IBI Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1547)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2018	2017	**Increase/ (decrease)**
	HK$'000	*HK$'000*	
Revenue	**580,964**	615,376	(5.6)%
Gross profit	**53,181**	58,364	(8.9)%
Profit before income tax expense	**22,564**	15,482	45.7%
Profit for the year (excluding listing expenses)	**18,175**	27,130	(33.0)%
Profit for the year	**18,175**	10,797	68.3%
Basic and diluted earnings per share (HK cents)	**2.3**	1.6	43.8%

The Board recommended the payment of a final dividend of HK2.5 cents per share for the year ended 31 March 2018.

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 2018, together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	*5*	**580,964**	615,376
Cost of sales		**(527,783)**	(557,012)
Gross profit		**53,181**	58,364
Other income and gain	*6*	**663**	568
Administrative and other operating expenses		**(31,280)**	(43,352)
Finance costs		**–**	(98)
Profit before income tax expense	*7*	**22,564**	15,482
Income tax expense	*8*	**(4,389)**	(4,685)
Profit and total comprehensive income for the year		**18,175**	10,797
Earnings per share:	*9*		
Basic and diluted (HK cents)		**2.3**	1.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,316**	2,331
Current assets			
Amounts due from customers for contract work	*11*	**93,477**	120,700
Trade and other receivables	*12*	**42,868**	63,607
Pledged deposits		**22,637**	15,947
Tax recoverable		**56**	227
Cash and cash equivalents		**135,243**	122,341
Total current assets		**294,281**	322,822
Current liabilities			
Trade and other payables	*13*	**153,250**	185,371
Tax payables		**1,692**	1,302
Total current liabilities		**154,942**	186,673
Net current assets		**139,339**	136,149
NET ASSETS		**140,655**	138,480
Capital and reserves			
Share capital	*14*	**8,000**	8,000
Reserves		**132,655**	130,480
TOTAL EQUITY		**140,655**	138,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 190 Elgin Avenue, George Town, 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.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2017

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

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.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations, HKFRS 11 Joint Arrangements, HKAS 12 Income Taxes and HKAS 23 Borrowing Costs[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contract[4]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.
[4] Effective for annual periods beginning on or after 1 January 2021

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.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

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 Group has assessed that the contracts with customers fulfil the criteria for recognising revenue over time under HKFRS 15. Based on the assessment performed with reference to the existing contractual arrangements with its customers, the management of the Group anticipates that the application of HKFRS 15 may result in more disclosures in the consolidated financial statements of the Group in the future. The extent of impact on the Group's financial position and performance upon initial adoption of HKFRS 15 would depend on the progress of and facts specific to the Group's individual contracts.

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 2018 amounted to approximately HK$2,804,000. 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 certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, once HKFRS 16 is adopted. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating lease commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

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**	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**572,364**	520,600
Macau	**8,600**	94,776
	580,964	615,376

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**	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**1,313**	2,315
Macau	**3**	16
	1,316	2,331

(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:

	2018	2017
	HK$'000	*HK$'000*
Customer I	**148,926**	N/A
Customer II	**64,067**	N/A
Customer III	**N/A**	168,639
Customer IV	**N/A**	83,539
Customer V	**N/A**	71,507

5. REVENUE

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

6. OTHER INCOME AND GAIN

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**663**	352
Others	**–**	216
	663	568

7. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging:

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration		
— Current year	**850**	890
— Over provision in prior year	**–**	(90)
Depreciation	**1,149**	655
Staff costs including directors' emoluments:		
— Salaries and allowances	**63,982**	62,417
— Contributions on defined contribution retirement plans	**1,452**	1,476
	65,434	63,893
Minimum lease payments under operating leases	**3,014**	2,450
Foreign exchange loss, net	**6**	18
Listing expenses	**–**	16,333

8. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— Tax for the year	**4,411**	3,705
— Over provision in respect of prior years	**(22)**	(43)
	4,389	3,662
Current tax — overseas		
— Tax for the year	**–**	1,023
	4,389	4,685

Hong Kong profits tax is calculated at 16.5% (2017: 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 12.0% for taxable profits over the tax threshold 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.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2018 is based on the profit attributable to owners of the Company of approximately HK$18,175,000 (2017: approximately HK$10,797,000) and on the weighted average number of 800,000,000 (2017: 692,602,740) ordinary shares in issue during the year.

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 2018 and 2017.

10. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Dividend declared and paid *(Note (i))*	**–**	20,000
Interim dividend declared and paid *(Note (ii))*	**8,000**	–
Proposed final dividend *(Note (iii))*	**20,000**	8,000
	28,000	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 interim dividend in respect of the financial year ended 31 March 2018 of HK 1.0 cent (2017: Nil) per ordinary share, amounting to HK$8 million (2017: Nil), was paid on 18 January 2018.

(iii) The final dividend in respect of the financial year ended 31 March 2018 of HK2.5 cents (2017: HK1.0 cent) per ordinary share, amounting to HK$20.0 million (2017: HK$8.0 million), has been proposed by the Directors 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 2018 has not been recognised as a liability as at 31 March 2018.

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:

	2018	2017
	HK$'000	*HK$'000*
Costs incurred to date plus recognised profits	**1,027,708**	1,286,087
Less: Progress billings to date	**(934,231)**	(1,165,387)
	93,477	120,700
Amounts due from customers	**93,477**	120,700
Amounts due to customers	**–**	–
	93,477	120,700

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables *(Notes (i) and (ii))*	**8,460**	25,472
Retention receivables *(Note (iii))*	**32,632**	36,694
Deposits and other receivables	**1,339**	1,014
Prepayments	**437**	427
	42,868	63,607

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:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**3,116**	21,653
31–60 days	**–**	2,138
61–90 days	**4,543**	624
Over 90 days	**801**	1,057
	8,460	25,472

(iii) As at 31 March 2018, retention receivables of approximately HK$7,818,000 (2017: HK$10,579,000) were expected to be recovered beyond twelve months after the end of the reporting period.

13. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables *(Notes (i) and (ii))*	**17,292**	14,361
Accruals for costs of contract work	**97,135**	129,306
Retention payables *(Note (iii))*	**32,158**	34,068
Other payables and accruals	**6,665**	7,636
	153,250	185,371

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:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**14,615**	13,875
31–60 days	**2,225**	194
61–90 days	**133**	–
Over 90 days	**319**	292
	17,292	14,361

(iii) As at 31 March 2018, retention payables of approximately HK$4,005,000 (31 March 2017: HK$3,974,000) were expected to be settled beyond twelve months after the end of the reporting period.

14. SHARE CAPITAL

	Number of ordinary shares As at 31 March		**Share Capital As at 31 March**	
	2018	2017	**2018**	2017
			HK$'000	*HK$'000*
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

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

For the year ended 31 March 2018, the Group recorded profit after tax of approximately HK$18.2 million (2017: HK$10.8 million). This flowed from revenue totalling approximately HK$581.0 million for the year ended 31 March 2018. During the year ended 31 March 2018, the Group completed 21 projects and was awarded 19 projects, 17 of which were fitting-out projects and 2 were A&A projects.

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 comes 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 control of the commercial aspects of our projects.

MARKET REVIEW

Hong Kong

During the year ended 31 March 2018, the fitting-out and A&A markets have been buoyant. Healthy levels of tendering opportunities have enabled the Group to secure good quality projects with high profile blue chip clients.

The Group performed well during the year ended 31 March 2018 and was fortunate to secure a number of large scale projects which contributed significantly to the Group's financial success. Awarded projects included, but are not limited to projects for a hotel operator, a property developer and a large investment bank.

Macau

Our business in Macau continues to experience a challenging environment with levels of tendering opportunities significantly reduced. Although the hotel and casino industry has recently seen improved levels of turnover and profitability, this has yet to filter down to the construction sector and to increased levels of tendering opportunities of projects.

As highlighted previously in our interim report for the six months ended 30 September 2017, significantly reduced volume of opportunities coupled with a high number of construction companies chasing work in Macau has created a highly competitive environment where risk levels have increased significantly. The downturn in our Macau business has impacted the Group's results for the year ended 31 March 2018.

In order to maintain a low cost base during this difficult period, the Group's Macau office has relocated to a smaller office space, where possible, re-directed key employees to projects in Hong Kong and otherwise, reduced overheads to a minimal level.

We will continue to tender for projects as and when they arise and will re-mobilise our operations in Macau accordingly.

OUTLOOK

Hong Kong

The Hong Kong market remains buoyant and the Group is benefitting from healthy levels of tendering opportunities. Our current workload is keeping our project teams occupied and we continue to engage additional project-based staff to assist in carrying out the work.

We have managed to secure a number of sizeable projects in Hong Kong in the first three months of the year ending 31 March 2019. These projects will provide the Group with a solid start to the 2018/2019 financial period and we are hopeful of maintaining this momentum throughout the 2018/2019 financial period.

Macau

Although improvements have been seen in the results of some of our clients in Macau, we have not yet seen any significant improvement in the Macau construction market. We expect that the market in Macau will continue to be subdued for the foreseeable future and would not expect significant improvements in tendering levels to be seen until late 2018.

Notwithstanding the above, we remain cautiously optimistic on the Macau market as the Group is continuing to maintain contact with our long-term clients in Macau and in this regard, will be well positioned once the environment improves. The Group will continue its strategy of focusing on establishing and maintaining long-term relationships with clients in Macau and also on securing work other than the hotel and casino industry.

General

The Group is looking at a number of opportunities that will help increase its 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 nor non-legally binding arrangement nor 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			
	2018		2017	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
Hong Kong	**572,364**	**98.5%**	520,600	84.6%
Macau	**8,600**	**1.5%**	94,776	15.4%
Total	**580,964**	**100.0%**	615,376	100.0%

Revenue by type of projects

	Year ended 31 March			
	2018		2017	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
Fitting-out projects	**317,026**	**54.6%**	468,458	76.1%
A&A projects	**263,938**	**45.4%**	146,918	23.9%
Total	**580,964**	**100.0%**	615,376	100.0%

The Group's revenue for the year ended 31 March 2018 was approximately HK$581.0 million, which represented a decrease of approximately HK$34.4 million or approximately 5.6% over the last financial year. The overall slight decrease in the Group's revenue was mainly due to a decrease in the number of projects in Macau which generated approximately HK$8.6 million revenue, representing a decrease in revenue by approximately HK$86.2 million over the last financial year from Macau. This decrease has been partially offset by the Group's success in securing more projects in Hong Kong which generated an additional revenue of approximately HK$51.8 million for the year ended 31 March 2018.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK$5.2 million or 8.9% from approximately HK$58.4 million for the year ended 31 March 2017 to approximately HK$53.2 million for the year ended 31 March 2018. Such decrease in the Group's gross profit was in line with the decrease 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 2018 decreased to approximately 9.2% from approximately 9.5% for the year ended 31 March 2017.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the year ended 31 March 2018 were approximately HK$31.3 million, representing a decrease of approximately HK$12.1 million or 27.8% from approximately HK$43.4 million for the last financial year. The decrease was mainly due to the incurring of listing expenses of approximately HK$16.3 million in relation to the Listing in the last financial year, but no such expense was recorded for the year ended 31 March 2018.

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% on the estimated assessable profits during the reporting period; and (ii) Macau complementary tax calculated at 12.0% on the taxable profits over the relevant tax threshold during the reporting period.

For the year ended 31 March 2018, the Group recorded income tax expense of approximately HK$4.4 million (for the year ended 31 March 2017: HK$4.7 million) representing an effective tax rate of approximately 19.5% (for the year ended 31 March 2017: 30.3%). The decrease in the Group's effective tax rate during the current financial year was mainly due to the listing expenses of approximately HK$16.3 million recognised for the year ended 31 March 2017 which was not tax deductible, while no such expense was recognised for the year ended 31 March 2018.

Profit for the year

The Group's profit for the year ended 31 March 2018 amounted to approximately HK$18.2 million, representing an increase of approximately HK$7.4 million or approximately 68.3% from approximately HK$10.8 million for the year ended 31 March 2017. Such increase was mainly attributable to the absence of the non-recurring listing expenses in the year ended 31 March 2018 mentioned above.

Excluding the non-recurring listing expenses of approximately HK$16.3 million recognised during the year ended 31 March 2017, the profit of the Group for the year ended 31 March 2018 would represent a decrease of approximately HK$9.0 million or 33.0% as compared with that for the year ended 31 March 2017. Such decrease was mainly attributable to the slow down of the Macau market and the consequential decreases in the revenue and profit generated from our projects in Macau which amounted to approximately HK$86.2 million and HK$10.9 million respectively for the year ended 31 March 2018.

Bank borrowings

As at 31 March 2018 and 2017, the Group had no bank borrowings. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

As at 31 March 2018, the Group had current assets of approximately HK$294.3 million (as at 31 March 2017: HK$322.8 million) which comprised cash and cash equivalents of approximately HK$135.2 million (as at 31 March 2017: HK$122.3 million), mainly denominated in Hong Kong dollars. As at 31 March 2018, the Group had no non-current liabilities, and its current liabilities amounted to approximately HK$154.9 million (as at 31 March 2017: HK$186.7 million), consisting mainly of payables arising in the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.9 as at 31 March 2018 (as at 31 March 2017: 1.7). 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 2018 and 2017, 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 rates during the year ended 31 March 2018.

During the year ended 31 March 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 31 March 2018, the Group did not have any significant capital commitments (as at 31 March 2017: nil).

Share Option Scheme

The principal terms of the share option scheme of the Company (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 31 March 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 31 March 2018.

Material acquisitions and disposals

During the year ended 31 March 2018, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Pledge of assets

As at 31 March 2018, pledged deposits in the sum of approximately HK$22.6 million (as at 31 March 2017: HK$15.9 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 is 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 2018 (as at 31 March 2017: nil).

Use of proceeds

The net proceeds from the Company's share offer as referred to in the Prospectus was approximately HK$65.9 million. 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 manners consistent with the use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus. All of the net proceeds had been applied for paying the start-up costs of our projects and for general corporate purposes, from the Listing Date up to 31 March 2018.

Information on employees

As at 31 March 2018, the Group had 101 employees (as at 31 March 2017: 101), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$65.4 million for the year ended 31 March 2018, as compared with approximately HK$63.9 million for the year ended 31 March 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 by management annually. The Group also operates the Share Option Scheme, pursuant to which options to subscribe for shares of the Company 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

During the year ended 31 March 2018, 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 throughout the year ended 31 March 2018.

Our Company complies with all 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 to 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 (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. Following specific enquires of all the Directors, all the Directors confirm that they have complied with the required standards of dealing as set out in the Model Code throughout the year ended 31 March 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 was adopted in compliance with the Code Provisions. The terms of reference is available on the websites of both 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 2018 have been reviewed by the audit committee and the audit committee is of the view that the annual results of the Company for the year ended 31 March 2018 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 annual results for the year ended 31 March 2018 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 ended 31 March 2018. 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 HK2.5 cents per share for the year ended 31 March 2018, to be payable on or about Thursday, 18 October 2018. Based on 800,000,000 shares of the Company in issue as at the date of this announcement, it is expected that the total amount of final dividend payable to the Shareholders is approximately HK$20.0 million in aggregate for the year ended 31 March 2018, subject to the approval of the Shareholders at the 2018 AGM (as defined below).

ANNUAL GENERAL MEETING

The Company will hold its forthcoming annual general meeting on Friday, 21 September 2018 (the "**2018 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 2018 AGM, the register of members of the Company will be closed from Tuesday, 18 September 2018 to Friday, 21 September 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2018 AGM, 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 not later than 4:30 p.m. on Monday, 17 September 2018.

Subject to the approval of the Shareholders at the 2018 AGM, the proposed final dividend will be payable on or about Thursday, 18 October 2018 to the Shareholders whose names appear on the register of members of the Company on Friday, 5 October 2018. To ascertain the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 3 October 2018 to Friday, 5 October 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. 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 and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 2 October 2018.

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 2018 containing all the information required by the Listing Rules will be despatched 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, 27 June 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.