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IBI Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1547)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2017	2016	**Increase/ (decrease)**
	HK$'000	*HK$'000*	
Revenue	**615,376**	661,082	(6.9)%
Gross profit	**58,364**	53,975	8.1%
Profit before income tax expense	**15,482**	33,733	(54.1)%
Profit for the year (excluding listing expenses)	**27,130**	28,842	(5.9)%
Profit for the year	**10,797**	28,269	(61.8)%
Basic and diluted earnings per share (HK cents)	**1.6**	4.7	(66.0)%

The Board recommended the payment of a final dividend of HK1.0 cents per share for the year ended 31 March 2017.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of IBI Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Revenue	*5*	**615,376**	661,082
Cost of sales		**(557,012)**	(607,107)
Gross profit		**58,364**	53,975
Other income and gain	*6*	**568**	367
Administrative and other operating expenses		**(43,352)**	(20,419)
Finance costs		**(98)**	(190)
Profit before income tax expense	*7*	**15,482**	33,733
Income tax expense	*8*	**(4,685)**	(5,464)
Profit and total comprehensive income for the year		**10,797**	28,269
Earnings per share:	*9*		
Basic and diluted (HK cents)		**1.6**	4.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**2,331**	374
Current assets			
Amounts due from customers for contract work	*11*	**120,700**	153,852
Trade and other receivables	*12*	**63,607**	79,082
Pledged deposits		**15,947**	18,841
Tax recoverable		**227**	–
Cash and cash equivalents		**122,341**	51,594
Total current assets		**322,822**	303,369
Current liabilities			
Amounts due to customers for contract work	*11*	**–**	875
Trade and other payables	*13*	**185,371**	228,368
Bank borrowings		**–**	2,028
Tax payables		**1,302**	6,402
Total current liabilities		**186,673**	237,673
Net current assets		**136,149**	65,696
NET ASSETS		**138,480**	66,070
Capital and reserves			
Share capital	*14*	**8,000**	1
Reserves		**130,480**	66,069
TOTAL EQUITY		**138,480**	66,070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands as an exempted 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 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9007, Cayman Islands. Its principal place of business in Hong Kong is located at 3/F, Bangkok Bank Building, 18 Bonham Strand West, Hong Kong.

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

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

In connection with the Listing, the Company underwent a reorganisation (the "**Reorganisation**").

Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" of the prospectus of the Company dated 29 September 2016 (the "**Prospectus**"). The Reorganisation involved only inserting new holding companies on top of an existing group and has not resulted in any change of economic substance. The Company became the holding company of its subsidiaries now comprising the Group on 13 May 2016. Accordingly, the consolidated financial statements were prepared as a continuation of the existing group based on merger accounting as if the Reorganisation had been completed on 1 April 2015 and the current group structure had always been in existence. The consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity for the year ended 31 March 2017 include the results and changes in equity of the companies now comprising the Group from the earliest date presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence. No adjustment is made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2016

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments will only affect financial statement disclosures and will not have any impact on the financial position or performance of the Group.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

As the Group does not have debt instruments measured at fair value, the amendments will not have any impact on the financial position or performance of the Group.

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company anticipate that the application of HKFRS 9 may impact on amounts reported in respect of the Group's financial assets and financial liabilities. In particular, the new impairment requirements may result in earlier recognition of credit losses of the Group's trade and other receivables, if any. The directors are in the process of assessing the quantitative effect of these requirements, and accordingly it is not practicable to provide a reasonable estimate of the quantitative effect of HKFRS 9 until the assessment has been completed.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The directors of the Company anticipate that the application of HKFRS 15 may impact on the Group's reported financial performance, financial position and disclosures due to the application of the new revenue recognition framework. The directors of the Company are in the process of assessing the quantitative effect of these requirements, and accordingly it is not practicable to provide a reasonable estimate of the quantitative effect of HKFRS 15 until the assessment has been completed.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises and warehouse as at 31 March 2017 amounted to approximately HK$5,824,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expense on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Company's consolidated statement of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Company's consolidated statement of cash flows.

The directors of the Company anticipate that the adoption of other new or revised standards would not result in significant impact on amounts reported in the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company and its subsidiaries other than IBI Macau Limited, and all values are rounded to the nearest thousand except when otherwise stated.

4. 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.

(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	**Year ended 31 March**	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**520,600**	609,751
Macau	**94,776**	51,331
	615,376	661,082

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

Specified non-current assets	**As at 31 March**	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**2,315**	334
Macau	**16**	40
	2,331	374

(b) Information about major customers

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

	2017	2016
	HK$'000	*HK$'000*
Customer I	**168,639**	163,195
Customer II	**83,539**	126,224
Customer III	**71,507**	N/A
Customer IV	**N/A**	185,970

5. REVENUE

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

6. OTHER INCOME AND GAIN

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**352**	5
Recovery of impairment loss on trade receivables previously recognised	**–**	362
Others	**216**	–
	568	367

7. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging:

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration		
— Current year	**890**	350
— (Over)/under provision in prior year	**(90)**	17
Depreciation	**655**	252
Staff costs including directors' emoluments:		
— Salaries and allowances	**62,417**	48,109
— Contributions on defined contribution retirement plans	**1,476**	1,148
	63,893	49,257
Minimum lease payments under operating leases	**2,450**	1,703
Foreign exchange loss, net	**18**	–
Listing expenses	**16,333**	573

8. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— provision for the year	**3,705**	5,213
— over provision in respect of prior years	**(43)**	(38)
	3,662	5,175
Current tax — overseas		
— provision for the year	**1,023**	289
	4,685	5,464

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the year.

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 threshold of MOP600,000 for the tax years ended 31 December 2016 and 2015. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2017.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2017 is based on the profit attributable to owners of the Company of approximately HK$10,797,000 (2016: approximately HK$28,269,000) and on the weighted average number of 692,602,740 (2016: 600,000,000) ordinary shares in issue during the year.

The weighted average number of 600,000,000 ordinary shares derived for calculation of basic earnings per share for the year ended 31 March 2016 represented the number of ordinary shares of the Company after 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, as if they had been in issue throughout that period.

Dilutive earnings per share is the same as the basic earnings per share because the Group had no diluted potential shares during the years ended 31 March 2017 and 2016.

10. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividend declared and paid *(Note (i))*	**20,000**	–
Proposed final dividend *(Note (ii))*	**8,000**	–
	28,000	–

Notes:

(i) On 11 June 2016, the Directors declared a dividend of HK$20.0 million to the then shareholders of the Company, which was paid on 23 September 2016. Investors who became the shareholders of the Company after the Listing were not entitled to such dividend.

(ii) The final dividend in respect of the financial year ended 31 March 2017 of HK1.0 cents per ordinary share, amounting to HK$8.0 million has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

The final dividend declared subsequent to 31 March 2017 has not been recognised as a liability as at 31 March 2017.

11. 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:

	2017	2016
	HK$'000	*HK$'000*
Costs incurred to date plus recognised profits	**1,286,087**	952,478
Less: Progress billings to date	**(1,165,387)**	(799,501)
	120,700	152,977
Amounts due from customers	**120,700**	153,852
Amounts due to customers	**–**	(875)
	120,700	152,977

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables *(Notes (i) and (ii))*	**25,472**	40,064
Retention receivables	**36,694**	35,304
Deposits and other receivables	**1,014**	468
Prepayments	**427**	3,246
	63,607	79,082

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:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**21,653**	38,350
31–60 days	**2,138**	138
61–90 days	**624**	1,318
Over 90 days	**1,057**	258
	25,472	40,064

13. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables *(Notes (i) and (ii))*	**14,361**	26,612
Accruals for costs of contract work	**129,306**	163,328
Retention payables	**34,068**	32,195
Other payables and accruals	**7,636**	6,233
	185,371	228,368

Notes:

(i) 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) The ageing analysis of trade payables, based on invoice date, as at the end of each reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**13,875**	21,044
31–60 days	**194**	4,025
61–90 days	**–**	1,147
Over 90 days	**292**	396
	14,361	26,612

14. SHARE CAPITAL

The share capital as at 31 March 2017 in the consolidated statement of financial position represented the issued share capital of the Company and as follows:

	Notes	**Number of ordinary shares**	***HK$***	**Number of B-Shares**	***HK$***
Authorised:					
At 6 April 2016 (date of incorporation)	*(a)*	37,999,900	379,999	100	1
Change due to conversion of B-Shares to ordinary shares	*(c)*	100	1	(100)	(1)
Increase in authorised share capital	*(c)*	9,962,000,000	99,620,000	–	–
At 31 March 2017		10,000,000,000	100,000,000	–	–
Issued and fully paid:					
At 6 April 2016 (date of incorporation)	*(a)*	1	–	–	–
Issue of shares	*(b)*	899	9	100	1
Conversion of B-Shares to ordinary shares	*(c)*	100	1	(100)	(1)
Capitalisation issue	*(d)*	599,999,000	5,999,990	–	–
Issue of shares by public offer and placing	*(e)*	200,000,000	2,000,000	–	–
At 31 March 2017		800,000,000	8,000,000	–	–

Notes:

(a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 6 April 2016 with initial authorised share capital of HK$380,000 divided into 37,999,900 ordinary shares of HK$0.01 each and 100 B-class shares of HK$0.01 each ("**B-Shares**"). On the same date, one ordinary share was issued for cash at par to the initial subscriber.

(b) On 14 April 2016, one ordinary share was transferred from the initial subscriber to the shareholder of the Company at par of HK$0.01; and 899 ordinary shares of HK$0.01 each and 100 B-Shares of HK$0.01 each were allotted and issued by the Company to its shareholders.

(c) On 19 September 2016, all the B-Shares were converted to the ordinary shares of the Company on a one-for-one basis.

Following the conversion of all the B-Shares, the authorised share capital of the Company were diminished by the amount of the B-Shares cancelled and the authorised share capital of the Company was increased to HK$100,000,000 with 10,000,000,000 ordinary shares of HK$0.01 each pursuant to the written resolutions of the shareholders of the Company dated 20 September 2016.

(d) Pursuant to the resolutions of the shareholders of the Company passed on 20 September 2016, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the initial public offering, the directors were authorised to allot and issue a total of 599,999,000 share of HK$0.01 each by way of capitalisation of the sum of HK$5,999,990 standing to credit of the share premium account of the Company credited as fully paid to the then existing shareholders.

(e) On 14 October 2016, the Company's shares were listed on the Main Board of the Stock Exchange. An aggregate of 200,000,000 ordinary shares of HK$0.01 each of the Company were issued at HK$0.45 per share by way of public offer and placing, raising total proceeds of HK$90,000,000 before share issue expenses.

(f) On 20 September 2016, the Company adopted a share option scheme (the "**Share Option Scheme**"). The Board of the Company may, at its discretion, invite any eligible persons who have made contributions to the Group to take up share options. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the shares in issue as at the date of the Listing (i.e. a total of 80,000,000 shares).

Options granted shall be taken up upon payment of HK$1 as consideration for the grant of option. Options may be exercised at any time not exceeding a period of 10 years from the date which the share option is deemed to be granted and accepted. The subscription price is determined by the board of directors of the Company, and shall not be less than whichever is the highest of (i) the official closing price of the Company's shares as stated in daily quotations sheet of the Stock Exchange on the offer date; (ii) the average of the closing price of the shares as stated in daily quotations sheet of the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of a share.

As at 31 March 2017, no share options had been granted since the adoption of the Share Option Scheme and there were no outstanding share options.

(g) The share capital presented in the consolidated statement of financial position as at 31 March 2016 represented the issued share capital of IBI Group Limited.

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 property projects in the private 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, a racing and betting operator and property developers.

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

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

BUSINESS REVIEW

The shares of the Company (the "**Shares**") were successfully listed on the Main Board of the Stock Exchange on 14 October 2016 (the "**Listing Date**") and the funds raised from the listing totalled HK$90.0 million.

For the year ended 31 March 2017, excluding the one-off listing expenses recognised, the Company recorded profit after tax of approximately HK$27.1 million (2016: HK$28.8 million). This flowed from revenue totalling approximately HK$615.4 million for the year ended 31 March 2017. During the year ended 31 March 2017, the Group completed 27 projects and was awarded 27 projects, 25 of which were fitting-out projects and 2 of which were A&A projects.

Listing expenses recognised in relation to the Listing totalled approximately HK$16.9 million, of which HK$16.3 million (2016: HK$0.6 million) have impacted the profit or loss of the Group for this financial year. These expenses are significant and have heavily impacted the Group's results of this financial year. It should be noted however, that these expenses are one-off in nature and will not have any impact on the Group's financial performance moving forward.

As the business of the Group is project-based, profitability of the Group is dependent on a consistent stream of tender opportunities.

Upon converting these tender opportunities to awarded contracts, the importance of a stringent project management system come into play so that costs can be controlled, income can be secured and positive cashflow can be maintained.

From a risk perspective, a high level of importance is placed on our tender strategies, our prudent execution of the works and the diligent monitoring and controlling of the commercial aspects of our projects.

MARKET REVIEW

Hong Kong

During the reporting period, the Hong Kong market remained positive and the level of construction activity remained high.

The Group performed well during the financial year and was fortunate to secure a number of large scale projects which contributed significantly to the Group's financial success. During the financial year ended 31 March 2017, the Group completed work on one of Hong Kong's largest private sector corporate office fitting-out project. The client, being one of the world's largest multi-national banks, moved the majority of its operations from Central to Kwun Tong and is now one of the largest operations in that district.

Macau

Despite the Macau market being subdued by the general reduction in VIP gamblers during the reporting period, the Group had a successful year in Macau with the team securing a record year of both revenue and profits. The Group continues to benefit from its long term relationships with specific hotel and casino operators and in addition, executed the refurbishment of one of Hong Kong's leading banking institution's headquarters in Macau.

The Group continues to strive to secure work outside of the hotel and casino industry to ensure that the business in this territory does not become over reliant on one source of income.

OUTLOOK

Hong Kong

We remain optimistic on the Hong Kong market as the Group continues to receive a high level of tender opportunities in Hong Kong and has already managed to secure a number of sizeable projects in the first three months of the year ending 31 March 2018. All of our project teams are fully occupied and with the new work secured, will continue to be occupied in the coming months.

We are also targeting a number of developers in the territory with the aim of securing a greater number of larger scale projects. This approach, coupled with a steady stream of work from our regular partners, will give us the greatest opportunities.

Macau

We expect that the Macau market will continue to be subdued as a result of both the general reduction in VIP gamblers and the fact that many of the large scale new developments were completed in late 2016/early 2017.

Notwithstanding, we remain cautiously optimistic on the Macau market as the Group is continuing to work with our long-term clients in Macau and in this regard, is receiving a steady stream of small to medium-sized projects. The Group will continue its strategy of focusing on establishing and maintaining long-term relationships and also on securing work outside of the hotel and casino industry.

General

The Group is looking at a number of opportunities that will help increase revenue. In addition to securing a greater number of larger scale contracts, the Group is also looking at potential acquisition opportunities that would boost its presence in other territories. Preliminary identification of suitable targets is ongoing, and announcement(s) will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate.

As at the date of this announcement, no specific target has been identified by the Group and no legally binding or non-legally binding arrangement or agreement has been entered into by the Group in such regard.

FINANCIAL REVIEW

Revenue

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

	Year ended 31 March			
	2017		2016	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
Hong Kong	**520,600**	**84.6%**	609,751	92.2%
Macau	**94,776**	**15.4%**	51,331	7.8%
Total	**615,376**	**100.0%**	661,082	100.0%

Revenue by type of projects

	Year ended 31 March			
	2017		2016	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
Fitting-out projects	**468,458**	**76.1%**	522,631	79.1%
A&A projects	**146,918**	**23.9%**	138,451	20.9%
Total	**615,376**	**100.0%**	661,082	100.0%

The Group's revenue for the year ended 31 March 2017 was approximately HK$615.4 million, which represented a decrease of approximately HK$45.7 million or approximately 6.9% over the last financial year. The overall slight decrease in the Group's revenue was mainly due to the net effect of (i) a decrease in the number of projects in Hong Kong which generated revenue of approximately HK$520.6 million, representing a decrease in revenue of approximately 14.6% over the last financial year from Hong Kong; and (ii) an increase in the number of projects in Macau which generated approximately HK$94.8 million revenue, representing an increase in revenue by approximately 84.6% over the last financial year from Macau.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK$4.4 million or 8.1% from approximately HK$54.0 million for the year ended 31 March 2016 to approximately HK$58.4 million for the year ended 31 March 2017. The increase in the Group's gross profit was in line with the increase in revenue generated from projects in Macau which generally have a higher gross profit margin. Accordingly, the Group's gross profit margin for the year ended 31 March 2017 increased to approximately 9.5% from approximately 8.2% for the year ended 31 March 2016.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the year ended 31 March 2017 were approximately HK$43.4 million, representing an increase of approximately HK$22.9 million or 112.3% from approximately HK$20.4 million for the prior financial year. The increase was mainly due to the recognition of listing expenses amounted to approximately HK$16.3 million for the year ended 31 March 2017 (for the year ended 31 March 2016: HK$0.6 million) and additional administrative costs incurred for the Group to meet its post-listing obligations.

Income tax expense

The Group's operations are based in Hong Kong and Macau, and are subject to (i) Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during the reporting periods; and (ii) Macau complementary tax calculated at 12.0% on the taxable profits over the relevant tax threshold during the reporting periods.

For the year ended 31 March 2017, the Group recorded income tax expense of approximately HK$4.7 million (for the year ended 31 March 2016: HK$5.5 million) representing an effective tax rate of approximately 30.3% (for the year ended 31 March 2016: 16.2%). The increase in the Group's effective tax rate during the current year was mainly due to the listing expenses of approximately HK$16.3 million which was not tax deductible.

Profit for the year

The Group's profit for the year ended 31 March 2017 amounted to approximately HK$10.8 million, representing a decrease of approximately HK$17.5 million or approximately 61.8% from approximately HK$28.3 million for the year ended 31 March 2016. Such decrease was mainly attributable to the listing expenses of approximately HK$16.3 million mentioned above.

Bank borrowings

As at 31 March 2017, the Group had no bank borrowings (as at 31 March 2016: HK$2.0 million). No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

As at 31 March 2017, the Group had current assets of approximately HK$322.8 million (as at 31 March 2016: HK$303.4 million) which comprised cash and cash equivalents of approximately HK$122.3 million (as at 31 March 2016: HK$51.6 million), mainly denominated in Hong Kong dollars. As at 31 March 2017, the Group had no non-current liabilities, and its current liabilities amounted to approximately HK$186.7 million (as at 31 March 2016: HK$237.7 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 1.7 as at 31 March 2017 (as at 31 March 2016: 1.3). The Group's working capital requirements were mainly financed by internal resources.

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 31 March 2017, the Group did not have any debt and hence the gearing ratio was nil (as at 31 March 2016: 3.1%). Debts of the Group refers to bank borrowings.

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 rates during the year ended 31 March 2017.

During the year ended 31 March 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 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 31 March 2017, the Group did not have any significant capital commitments (as at 31 March 2016: nil).

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.

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 31 March 2017, 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 31 March 2017.

Material acquisitions and disposals

During the year ended 31 March 2017, save for the Reorganisation, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge of assets

As at 31 March 2017, pledged deposits in the sum of approximately HK$15.9 million (as at 31 March 2016: HK$18.8 million) were placed with a bank or an issuer as securities for the performance bonds issued by the bank and issurer to certain customers on their projects. The pledged deposits will be released when the bank or issurer 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 31 March 2017 (as at 31 March 2016: nil).

Use of proceeds from share offer

The net proceeds from the Company's share offer as referred to in the Prospectus was approximately HK$65.9 million. The intended usage is as follows:

(i) approximately 90.8%, or approximately HK$59.8 million, of the net proceeds for expediting our organic growth and expanding our business scale by undertaking more and larger sized fitting-out and A&A 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

(ii) 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 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$15.8 million and HK$4.0 million of the net proceeds had been applied for paying the start-up costs of our projects and for general corporate purposes, respectively, from the Listing Date up to 31 March 2017. The remaining unutilised portion of the net proceeds were deposited in reputable banks in Hong Kong.

Information on employees

As at 31 March 2017, the Group had 101 employees (as at 31 March 2016: 97), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$63.9 million for the year ended 31 March 2017, as compared with approximately HK$49.3 million for the year ended 31 March 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 the Share Option Scheme, pursuant to which options to subscribe for Shares may be granted to the Directors and employees of the Group.

The Group encourages self-development of its employees and provides on-the-job training where appropriate.

EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting period up to the date of this announcement.

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

Since the Listing Date and up to 31 March 2017, neither the Company nor any of its subsidiaries 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 from the Listing Date up to 31 March 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 (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 compiled with the required standards of dealing as set out in the Model Code from the Listing Date up to 31 March 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 was 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 annual results of the Company for the year ended 31 March 2017 have been reviewed by the audit committee and the audit committee is of the view that the results for the year ended 31 March 2017 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.0 cents per Share for the year ended 31 March 2017, to be payable on or about Wednesday, 18 October 2017. Based on 800,000,000 Shares in issue as at the date of this announcement, it is expected that the total amount of final dividend payable to our Shareholders is approximately HK$8.0 million in aggregate for the year ended 31 March 2017, subject to the approval of the Shareholders at the 2017 AGM (as defined below).

ANNUAL GENERAL MEETING

The Company will hold its annual general meeting on 22 September 2017 (the "**2017 AGM**"), the notice of which will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Tuesday, 19 September 2017 to Friday, 22 September 2017 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the 2017 AGM, 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 not later than 4:30 p.m. on Monday, 18 September 2017.

Subject to the approval of the Shareholders at the 2017 AGM, the proposed final dividend will be payable on or about Wednesday, 18 October 2017 to the Shareholders whose names appear on the register of members of the Company on Friday, 6 October 2017. To ascertain the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 3 October 2017 to Friday, 6 October 2017, both days inclusive, during which period no transfer of Shares will be registered by the Company. In order to qualify for the proposed final dividend, all duly completed transfer forms 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, not later than 4:30 p.m. on Friday, 29 September 2017.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 annual report of the Company for the year ended 31 March 2017 containing all the information required by Appendix 16 to the Listing Rules will be despatched 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, 28 June 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.