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 2018

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2018	2017	**Increase/ (decrease)**
	HK$'000	*HK$'000*	
	(Unaudited)	(Unaudited)	
Revenue	**330,497**	350,925	(5.8%)
Gross profit	**29,168**	32,559	(10.4%)
Profit before income tax expense	**17,022**	19,554	(12.9%)
Profit for the period	**14,305**	16,239	(11.9%)
Basic and diluted earnings per share (HK cents)	**1.8**	2.0	(10.0%)

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

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of IBI Group Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**330,497**	350,925
Cost of sales		**(301,329)**	(318,366)
Gross profit		**29,168**	32,559
Other income and gain	*6*	**310**	362
Administrative and other operating expenses		**(12,456)**	(13,367)
Profit before income tax expense	*7*	**17,022**	19,554
Income tax expense	*8*	**(2,717)**	(3,315)
Profit and total comprehensive income for the period		**14,305**	16,239
Earnings per share:	*9*		
Basic and diluted (HK cents)		**1.8**	2.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	**As at 30 September 2018** ***HK$'000*** **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**841**	1,316
Current assets			
Contract assets	*5*	**148,763**	–
Amounts due from customers for contract work		**–**	93,477
Trade and other receivables	*11*	**63,630**	42,868
Pledged deposits		**20,400**	22,637
Tax recoverable		**–**	56
Cash and cash equivalents		**133,482**	135,243
Total current assets		**366,275**	294,281
Current liabilities			
Trade and other payables	*12*	**208,670**	153,250
Tax payables		**3,486**	1,692
Dividend payable		**20,000**	–
Total current liabilities		**232,156**	154,942
Net current assets		**134,119**	139,339
NET ASSETS		**134,960**	140,655
Capital and reserves			
Share capital	*13*	**8,000**	8,000
Reserves		**126,960**	132,655
TOTAL EQUITY		**134,960**	140,655

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The Company is an investment holding company. The principal activities of the Group are to act as a building contractor focusing on providing renovation services as a main contractor for property projects in the private sector in Hong Kong and Macau.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2018 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 2018, 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 2018, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3 below.

The preparation of these unaudited condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the unaudited condensed consolidated interim financial statements and their effect are disclosed in note 4.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

3. CHANGES IN HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKFRS 4, Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKAS 40, Transfers of Investment Property
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 Financial Instruments (see note 3A below) and HKFRS 15 Revenue from Contracts with Customers (see note 3B below) have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2018 did not have any material impact on the Group's accounting policies.

A. HKFRS 9 Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the unaudited condensed consolidated interim financial statements.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policy is applied to the Group's financial assets as follow:

Amortised cost: Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 April 2018 under HKFRS 9** *HK$'000*
Trade and other receivables	Loans and receivables	Amortised cost	9,799	9,799
Pledged deposits	Loans and receivables	Amortised cost	22,637	22,637
Cash and cash equivalents	Loans and receivables	Amortised cost	135,243	135,243

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognised ECLs for trade and other receivables, financial assets at amortised costs and contract assets earlier than HKAS 39. Pledged deposits and cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade and other receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Impact of the ECLs model

As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No impairment allowance was recognised as at 1 April 2018 as the amount of additional impairment measured under the ECLs model is immaterial.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "**DIA**"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for 31 March 2018 has not been restated.

The Directors consider that the application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognised for contracts from provision of renovation services as a main contractor in the respective reporting periods upon its initial adoption because the Directors are of the view that the Group's inputs are expected to be proportionate, in material aspect, to the progress in satisfying the performance obligation in rendering the services with reference to the Group's typical contracts.

The following adjustments were made to the amounts recognised in the unaudited condensed consolidated statement of financial position as at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts as at 31 March 2018 under HKAS 18 (as previously stated)	**Reclassification**	**Carrying amounts as at 1 April 2018 under HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Current assets (extracted)			
Contract assets	**–**	**126,109**	**126,109**
Amounts due from customers for contract work	**93,477**	**(93,477)**	**–**
Retention receivables	**32,632**	**(32,632)**	**–**

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's service are set out below:

Services	Nature of the services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018
Provision of renovation services as a main contractor	The Group provides fitting-out works and alteration and addition works to its customers. The Group has determined that for contracts with customers under provision of renovation services as a main contractor, there is one performance obligation, which is the provision of construction services. The Group has determined that the customers simultaneously receive and consume the benefits of the Group's performance and thus the Group concludes that the service should be recognised over time. Further, the Group determines that the Group's performance creates and enhances the properties which the customers control during the course of work under the terms of the contracts. Therefore, revenue from these contracts are recognised over time using input method. Invoices are issued according to contractual terms and are usually payable between 14 to 60 days. Uninvoiced amounts are presented as contract assets.	**Impact** HKFRS 15 did not result in significant impact on the Group's accounting policies. However, upon the adoption of HKFRS 15, the Group has to made reclassification from amounts due from customers for contract work and retention receivables to contract assets since under HKFRS 15, if there is any satisfied performance obligation but where the entity does not have an unconditional right to consideration, an entity should recognise a contract asset.

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 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 9 and HKFRS 15 as described in note 3 above.

5. 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. All the Group's revenue is derived from contracts with customers and is recognised over time.

The following table provides information about trade receivables and contract assets from contracts with customers:

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 1 April 2018 *HK$'000* (Unaudited)
Trade receivables	**61,856**	8,460
Contract assets	**148,763**	126,109

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on revenue related to the provision of construction works. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customer.

(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	
	2018 *HK$'000* **(Unaudited)**	2017 *HK$'000* (Unaudited)
Hong Kong	**327,554**	345,715
Macau	**2,943**	5,210
	330,497	350,925

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 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Hong Kong	**841**	1,313
Macau	**–**	3
	841	1,316

(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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer I	**209,857**	N/A
Customer II	**N/A**	57,729
Customer III	**N/A**	50,496
Customer IV	**N/A**	45,573
Customer V	**N/A**	43,971

6. OTHER INCOME AND GAIN

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**310**	362

7. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**450**	400
Depreciation	**551**	587
Staff costs including directors' emoluments:		
— Salaries and allowances	**36,659**	30,817
— Contributions on defined contribution retirement plans	**862**	715
	37,521	31,532
Minimum lease payments under operating leases	**1,293**	1,506

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
— provision for the period	**2,717**	3,315
Current tax — overseas		
— provision for the period	**–**	–
	2,717	3,315

Hong Kong profits tax is calculated at 8.25% for the first HK$2 million and 16.5% on the remaining balance (six months ended 30 September 2017: 16.5%) of estimated assessable profits for the period.

The Hong Kong Government gazetted the "Inland Revenue (Amendment) (No. 3) Ordinance 2018" on 29 March 2018 which introduces the two-tiered profits tax rates regime (the "**Regime**"). Under the Regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The Regime will be applicable to any year of assessment commencing on or after 1 April 2018.

For the six months ended 30 September 2018, Hong Kong profits tax of one of the subsidiaries of the Group, 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 2017. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2018.

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.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2018 is based on the profit for the period attributable to owners of the Company of approximately HK$14,305,000 (six months ended 30 September 2017: HK$16,239,000) and on the weighted average number of 800,000,000 (six months ended 30 September 2017: 800,000,000) ordinary shares of the Company.

Diluted earnings per share for the six months ended 30 September 2018 and 2017 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the periods.

10. DIVIDENDS

Subsequent to the reporting period, the Directors resolved the payment of an interim dividend of HK1.0 cent (six months ended 30 September 2017: HK1.0 cent) per ordinary share, amounting to HK$8,000,000 (six months ended 30 September 2017: 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 2018 of HK2.5 cents per ordinary share, amounting to HK$20,000,000 was paid on 18 October 2018.

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Trade receivables *(Notes (i) and (ii))*	**61,856**	8,460
Retention receivables *(Notes (iii) and (iv))*	**–**	32,632
Deposits and other receivables	**1,395**	1,339
Prepayments	**379**	437
	63,630	42,868

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 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Within 30 days	**56,028**	3,116
31–60 days	**–**	–
61–90 days	**580**	4,543
Over 90 days	**5,248**	801
	61,856	8,460

(iii) As at 31 March 2018, retention receivables of approximately HK$7,818,000 were expected to be recovered beyond twelve months after the end of the reporting period.

(iv) Upon the adoption of HKFRS 15, retention receivables are included in contract assets.

12. TRADE AND OTHER PAYABLES

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Trade payables *(Note (i))*	**15,197**	17,292
Accruals for costs of contract work	**149,522**	97,135
Retention payables *(Note (ii))*	**36,177**	32,158
Other payables and accruals	**7,774**	6,665
	208,670	153,250

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 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
0 –30 days	**11,798**	14,615
31 – 60 days	**3,235**	2,225
61 – 90 days	**–**	133
Over 90 days	**164**	319
	15,197	17,292

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 2018, retention payables of approximately HK$4,747,000 (31 March 2018: HK$4,005,000) 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 2018	As at 31 March 2018	**As at 30 September 2018**	As at 31 March 2018
			HK$'000	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Ordinary shares of HK$0.01 each				
Authorised:	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid	**800,000,000**	800,000,000	**8,000**	8,000

14. RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 September 2018, the Group entered into the following transactions with related parties:

		Six months ended 30 September	
Related party relationship	**Type of transaction**	**2018**	2017
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
A Company where a key management personnel is a close family member of an executive director of the Company	Revenue from construction work	**2,585**	–

(b) **Compensation of key management personnel**

The remuneration of key management personnel, who are the executive directors of the Company, for the six months ended 30 September 2018 and 2017 were as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Compensation of key management personnel	**2,538**	2,454

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 2018, the Company recorded profit after tax of approximately HK$14.3 million, representing a decrease of approximately 11.9% over the same period in the previous financial year. During the six months ended 30 September 2018, the Group had completed nine projects and has been awarded eight projects, of which seven 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.

For the period under review, the Company had achieved revenue of approximately HK$330.5 million which was marginally lower than that achieved during the corresponding period in 2017. Our gross profit amounted to approximately HK$29.2 million for the six months ended 30 September 2018, representing a fall of approximately HK$3.4 million or 10.4% from the same period last year, which can mainly be attributable to the timing of concluding a number of final accounts and the Directors will work diligently to make improvements moving forward.

MARKET REVIEW

Hong Kong

A large number of tender opportunities have been present in the Hong Kong market, especially in relation to fitting-out. In addition to a number of larger projects related to single entity clients, the completion of One Taikoo Place in Tai Koo Shing in 2018 has resulted in a great deal of opportunities as tenants eagerly take up space in this new building.

Our tendering team has been busy producing and submitting these tender submissions and we look forward to reporting the resulting successes in our end of year report.

Our project teams have been fully occupied for the six months ended 30 September 2018 and have completed a large-scale fast-track fitting-out project for a multi-national investment bank as well as a hotel upgrade project involving both fitting-out and A&A.

Macau

Our business in Macau is showing signs of recovery subsequent to the reporting period and we are now allocating additional resources to this arm of the business in order to capitalise on the new opportunities.

We have recently been awarded a project for the Asia's largest private jet management company which involves the construction of an air-side hanger space for its operations department as well as the creation of a VIP lounge area in the main Macau airport terminal.

Our tendering department has been submitting a number of tenders in relation to hotel and casino related projects and with our long-standing reputation in Macau, we are hopeful of the imminent award of one of these projects.

As always, we will remain flexible with the work we carry out and continue to tender for projects where we believe the risk exposure is acceptable and the client is known to us.

OUTLOOK

During the six months ended 30 September 2018, the volume of tender opportunities in Hong Kong has been high and we are confident of securing sufficient work to keep our project teams occupied. The human resources element of our business has been relatively stable during the period under review and we are seeing signs of the previous challenges easing slightly.

It is extremely pleasing to see the Macau team securing new projects and we are confident that this arm of the business will start contributing to the bottom line once more. We will look to increase our resources in this market on a conservative basis and only once new projects have been secured.

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

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			
	2018		2017	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
	(Unaudited)		(Unaudited)	
Hong Kong	**327,554**	**99.1%**	345,715	98.5%
Macau	**2,943**	**0.9%**	5,210	1.5%
Total	**330,497**	**100.0%**	350,925	100.0%

Revenue by type of projects

	Six months ended 30 September			
	2018		2017	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
	(Unaudited)		(Unaudited)	
Fitting-out projects	**262,534**	**79.4%**	210,482	60.0%
A&A projects	**67,963**	**20.6%**	140,443	40.0%
Total	**330,497**	**100.0%**	350,925	100.0%

The Group's revenue for the six months ended 30 September 2018 was approximately HK$330.5 million, which represented a decrease of approximately HK$20.4 million or approximately 5.8% over the last corresponding period. The decrease in the Group's revenue was mainly attributable to a combination of effects, such as (i) the decrease in number of projects; (ii) the decrease in revenue generated from A&A projects; and (iii) 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 43.5% to approximately HK$2.9 million from the last corresponding period.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK$3.4 million or 10.4% from approximately HK$32.6 million for the six months ended 30 September 2017 to approximately HK$29.2 million for the six months ended 30 September 2018. The Group's gross profit margin for the six months ended 30 September 2018 decreased to approximately 8.8% from approximately 9.3% for the six months ended 30 September 2017. The decrease in gross profit and gross profit margin was a result of the reasons mentioned in "BUSINESS REVIEW" above.

Administrative and other operating expenses

The administrative and other operating expenses for the six months ended 30 September 2018 were approximately HK$12.5 million, representing a decrease of approximately HK$0.9 million or approximately 6.8% from approximately HK$13.4 million for the corresponding period of the previous year. The decrease was mainly due to effective cost control.

Profit for the period

The Group's profit for the six months ended 30 September 2018 amounted to approximately HK$14.3 million, representing a decrease of approximately HK$1.9 million or approximately 11.9% as compared with approximately HK$16.2 million for the six months ended 30 September 2017. Such decrease was in line with the decrease in revenue and gross profit.

Bank borrowings

As at 30 September 2018 and 31 March 2018, 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 2018, the Group had current assets of approximately HK$366.3 million (as at 31 March 2018: HK$294.3 million) which approximately HK$133.5 million was cash and cash equivalents (as at 31 March 2018: HK$135.2 million), mainly denominated in Hong Kong dollars. As at 30 September 2018, the Group had no non-current liabilities (as at 31 March 2018: nil), and its current liabilities amounted to approximately HK$232.2 million (as at 31 March 2018: HK$154.9 million), consisting mainly of payables arising from the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.6 as at 30 September 2018 (as at 31 March 2018: 1.9).

Gearing ratio

The gearing ratio of the Group is defined as a percentage of total debts at the end of the reporting period divided by total equity at the end of the reporting period. As at 30 September 2018 and 31 March 2018, the Group did not have any debt and hence the gearing ratio was 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 2018.

During the six months ended 30 September 2018, 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 2018, the Group did not have any significant capital commitments (as at 31 March 2018: nil).

Information on employees

As at 30 September 2018, the Group had 109 employees (as at 30 September 2017: 100), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$37.5 million for the six months ended 30 September 2018, as compared with approximately HK$31.5 million for the six months ended 30 September 2017. 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 2018, the Group did not hold any significant investments.

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 2018.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge of assets

As at 30 September 2018, pledged deposits amounted to approximately HK$20.4 million (as at 31 March 2018: HK$22.6 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 2018 (as at 31 March 2018: nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 10 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

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company confirms that, other than the deviation from code provision A.2.1, the Company 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 2018.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for securities transactions. Following specific enquires of all Directors, all Directors confirm that they have complied with the required standards of dealing as set out in the Model Code throughout the six months ended 30 September 2018.

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 2018 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 2018 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board resolved the payment of an interim dividend of HK1.0 cent per ordinary share in respect of the reporting period to the Shareholders whose names appear on the register of members of the Company on Tuesday, 18 December 2018. It is expected that the interim dividend will be paid on or around Friday, 18 January 2019. Based on 800,000,000 shares of the Company in issue as at the date of this announcement, it is expected that the total amount of interim dividend payable to the Shareholders is HK$8.0 million in aggregate for the six months ended 30 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 14 December 2018 to Tuesday, 18 December 2018 (both days inclusive) and during such period, no transfer of shares of the Company will be registered. To ensure the entitlement to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 13 December 2018.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT 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 2018 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, 30 November 2018

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.