



IBI Group Holdings Limited Announces Details of Proposed Listing on the Main Board of SEHK

Highlights

- IBI is the second largest player in the renovation service industry in Hong Kong in 2015 in terms of revenue, with a market share of approximately 2.78%, according to a research conducted by Crowe Horwath (HK) Consulting & Valuation Limited.
- Diversified customer base includes a number of reputable organisations and commercial enterprises in the private sector in Hong Kong and Macau including a horse racing and betting operator in Hong Kong, multi-national banks, and hotel and casino operators.
- For the years ended 31 March 2014, 2015 and 2016, the Group generated revenue of approximately HK\$456.8 million, HK\$539.5 million and HK\$661.1 million, respectively, representing a CAGR of approximately 20.3%.
- IBI derived around 90.0% of its revenue from tender projects for the three years ended 31 March, 2016. For the three years ended 31 March 2016, the Group submitted 146, 119 and 108 tenders, respectively, with respective tender success rates of approximately 15.1%, 16.5% and 18.5%, respectively.
- As at the Latest Practicable Date, IBI had seven fitting-out projects in progress with a total notional contract sum of approximately HK\$246.2 million and two alteration and addition projects in progress with a total notional contract sum of approximately HK\$299.0 million.

(29 September 2016, Hong Kong) — **IBI Group Holdings Limited** (“**IBI**” or the “**Group**”), a building contractor focusing on providing renovation services as a main contractor for property projects in the private sector in Hong Kong and Macau, has today announced the details of its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (“**SEHK**”).

Offering Details

IBI Group Holdings Limited intends to offer a total of 200,000,000 Shares, of which 90% are for Placing Shares (subject to re-allocation); and the remaining 10% of the Offer Shares, or 20,000,000 Shares (subject to re-allocation), are for the Hong Kong Public Offer. After deducting underwriting fees and estimated expenses in relation to the Share Offer payable by IBI, the net proceeds which the Group will receive from the Share Offer is estimated to be approximately HK\$56.2 million (based on the mid-point of the indicative Offer Price range of HK\$0.4 per Offer Share).

The Hong Kong Public Offer begins on 29 September 2016 (Thursday) and will end at 12:00 noon on 5 October 2016 (Wednesday). The final offer price, the indication of the level of interest in the placing, the level of applications in the Public Offer, and the basis of allocation of the Public Offer Shares under the Public Offer are expected to be announced on 13 October 2016 (Thursday). Dealings in IBI’s shares are expected to commence on the Main Board of SEHK at 9:00 a.m. on 14 October 2016 (Friday) under the stock code 1547. Shares will be traded in board lots of 8,000 Shares each.

Lego Corporate Finance Limited is the Sole Sponsor; while Quam Securities Company Limited is the Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager of the listing.

Investment Highlights

Established reputation and proven track record

IBI was established in Hong Kong in 1997 and have extensive experience in the industry. According to a research conducted by Crowe Horwath (HK) Consulting & Valuation Limited, the Group ranked second in the renovation service industry in Hong Kong in 2015 in terms of revenue, with a market share of approximately 2.78%. Leveraging on the Group's long operating history, IBI believes that the Group has built up a track record of completing projects on a timely basis and being able to consistently meet its customer's expectations and requirements. Throughout the Group's years of operation, the Group has established and maintained stable relationships with some of its major customers, comprising mainly reputable organisations and commercial enterprises in the private sector. IBI believes the Group's proven track record and strong relationships with its customers enable the Group to compete successfully with other industry players, which is particularly important when the Group competes with other contractors to receive invitations to tenders and contract award based on past performance, industry reputation and reliability.

Implementation, management and execution expertise in renovation projects

IBI acts as the main contractor in the vast majority of its renovation projects of different levels of complexity. The Group has been involved in a variety of fitting-out and alteration and addition projects for different types of premises in the private sector, including offices, clubhouses, hotels, casinos, restaurants and bars, shops and shopping malls, and industrial properties. Utilising its long years of experience in such projects, IBI has developed a project tendering, procurement and contracting strategy to suit the nature of the particular project challenges. IBI adopts a cost estimate plus mark-up pricing strategy and considers the implementation of its tender assessment process critical to ensure its pricing objectives are met. In addition, leveraging on the Group's experience with different types of renovation projects and premises in the private sector and the Group's connections with its suppliers, IBI is able to control budget and scheduling, accommodate customer's changing requirements and preferences during the course of the projects and swiftly resolve procurement and implementation issues. The Group adopts a well-focused project implementation and resources allocation style and is successful in completing projects which require fast implementation time. The Group believes its expertise in implementing, managing and executing its renovation projects systemically and efficiently is a significant factor distinguishing the Group from its competitors.

Commitment to the management of risk, quality, health, safety and environmental protection

IBI has a long-term commitment to the management of risk, quality, health, safety and environmental protection. The Group's approach is supported by IBI's guiding values and endorsed by the Group's various certifications and internal operating procedures. IBI has been accredited with ISO 9001 (quality management), ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety) certifications since May 2007, December 2012 and December 2012, respectively. To control the Group's risk exposure on quality, health, safety and the environmental protection aspects, IBI adopts and implements procedures regarding:

- (i) Accountability and traceability in the supply chain by introducing a strictly documented tracking system for the Group's processes such as construction procedure checks, quality control of subcontractors and suppliers of materials;
- (ii) Development of project implementation procedures that produce less waste including considering environmental criteria in the selection of new implementation procedures;
- (iii) Assessment of subcontractors and suppliers of materials in terms of environmental and quality criteria; and
- (iv) Regularly updating the Group's safety and quality measures applicable to IBI's and its subcontractors' staffs.

Experienced and efficient management team and key personnel

IBI's executive Directors and senior management team have extensive industry knowledge, project management experience and industry expertise in the renovation business as well as other peripheral operations. Mr. Howard and Mr. Smithers, being the executive Directors, have over nine years and over 21 years experience in the construction industry, respectively. The Group's senior management also have 14 to 21 years of experience in property development and fitting-out industry, the construction industry and the field of quantity surveying. IBI believes that the collective knowledge, experience and expertise of the senior management and key personnel will facilitate the creation of competitive tenders in a timely manner,

and are essential to the Group in securing new business, and the efficient and timely implementation and supervision of IBI's works.

Strategic Plan Moving Forward

Moving forward, IBI aims to expand its scale of business and strengthen its market position in the renovation service industry in Hong Kong and Macau. It plans to, among others, further strengthen its market position in the fitting-out industry in Hong Kong, further expand its alteration and addition business in Hong Kong and solidify its market position in the renovation service industry in Macau.

Following the Listing, with the net proceeds from the Share Offer and the flexibility and additional avenues to raise funds, IBI plans to actively pursue more larger sized projects so as to expedite the Group's organic growth by:

- (i) Participating in a greater proportion of tender opportunities (especially the larger sized projects) that the Group receives;
- (ii) Proactively strengthening business relationships with its business partners, such as project managers, building services consultants, architects, quantity surveyors, customers and subcontractors; and
- (iii) Increasing the number of professional and skilled staff (such as quantity surveyors, accounting staff, safety officers, working drawing staff and staff for tendering department) to cope with the increased tendering activities and to execute the additional works that are secured.

Mr. Neil David Howard, Chairman, CEO, and Executive Director of IBI, said, "The listing of IBI on the Main Board of SEHK marks another milestone for the Group. It enhances the company's competitiveness and solidifies its market position and ability to take on larger scaled projects in the future. We consider it important that our Group will at all time strive to strengthen our competitiveness and financial standing, in order to be well-prepared to respond to adversities and to minimise their impact on our Group when they arise, so as to maintain our market position in the renovation service industry and be sustainable in the long run."

– The End –

Financial Highlights

HK\$'000	Year ended 31 Mar 2014	Year ended 31 Mar 2015	Year ended 31 Mar 2016
Revenue	456,831	539,466	661,082
Gross profit	35,599	47,198	53,975
Gross profit margin	7.8%	8.7%	8.2%
Profit for the year	14,574	22,383	28,269
Net profit margin	3.2%	4.1%	4.3%

	As at / Year ended 31 Mar 2014	As at / Year ended 31 Mar 2015	As at / Year ended 31 Mar 2016
Current ratio	1.1 times	1.2 times	1.3 times
Gearing ratio	163.1%	47.7%	3.1%
Debt-to-equity ratio	N/A	N/A	N/A
Interest coverage	15.4 times	53.8 times	178.5 times
Return on total assets	7.5%	11.0%	9.3%
Return on equity	94.5%	59.2%	42.8%

Use of Proceeds

Use of proceeds	Approximate percentage of net proceeds	Approximate amount of net proceeds
For paying the start-up costs of more and larger sized projects in Hong Kong and Macau in order to expedite the Group's organic growth and expand its business scale	90.8%	HK\$51.0 million
General corporate purposes	9.2%	HK\$5.2 million

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