at 30 September 2023 are as follows:

	Contracting <i>HK\$'000</i> (Unaudited)	Building Solutions <i>HK\$'000</i> (Unaudited)	Strategic Investments <i>HK\$'000</i> (Unaudited)	Property Investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	184,644	2,733	18,591	125,446	331,414
Unallocated assets					<u>19,312</u>
					350,726
Segment liabilities	134,031	435	43	58,129	192,638
Unallocated liabilities					<u>957</u>
					<u><u>193,595</u></u>

The segment assets and liabilities as at 31 March 2023 are as follows:

	Contracting <i>HK\$'000</i>	Building Solutions <i>HK\$'000</i>	Strategic Investments <i>HK\$'000</i>	Property Investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	139,187	4,079	24,045	133,590	300,901
Unallocated assets					<u>21,788</u>
					322,689
Segment liabilities	92,894	649	20	65,353	158,916
Unallocated liabilities					<u>1,009</u>
					<u><u>159,925</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, and certain cash and cash equivalents for the six months ended 30 September 2023; and
- all liabilities are allocated to reportable and operating segments other than certain other payables for the six months ended 30 September 2023.
- all assets are allocated to reportable and operating segments other than certain other receivables, right-of use assets and certain cash and cash equivalents for the six months ended 30 September 2022; and
- all liabilities are allocated to reportable and operating segments other than certain other payables and lease liabilities for the six months ended 30 September 2022.

(b) Other segment information

For the six months ended 30 September 2023:

	Contracting	Building	Strategic	Property	Segment	Unallocated	Consolidated
	HK\$'000	Solutions	Investments	Investments	Total	HK\$'000	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Amount included in the measure of segment profit or loss or segment assets:							
Interest income	-	-	-	-	-	423	423
Interest expenses	357	7	-	1,791	2,155	-	2,155
Depreciation of property, plant and equipment	62	218	-	-	280	-	280
Depreciation of right-of-use assets	1,106	185	-	-	1,291	-	1,291
Net fair value gains/(losses) on financial assets at FVTPL	-	-	(2,396)	-	(2,396)	-	(2,396)
Additions of property, plant and equipment	72	-	-	-	72	-	72

For the six months ended 30 September 2022:

	Contracting	Building	Strategic	Segment	Unallocated	Consolidated
	HK\$'000	Solutions	Investments	Total	HK\$'000	HK\$'000
		HK\$'000	HK\$'000	HK\$'000		
Amount included in the measure of segment profit or loss or segment assets:						
Interest income	-	-	-	-	4	4
Interest expenses	-	-	600	600	125	725
Depreciation of property, plant and equipment	62	220	-	282	-	282
Depreciation of right-of-use assets	1,106	185	-	1,291	-	1,291
Net fair value gains/(losses) on financial assets at FVTPL	-	-	(3,094)	(3,094)	-	(3,094)
Additions of property, plant and equipment	75	-	-	75	-	75
Additions of investment property	-	-	125,319	125,319	-	125,319

(c) **Geographical information**

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

The Group's revenue derived from Contracting, Building Solutions and Property Investments segments from external customers for the six months ended 30 September 2023 is analysed as follows:

Revenue from external customers	Six months ended 30 September		
	2023		
	Contracting	Building	Property
	<i>HK\$'000</i>	<i>Solutions</i>	<i>Investments</i>
	<i>(Unaudited)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Hong Kong	213,343	2,100	–
Ireland	–	–	3,481
Macau and others	–	93	–
	<u>213,343</u>	<u>2,193</u>	<u>3,481</u>

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	Building	Strategic
	<i>HK\$'000</i>	<i>Solutions</i>	<i>Investments</i>
	<i>(Unaudited)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Hong Kong	175,406	1,806	–
Ireland	–	–	2,259
Macau and others	–	56	–
	<u>175,406</u>	<u>1,862</u>	<u>2,259</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 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Hong Kong	708	2,207
Ireland	121,206	124,633
	121,914	126,840

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

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

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer I	38,584	N/A
Customer II	37,989	N/A
Customer III	33,609	N/A
Customer IV	24,204	N/A
Customer V	N/A	42,574
Customer VI	N/A	27,625
Customer VII	N/A	25,958
Customer VIII	N/A	23,640

The revenues from above major customers are all derived from the Contracting segment.

The corresponding revenue of Customers V, VI, VII and VIII does not contribute over 10% of the Group's total revenue from external customers for the six months ended 30 September 2023.

The corresponding revenue of Customers I, II, III and IV did not contribute over 10% of the Group's total revenue from external customers for the six months ended 30 September 2022.

6. REVENUE AND OTHER GAINS/(LOSSES)

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Revenue from Contracting	213,343	175,406
Revenue from Building Solutions	2,193	1,862
Dividend income from financial assets at FVTPL	235	201
Rental income from investment property — fixed payment	3,481	2,259
	219,252	179,728
Other gains/(losses)		
Net realised and unrealised losses on financial assets at FVTPL	(2,396)	(3,094)
	216,856	176,634

Timing of revenue recognition within scope of HKFRS 15:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from Contracting		
— Over time	213,343	175,406
Revenue from Building Solutions		
— At a point in time	2,193	1,862
	215,536	177,268

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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	423	4
Government grants (<i>note</i>)	–	2,649
Others	–	41
	<u>423</u>	<u>2,694</u>

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 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 did 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Auditor's remuneration	475	460
Depreciation of property, plant and equipment	280	282
Depreciation of right-of-use assets	1,291	1,291
Staff costs including directors' emoluments:		
— Salaries and allowances	33,114	32,563
— Contributions on defined contribution retirement plans	760	776
	<u>33,874</u>	<u>33,339</u>
Short term leases expenses	252	185
Foreign exchange loss/(gain), net	1,356	4,773
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income	<u>400</u>	<u>79</u>

9. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	29	125
Interest expenses on bank borrowings	2,126	600
	<u>2,155</u>	<u>725</u>

10. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax — provision for the period	195	1,186
Current tax — overseas — provision for the period	—	43
	<u>195</u>	<u>1,229</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 2023 and 2022, 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 2022. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2023.

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

11. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 30 September 2023 is based on the loss for the six months ended 30 September 2023 attributable to owners of the Company of approximately HK\$4,936,000 (six months ended 30 September 2022: loss HK\$158,000) and on the weighted average number of 800,000,000 (six months ended 30 September 2022: 800,000,000) ordinary shares of the Company.

Diluted loss per share for the six months ended 30 September 2023 and 2022 were the same as the basic loss 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 2023. No dividend was declared and paid in respect of the year ended 31 March 2023.

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 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Notes (i) and (ii)</i>)	49,072	17,653
Deposits and other receivables	1,014	988
Prepayments	446	448
	50,532	19,089

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 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Within 30 days	28,854	14,625
31–60 days	19,558	2,550
61–90 days	660	195
Over 90 days	–	283
	<u>49,072</u>	<u>17,653</u>

14. TRADE AND OTHER PAYABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Trade payables (<i>Note (i)</i>)	12,304	6,658
Accruals for costs of contract work	80,401	44,564
Retention payables (<i>Note (ii)</i>)	20,625	19,552
Other payables and accruals	5,037	5,367
	<u>118,367</u>	<u>76,141</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 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0–30 days	11,695	6,314
31–60 days	274	20
61–90 days	10	–
Over 90 days	325	324
	<u>12,304</u>	<u>6,658</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 2023, retention payables of approximately HK\$667,000 (31 March 2023: HK\$907,000) 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 2023 (Unaudited)	As at 31 March 2023 (Audited)	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <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 directors of the Company, for the six months ended 30 September 2023 and 2022 were as follows:

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Compensation of key management personnel	<u>4,348</u>	<u>3,103</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, a strategic investment division and a property investment division.

Contracting

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

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

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

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

Building Solutions

Building Solutions Limited (“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. Whether improving the air quality of work spaces or reducing the energy consumption of an end user, BSL strives to identify and implement cutting edge technology to improve the built environment for both building owners and end users.

Strategic Investments

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

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

Property Investments

Through its subsidiary IBI International Investments Limited, the Group aims to make direct investments into physical property.

Through the purchase of physical real estate, the Group looks to its property investments to provide additional income to the Group and an expansion of its geographical reach.

BUSINESS REVIEW

For the six months ended 30 September 2023, the Group recorded a loss attributable to the owners of the Company after tax of approximately HK\$4.9 million (2022: loss HK\$0.2 million) from revenue and other gains/(losses) totalling approximately HK\$216.9 million (2022: HK\$176.6 million).

1. Contracting

During the six months ended 30 September 2023, the Group completed 5 projects and was awarded 11 projects, 10 of which were fitting-out projects and 1 was an alteration and addition (“A&A”) project. The Group recorded segment loss from contracting of approximately HK\$1.2 million.

The number of tendering opportunities available to the Group has increased significantly within the period and despite the continuing high levels of competition, the Group has had considerable success in securing new projects.

The Group continues to suffer from a lag effect from the previous year’s drop in turnover and this has been reflected in the margin that has been brought forward. We are confident however that the increase in projects recently secured, will generate significant margin and reflect a solid performance by year end.

With regards to Macau, whilst the reviewing and re-issuing of new gaming licenses has been concluded, opportunities for new projects continue to be muted. As previously advised, our office in Macau is in hibernation mode until such time that we believe the volume of new projects is sufficient to warrant the allocation of resources.

2. Building Solutions

For the six months ended 30 September 2023, BSL has registered a segment loss of approximately HK\$0.6 million (2022: HK\$0.9 million).

BSL showed a significant improvement in its financial performance for the period compared to the previous financial year with an increase in gross profit of HK\$0.3 million.

BSL continues to go from strength to strength and is achieving solid sales to numerous well known corporate entities in Hong Kong, many with multiple real estate locations across the territory.

BSL has managed to secure distribution rights for several new products and is in the process of introducing them to both existing and new clients.

We believe that BSL will continue to improve its profitability as market saturation of BSL's product lines become more pronounced.

3. Strategic Investments

For the six months ended 30 September 2023, the strategic investments division of the Group has registered a segment loss of approximately HK\$2.7 million (2022: HK\$4.5 million).

The segment loss is realised from an unrealised fair value loss of our investment in a large Real Estate Investment Trust, a Hong Kong listed company which owns and manages a diversified and high-quality portfolio including retail facilities, car parks, offices and logistics assets across China, Australia, Singapore and the UK. Its core strengths are portfolio management, capital management and asset management and we believe they represent a valid alternative to the direct property ownership option.

The Group has previously secured two adjacent parcels of development land in Hokkaido, Japan. The land is located in close proximity to a future station of the planned Shinkansen high speed rail line and has great future potential as the local town develops.

The Group is now working with a local planning and development specialist in order to establish the most efficient use of the land as well as the timing of the development.

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

4. Property Investments

For the six months ended 30 September 2023, the property investments division of the Group has registered segment profit of approximately HK\$0.6 million.

The Group's asset in Dublin, Adelaide Chambers is performing well. The Group has initiated numerous building improvements to improve its appeal including a complete upgrade of the elevator, new intercom system, new exterior lighting and a number of cosmetic improvements to keep the interior in line with the style of the overall building.

Lease negotiations with one of the building's key tenants is in its final stages, as are the fit out works to their new space. The reallocation of space for this tenant has not only provided the tenant with a modern and stylish new work space but has also improved the efficiency of the overall floor. This efficiency will ultimately translate to the income of the building and its overall value.

Adelaide Chambers is a beautiful historic building which the Group is proud to have acquired. We look forward to further physical upgrades in the next twelve months and to continuing to improve its overall efficiency.

MOVING FORWARD

With the Hong Kong economy slowly returning to normal and with opportunities in the construction sector substantially improving, the Group is looking forward to improved financial results in the 2023/2024 financial year.

Many of the initiatives implemented by the Hong Kong Government over the past year are beginning to generate results and we believe that the outlook for Hong Kong remains exciting. A significant increase in tourist arrivals will undoubtedly generate significant additional income for the hotel, food and beverage and retail sectors and this improved outlook will flow down to the Group in the form of new projects.

The Group continues to actively seek out new investment opportunities and to allocate its capital efficiently and effectively. We look forward to advising our shareholders of these opportunities as we move forward.

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			
	2023		2022	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
	(Unaudited)		(Unaudited)	
Hong Kong	213,343	100.0%	175,406	100.0%
Macau	—	0.0%	—	0.0%
Total	213,343	100.0%	175,406	100.0%

Revenue by type of projects

	Six months ended 30 September			
	2023		2022	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
	(Unaudited)		(Unaudited)	
Fitting-out projects	174,786	81.9%	151,586	86.4%
A&A projects	38,557	18.1%	23,820	13.6%
Total	213,343	100.0%	175,406	100.0%

The Group's revenue from contracting for the six months ended 30 September 2023 was approximately HK\$213.3 million, which represented an increase of approximately HK\$37.9 million or approximately 21.6% over the last corresponding period. Our revenue is returning to a level comparable to the period before the Covid-19 pandemic.

The Group's gross profit from contracting business decreased by approximately HK\$8.9 million or approximately 46.4% from approximately HK\$19.2 million for the six months ended 30 September 2022 to approximately HK\$10.3 million for the six months ended 30 September 2023. The Group's gross profit margin from contracting for the six months ended 30 September 2023 decreased to approximately 4.8% from approximately 10.9% for the six months ended 30 September 2022. The decrease in gross profit and gross profit margin was mainly attributable to the lower gross profit margin for projects secured due to competitive tendering.

Building Solutions

Our business segment, BSL reported revenue of approximately HK\$2.2 million for the six months ended 30 September 2023 as compared to approximately HK\$1.9 million for the six months ended 30 September 2022, which represented an increase of approximately HK\$0.3 million or 17.8%. Gross profit has also increased by approximately HK\$0.3 million or 46.9% from approximately HK\$0.8 million for the six months ended 30 September 2022 to approximately HK\$1.1 million for the six months ended 30 September 2023. The gross profit margin of BSL for the six months ended 30 September 2023 was approximately 50.7% as compared to approximately 40.6% for the six months ended 30 September 2022. The increase in revenue and gross profit was mainly due to the increased sales for energy efficient lighting products and higher gross profit margin for services provided.

Strategic Investments

During the six months ended 30 September 2023, the Group received dividends from financial assets at FVTPL of approximately HK\$0.2 million (2022: HK\$0.2 million) and recognised net realised and unrealised losses on financial assets at FVTPL of approximately HK\$2.4 million as compared to a net realised and unrealised loss of approximately HK\$3.1 million for the six months ended 30 September 2022. For details, please see section headed "Significant investments held" in this announcement.

Property Investments

During the six months ended 30 September 2023, the Group's investment property located in Dublin, Ireland has generated gross rental income of approximately HK\$3.5 million as compared to approximately HK\$2.3 million for the six month ended 30 September 2022. For details, please see section headed "Significant investments held" in this announcement.

Administrative and other operating expenses

The administrative and other operating expenses for the six months ended 30 September 2023 were approximately HK\$15.9 million, representing a decrease of approximately HK\$4.6 million or approximately 22.3% from approximately HK\$20.4 million for the six months ended 30 September 2022. The decrease was mainly due to the significant foreign currency exchange losses recorded in the last period and a stringent cost control.

Loss/profit for the period

The Group's loss attributable to the owners of the Company for the six months ended 30 September 2023 amounted to approximately HK\$4.9 million, representing an increase of approximately HK\$4.8 million or approximately 3,024.1% as compared with a loss of approximately HK\$0.2 million for the six months ended 30 September 2022. Such increase in loss was mainly due to the decrease in gross profit as mentioned above.

Bank borrowings

As at 30 September 2023, the Group had bank borrowings of approximately HK\$74.2 million (as at 31 March 2023: HK\$80.8 million). 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 2023, the Group had current assets of approximately HK\$221.2 million (as at 31 March 2023: HK\$185.9 million), of which approximately HK\$38.7 million was cash and cash equivalents (as at 31 March 2023: HK\$58.9 million), mainly denominated in Hong Kong dollars. As at 30 September 2023, the Group had non-current liabilities of approximately HK\$54.8 million (as at 31 March 2023: HK\$61.5 million) consisting mainly of bank borrowings, and its current liabilities amounted to approximately HK\$138.8 million (as at 31 March 2023: HK\$98.4 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 2023 (as at 31 March 2023: 1.9).

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 2023, the gearing ratio of the Group was approximately 47.4% (as at 31 March 2023: 50.8%). 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 2023, the Group's exposure to currency risks was mainly attributable to cash and cash equivalents and bank borrowings, which are denominated in 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 2023.

During the six months ended 30 September 2023, 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 2023, the Group did not have any significant capital commitments (as at 31 March 2023: nil).

Information on employees

As at 30 September 2023, the Group had 94 employees (as at 30 September 2022: 95), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$33.9 million for the six months ended 30 September 2023, as compared with approximately HK\$33.3 million for the six months ended 30 September 2022. 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 2023, the Group had listed equity investments included in financial assets at FVTPL of approximately HK\$7.6 million (as at 31 March 2023: HK\$10.0 million).

During the six months ended 30 September 2023, the Group received dividends of approximately HK\$0.2 million (2022: HK\$0.2 million). The Group recognised a net realised and unrealised loss on financial assets at FVTPL of approximately HK\$2.4 million. The listed equity investments mainly comprised high quality blue chip real estate investment trust listed in Hong Kong. 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 2023, 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. The Property has generated gross rental income of approximately HK\$3.5 million during the six months ended 30 September 2023. We expect that the Property will generate stable rental income in the future with a potential for capital appreciation.

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 2023.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2023, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge and charges of assets

As at 30 September 2023, pledged deposits amounted to approximately HK\$7.7 million (as at 31 March 2023: HK\$6.5 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 2023 (as at 31 March 2023: nil).

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the six months ended 30 September 2023 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 2023, 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 2023.

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 ("**Mr. 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 2023.

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. Christopher John Brooke.

The consolidated interim financial statements for the six months ended 30 September 2023 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 2023 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 2023.

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 2023 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, 23 November 2023

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. Christopher John Brooke.