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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 2017

FINANCIAL HIGHLIGHTS			
	Six months ended 30 September		Increase/ (decrease)
	2017	2016	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(Unaudited)	(Unaudited)	
Revenue	350,925	382,210	(8.2%)
Gross profit	32,559	29,421	10.7%
Profit before income tax expense	19,554	3,066	537.8%
Profit for the period (excluding listing expenses)	16,239	15,841	2.5%
Profit for the period	16,239	384	4,128.9%
Basic and diluted earnings per share (HK cents)	2.0	0.1	1,900.0%

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

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of IBI Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2017, together with the comparative figures for the corresponding period in 2016.

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

For the six months ended 30 September 2017

	<i>Notes</i>	Six months ended	
		2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	350,925	382,210
Cost of sales		(318,366)	(352,789)
Gross profit		32,559	29,421
Other income and gain	5	362	4
Administrative and other operating expenses		(13,367)	(26,265)
Finance costs		–	(94)
Profit before income tax expense	6	19,554	3,066
Income tax expense	7	(3,315)	(2,682)
Profit and total comprehensive income for the period		16,239	384
Earnings per share:	8		
Basic and diluted (HK cents)		2.0	0.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		<u>1,854</u>	<u>2,331</u>
Current assets			
Amounts due from customers for contract work	<i>10</i>	105,607	120,700
Trade and other receivables	<i>11</i>	138,560	63,607
Pledged deposits		20,930	15,947
Tax recoverable		61	227
Cash and cash equivalents		<u>113,874</u>	<u>122,341</u>
Total current assets		<u>379,032</u>	<u>322,822</u>
Current liabilities			
Trade and other payables	<i>12</i>	223,619	185,371
Tax payables		2,548	1,302
Dividend payable		<u>8,000</u>	<u>–</u>
Total current liabilities		<u>234,167</u>	<u>186,673</u>
Net current assets		<u>144,865</u>	<u>136,149</u>
NET ASSETS		<u>146,719</u>	<u>138,480</u>
Capital and reserves			
Share capital	<i>13</i>	8,000	8,000
Reserves		<u>138,719</u>	<u>130,480</u>
TOTAL EQUITY		<u>146,719</u>	<u>138,480</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempt company with limited liability on 6 April 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman, KY1-9007, Cayman Islands. Its principal place of business is located at 3/F, Bangkok Bank Building, 18 Bonham Strand West, Hong Kong.

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

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred hereafter as 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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2017 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 2017, 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.

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. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis. Except for the adoption of the new and amended HKFRSs for annual periods beginning on 1 April 2017, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 March 2017, except as described below.

During the interim period, the Group has adopted all the following new and amended HKFRSs which are first effective for the reporting period and relevant to the Group.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

The adoption of these amended HKFRSs has no material effect to the Group’s accounting policies and the Directors considered that the changes are not material to the Group’s results of operations or financial position.

The Group has not yet adopted any new and amended HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results of operations and financial position.

4. REVENUE AND SEGMENT REPORTING

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

Management regularly reviews the operating results from a project-based perspective. The reportable operating segment derives its revenue primarily from provision of renovation services as a main contractor for property projects in the private sector in Hong Kong and Macau. Accordingly, the Group has only one business segment and no further analysis of this single segment is considered necessary.

Revenue, which is also the Group's turnover, represents construction work income.

(a) Geographical information

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

The following table provides an analysis of the Group's revenue from external customers:

Revenue from external customers

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	345,715	315,728
Macau	5,210	66,482
	<u>350,925</u>	<u>382,210</u>

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

Specified non-current assets

	As at	As at
	30 September	31 March
	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Hong Kong	1,847	2,315
Macau	7	16
	<u>1,854</u>	<u>2,331</u>

(b) Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer I	57,729	N/A
Customer II	50,496	N/A
Customer III	45,573	45,745
Customer IV	43,971	N/A
Customer V	N/A	146,225
Customer VI	N/A	42,373
Customer VII	N/A	41,880

5. OTHER INCOME AND GAIN

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	362	2
Recovery of impairment loss on trade receivables previously recognised	—	2
	<u>362</u>	<u>4</u>

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging:

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	400	533
Depreciation	587	135
Staff costs including directors' emoluments:		
— Salaries and allowances	30,817	32,963
— Contributions on defined contribution retirement plans	715	734
	<u>31,532</u>	<u>33,697</u>
Minimum lease payments under operating leases	1,506	1,084
Listing expenses	—	15,457

7. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
— provision for the period	3,315	1,914
Current tax — overseas		
— provision for the period	—	768
	<u>3,315</u>	<u>2,682</u>

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2016: 16.5%) on the estimated assessable profits for the period.

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 years ended 31 December 2016. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2017.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI during the period.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2017 is based on the profit for the period attributable to owners of the Company of approximately HK\$16,239,000 (six months ended 30 September 2016: HK\$384,000) and on the weighted average number of 800,000,000 (six months ended 30 September 2016: 600,000,000) ordinary shares of the Company.

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the six months ended 30 September 2016 of 600,000,000 represents the number of ordinary shares of the Company in issue immediately after the completion of the Reorganisation and the Capitalisation Issue as defined in the paragraph headed “Share Offer and Capitalisation Issue” in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 29 September 2016, as if these shares had been issued throughout the reporting period.

Diluted earnings per share for the six months ended 30 September 2017 and 2016 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the periods.

9. DIVIDENDS

Subsequent to the reporting period, the Directors resolved the payment of an interim dividend of HK1.0 cents per ordinary share, amounting to approximately HK\$8,000,000. The proposed interim dividend subsequent to the reporting period has not been recognised as a liability at the end of the reporting period.

The final dividend in respect of the year ended 31 March 2017 amounting to HK\$8,000,000 was paid on 18 October 2017.

On 11 June 2016, the Directors declared a dividend of HK\$20 million to its then shareholders which was paid on 23 September 2016. Investors who became the shareholders of the Company after the Listing were not entitled to such dividend.

10. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

The following table sets out details of the amounts due from/(to) customers for contract work as at the end of each reporting period:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Costs incurred to date plus recognised profits	975,053	1,286,087
Less: Progress billings to date	<u>(869,446)</u>	<u>(1,165,387)</u>
	<u>105,607</u>	<u>120,700</u>
Amounts due from customers	105,607	120,700
Amounts due to customers	<u>–</u>	<u>–</u>
	<u>105,607</u>	<u>120,700</u>

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Notes (i) and (ii)</i>)	93,989	25,472
Retention receivables (<i>Note (iii)</i>)	42,925	36,694
Deposits and other receivables	1,103	1,014
Prepayments	<u>543</u>	<u>427</u>
	<u>138,560</u>	<u>63,607</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 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Within 30 days	44,225	21,653
31–60 days	34,100	2,138
61–90 days	7,513	624
Over 90 days	<u>8,151</u>	<u>1,057</u>
	<u>93,989</u>	<u>25,472</u>

- (iii) As at 30 September 2017, retention receivables of HK\$1,891,000 (31 March 2017: HK\$10,579,000) were expected to be recovered beyond twelve months after the end of the reporting period.

12. TRADE AND OTHER PAYABLES

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Trade payables (<i>Note (i)</i>)	24,371	14,361
Accruals for costs of contract work	158,260	129,306
Retention payables (<i>Note (ii)</i>)	34,910	34,068
Other payables and accruals	6,078	7,636
	<u>223,619</u>	<u>185,371</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 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
0 – 30 days	22,633	13,875
31 – 60 days	678	194
61 – 90 days	310	–
Over 90 days	750	292
	<u>24,371</u>	<u>14,361</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 2017, retention payables of HK\$1,061,000 (31 March 2017: HK\$3,974,000) were expected to be settled beyond twelve months after the end of the reporting period.

13. SHARE CAPITAL

	Number of ordinary shares		Share capital	
	As at 30 September 2017 (Unaudited)	As at 31 March 2017 (Audited)	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Ordinary shares of HK\$0.01 each				
Authorised:	<u>10,000,000,000</u>	10,000,000,000	<u>100,000</u>	100,000
Issued and fully paid	<u>800,000,000</u>	<u>800,000,000</u>	<u>8,000</u>	<u>8,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

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

Our major customers include a number of highly reputable organisations and commercial enterprises in the private sector in Hong Kong and Macau, including multi-national banks, hotel and casino operators, and racing and betting operator in Hong Kong.

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

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

BUSINESS REVIEW

For the six months ended 30 September 2017, the Company recorded profit after tax of approximately HK\$16.2 million, representing an increase of approximately 4,128.9% over the same period in the previous financial year. During the six months ended 30 September 2017, the Group has completed 10 projects and has been awarded 12 projects, of which 11 are fitting-out projects and one is an A&A project.

We continue to focus heavily on our project delivery model and are constantly pushing for additional profit through the efficient allocation of resources and innovative methods of procurement. Success in these areas have resulted in an increase in our gross profit to HK\$32.6 million for the six months ended 30 September 2017, representing an increase of approximately 10.7% from the same period last year.

MARKET REVIEW

Hong Kong

Both the fitting-out and A&A markets have remained strong for the Group during the first half of this financial year. Our project teams have remained busy for the six months ended 30 September 2017 and in relation to fitting-out projects, we have completed a fast track project for a racing and betting operator in Hong Kong as well as on-going projects for a major Hong Kong property developer and one of the region’s leading universities. In addition to fitting-out projects, we have completed three A&A projects, including one project for a container and godown centre in Kwai Chung and two projects for hotel operators in Wanchai and Tsim Sha Tsui respectively during the six months ended 30 September 2017.

Macau

Our business in Macau is currently enduring a challenging period resulting from two main factors, (i) the general downturn in the hotel and casino industry; and (ii) from being at the end of a period of extremely high activity driven by many of the hotel and casino operators expanding their businesses in the Cotai Strip area.

A significantly reduced volume of opportunities coupled with a high number of construction companies chasing work in Macau has created a highly competitive environment where risk levels have increased significantly.

We remain flexible with the work we carry out and continue to tender for projects where we believe the risk profile is acceptable and the client is known to us.

OUTLOOK

During the six months ended 30 September 2017, we have received ample tender opportunities and continued to secure new projects in Hong Kong. Shortly after the reporting period ended 30 September 2017, we were extremely pleased to be awarded a large corporate fitting-out project with a highly respected global investment bank. This project was one of the largest projects tendered recently and will provide us with work for the coming three-year period.

Moving forward, we will strive to take advantage of the high level of projects currently being tendered in Hong Kong and to convert these opportunities into working projects.

The challenges currently being faced in Macau will likely continue and we have made every effort to reduce the on-going costs in this territory. In addition to general cost control, we have actively relocated a number of staff to assist in the delivery of projects in Hong Kong. This will continue until the environment of the renovation service industry in Macau improves.

In general, we continue to strive to expand our scale of business and to strengthen our market position in the renovation service industry in both the fitting-out and A&A sectors.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

The Group is a building contractor focusing on providing renovation services as a main contractor for property projects in the private sector in Hong Kong and Macau. Our two main types of projects are (i) fitting-out projects, and (ii) A&A projects.

Revenue by geographical location of projects

	Six months ended 30 September			
	2017		2016	
	<i>HK\$'000</i> (Unaudited)	<i>% of revenue</i>	<i>HK\$'000</i> (Unaudited)	<i>% of revenue</i>
Hong Kong	345,715	98.5%	315,728	82.6%
Macau	5,210	1.5%	66,482	17.4%
Total	350,925	100.0%	382,210	100.0%

Revenue by type of projects

	Six months ended 30 September			
	2017		2016	
	HK\$'000 (Unaudited)	% of revenue	HK\$'000 (Unaudited)	% of revenue
Fitting-out projects	210,482	60.0%	337,018	88.2%
A&A projects	140,443	40.0%	45,192	11.8%
Total	350,925	100.0%	382,210	100.0%

The Group's revenue for the six months ended 30 September 2017 was approximately HK\$350.9 million, which represented a decrease of approximately HK\$31.3 million or approximately 8.2% over the last corresponding period. The slight decrease in the Group's revenue was mainly attributable to a combination of effects, such as (i) the slow down in construction market in Macau resulting in fewer projects awarded in Macau and decrease in revenue generated from projects in Macau by approximately 92.2% to approximately HK\$5.2 million from the last corresponding period; and (ii) the increase in revenue generated from projects in Hong Kong by approximately HK\$30.0 million, representing an increase of approximately 9.5% over the last corresponding period, as a result of the reasons mentioned in "MARKET REVIEW — Hong Kong" above.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$3.2 million or 10.7% from approximately HK\$29.4 million for the six months ended 30 September 2016 to approximately HK\$32.6 million for the six months ended 30 September 2017. The Group's gross profit margin for the six months ended 30 September 2017 increased to approximately 9.3% from approximately 7.7% for the six months ended 30 September 2016. The increase in gross profit margin was mainly attributable to the cost savings in subcontracting and effective cost control.

Administrative and other operating expenses

The administrative and other operating expenses for the six months ended 30 September 2017 were approximately HK\$13.4 million, representing a decrease of approximately HK\$12.9 million or 49.1% from approximately HK\$26.3 million for the corresponding period of the previous year. The decrease was mainly due to the recording of approximately HK\$15.5 million of listing expenses incurred in relation to our listing on the Main Board of the Stock Exchange on 14 October 2016 (the "Listing Date") in the previous period.

Profit for the period

The Group's profit for the six months ended 30 September 2017 amounted to approximately HK\$16.2 million, representing an increase of approximately HK\$15.8 million or approximately 41.3 times as compared with approximately HK\$0.4 million for the six months ended 30 September 2016. Such increase was mainly attributable to the absence of the listing expenses mentioned above.

Bank borrowings

As at 30 September 2017 and 31 March 2017, the Group had no bank borrowings. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

As at 30 September 2017, the Group had current assets of approximately HK\$379.0 million (as at 31 March 2017: HK\$322.8 million) which comprised cash and cash equivalents of approximately HK\$113.9 million (as at 31 March 2017: HK\$122.3 million), mainly denominated in Hong Kong dollars. As at 30 September 2017, the Group had no non-current liabilities (as at 31 March 2017: nil), and its current liabilities amounted to approximately HK\$234.2 million (as at 31 March 2017: HK\$186.7 million), consisting mainly of payables arising in the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.6 as at 30 September 2017 (as at 31 March 2017: 1.7).

Gearing ratio

The gearing ratio of the Group, calculated based on total debts at the end of the reporting period divided by total equity at the end of the reporting period and multiplied by 100%, was nil as at 30 September 2017 (as at 31 March 2017: nil).

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 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 rate during the six months ended 30 September 2017.

During the six months ended 30 September 2017, 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. There has been no change in the capital structure of the Company since that 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 2017, the Group did not have any significant capital commitments (as at 31 March 2017: nil).

Information on employees

As at 30 September 2017, the Group had 100 employees (as at 30 September 2016: 104), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$31.5 million for the six months ended 30 September 2017, as compared with approximately HK\$33.7 million for the six months ended 30 September 2016. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

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

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

Share Option Scheme

The principal terms of the Share Option Scheme were summarised in the paragraph headed "Statutory and General Information — F. Share Option Scheme" in Appendix IV to the prospectus of the Company dated 29 September 2016 (the "**Prospectus**").

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

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

Significant investments held

As at 30 September 2017, the Group did not hold any significant investment in equity interest in any other company.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets as at 30 September 2017.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2017, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge of assets

As at 30 September 2017, pledged deposits amounted to approximately HK\$20.9 million (as at 31 March 2017: HK\$15.9 million) were placed with a bank or an issuer as securities for the performance bonds issued by the bank and issuer to certain customers on their projects. The pledged deposits will be released when the bank or issuer 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 2017 (as at 31 March 2017: nil).

Use of proceeds

The net proceeds from the Company's share offer as referred to in the Prospectus was approximately HK\$65.9 million:

- approximately 90.8%, or approximately HK\$59.8 million, of the net proceeds will be used for expediting the organic growth and expanding our business scale by undertaking more and larger sized fitting-out and alteration and addition projects in Hong Kong and Macau. The allocated net proceeds from the share offer would be applied for paying the start-up costs of such prospective projects, which will include project insurance fees, costs of materials, subcontracting fees for certain start-up works and cash collateral for performance bonds; and
- approximately 9.2%, or approximately HK\$6.1 million, of the net proceeds for general corporate purposes of the Group, including the staff costs, rental, marketing and compliance expenses.

The net proceeds have been or will be applied in the manner consistent with the use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus. In particular, approximately HK\$50.1 million had been applied for paying the start-up costs of our projects and all net proceeds for general corporate purposes had been utilised, from the Listing Date up to 30 September 2017. The remaining unutilised portion of the net proceeds were deposited in reputable banks in Hong Kong.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 9 to the condensed consolidated interim financial statements, there are no significant events after the reporting period up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

CORPORATE GOVERNANCE

The Company confirms that, other than the deviation from code provision A.2.1, the Company has complied with all the code provisions ("**Code Provisions**") set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2017.

Our Company complies with the Corporate Governance Code set out in Appendix 14 to the Listing Rules with the exception for Code Provision A.2.1, which requires the roles of chairman and chief executive be different individuals. Under Code Provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Neil David Howard holds both positions. Mr. Howard has been primarily responsible for overseeing our Group's general management and business development and for formulating business strategies and policies for our business management and operations since he joined our Group in 2006. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider it is most suitable for Mr. Howard to hold both the positions of chief executive officer and the chairman of our Board and the present arrangements are beneficial and in the interests of our Company and our shareholders as a whole. Our Company will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for securities transactions. Following specific enquires of all Directors, all Directors confirm that they have complied with the required standards of dealing as set out in the Model Code throughout the six months ended 30 September 2017.

AUDIT COMMITTEE

The Company established an 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. Lap Shek Eddie Wong (Chairman), Mr. Richard Gareth Williams and Mr. Robert Peter Andrews.

The unaudited consolidated interim financial statements for the six months ended 30 September 2017 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 2017 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board resolved the payment of an interim dividend of HK1.0 cents per ordinary share in respect of the reporting period to shareholders whose names appear on the register of members of the Company on Tuesday, 19 December 2017. It is expected that the interim dividend will be paid on or around Thursday, 18 January 2018. Based on 800,000,000 shares of the Company in issue as at the date of this announcement, it is expected that the total amount of interim dividend payable to our shareholders is approximately HK\$8.0 million in aggregate for the six months ended 30 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 15 December 2017 to Tuesday, 19 December 2017 (both days inclusive) and during such period, no transfer of shares will be registered. To ensure the entitlement to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 14 December 2017.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ibi.com.hk>). An interim report of the Company for the six months ended 30 September 2017 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board
IBI Group Holdings Limited
Neil David Howard
Chairman

Hong Kong, 30 November 2017

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