IBI Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1547)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2019	2018	**Increase/ (decrease)**
	HK$'000	*HK$'000*	
Revenue	**593,448**	580,964	2.1%
Gross profit	**51,731**	53,181	(2.7)%
Profit before income tax expense	**24,753**	22,564	9.7%
Profit for the year	**20,852**	18,175	14.7%
Basic and diluted earnings per share (HK cents)	**2.6**	2.3	13.0%

The Board recommended the payment of a final dividend of HK1.5 cents per share for the year ended 31 March 2019.

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 2019, together with the comparative figures for the year ended 31 March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	5	**593,448**	580,964
Cost of sales		**(541,717)**	(527,783)
Gross profit		**51,731**	53,181
Other income and gain	6	**801**	663
Administrative and other operating expenses		**(27,779)**	(31,280)
Profit before income tax expense	7	**24,753**	22,564
Income tax expense	8	**(3,901)**	(4,389)
Profit and total comprehensive income for the year		**20,852**	18,175
Earnings per share:	9		
Basic and diluted (HK cents)		**2.6**	2.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Non-current assets			
Property, plant and equipment		**419**	1,316
Current assets			
Contract assets		**190,284**	–
Amounts due from customers for contract work		**–**	93,477
Trade and other receivables	*11*	**40,632**	42,868
Pledged deposits		**16,200**	22,637
Tax recoverable		**2**	56
Cash and cash equivalents		**109,361**	135,243
Total current assets		**356,479**	294,281
Current liabilities			
Trade and other payables	*12*	**222,536**	153,250
Tax payables		**855**	1,692
Total current liabilities		**223,391**	154,942
Net current assets		**133,088**	139,339
NET ASSETS		**133,507**	140,655
Capital and reserves			
Share capital	*13*	**8,000**	8,000
Reserves		**125,507**	132,655
TOTAL EQUITY		**133,507**	140,655

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 2018

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

HKFRS 9 Financial Instruments

(i) Classification and measurement of financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

The measurement categories for all financial liabilities remain the same for the Group, the carrying amounts for all liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Impairment of financial assets

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

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

Measurement of ECLs

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

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

For other debt financial assets, the ECLs are based on the 12 months ECLs. The 12 months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

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

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

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Management has concluded that neither the new requirements related to the classification and measurement nor the requirements related to impairment have any impact on the consolidated financial statements of the Company.

Impact of the ECLs model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables and contract assets. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk as the trade receivables.

No additional impairment for trade receivables and contract assets as at 1 April 2018 are recognised under HKFRS 9 as the amounts of additional impairment measured under ECLs model is immaterial.

Other financial assets at amortised cost of the Group includes deposits and other receivables, pledged bank deposits and cash and cash equivalents. Management considers the probability of default is low on deposits and other receivables since the counterparties are in good credit quality and no historical default is noted. Besides, management considers the probability of default is low on pledged bank deposits and cash and cash equivalents since they are placed at the financial institutions with good credit rating. The Group has assessed and concluded that impact of ECLs on trade receivables, deposits and other receivables, pledged bank deposits and cash and cash equivalents are insignificant as at 1 April 2018 and 31 March 2019.

(iii) Hedge accounting

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

(iv) Transition

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

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

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

In the preparation of the consolidated financial statements, the Group has applied accounting policy which based on a five-step model as set out in HKFRS 15 to recognise revenue from contracts with customers.

The Group assessed the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the assessment, the adoption of HKFRS 15 has no material impact on the timing and amounts of revenue recognised for contracts with customers and no adjustments to the opening balance of equity at 1 April 2018 have been made on the initial application of HKFRS 15.

The following table summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 1 April 2018:

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

There was no material impact on the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of change in equity and consolidated statement of cash flows for the year ended 31 March 2019.

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

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

Amendments 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 adoption of these amendments has no material impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

The adoption of other amendments has no material impact on the Group's consolidated 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.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

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 than 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 2019 amounted to approximately HK$350,000. 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.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the future.

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 consolidated 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 within the scope of HKFRS 15:

Revenue from external customers	**Year ended 31 March**	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**575,388**	572,364
Macau	**18,060**	8,600
	593,448	580,964

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**	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**419**	1,313
Macau	**–**	3
	419	1,316

(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:

	2019	2018
	HK$'000	*HK$'000*
Customer I	**293,783**	64,067
Customer II	**N/A**	148,926

5. REVENUE

Revenue, which is also the Group's turnover, represents contract revenue from provision of renovation services as a main contractor during the year. All the Group's revenue is derived from contracts with customers which is recognised over time.

The Group has applied the practical expedient to its sales contracts for Construction Services and therefore the below information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for Construction Services that had an original expected duration of one year or less.

As at 31 March 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately HK$116,395,000. This amount represents revenue expected to be recognised in the future from partially-completed long-term construction contracts. The Group will recognise the expected revenue in future as the work is progressed, which is expected to occur over the next 15 months.

6. OTHER INCOME AND GAIN

	2019 *HK$'000*	2018 *HK$'000*
Bank interest income	**801**	663

7. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging:

	2019 *HK$'000*	2018 *HK$'000*
Auditor's remuneration	**900**	850
Depreciation	**1,099**	1,149
Staff costs including directors' emoluments:		
— Salaries and allowances	**59,737**	63,982
— Contributions on defined contribution retirement plans	**1,690**	1,452
	61,427	65,434
Minimum lease payments under operating leases	**2,697**	3,014
Foreign exchange loss, net	**–**	6

8. INCOME TAX EXPENSE

	2019 *HK$'000*	2018 *HK$'000*
Current tax — Hong Kong Profits Tax		
— Tax for the year	**3,961**	4,411
— Over provision in respect of prior years	**(60)**	(22)
	3,901	4,389
Current tax — overseas		
— Tax for the year	**–**	–
	3,901	4,389

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

For the year ended 31 March 2019, Hong Kong Profits Tax is calculated in accordance with the Regime. For the year ended 31 March 2018, the provision for Hong Kong Profits Tax was calculated at 16.5% of 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 year ended 31 December 2018. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2019.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2019 is based on the profit attributable to owners of the Company of approximately HK$20,852,000 (2018: approximately HK$18,175,000) and on the weighted average number of 800,000,000 (2018: 800,000,000) 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 2019 and 2018.

10. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim dividend declared and paid *(Note (i))*	**8,000**	8,000
Proposed final dividend *(Note (ii))*	**12,000**	20,000
	20,000	28,000

Notes:

(i) The interim dividend in respect of the financial year ended 31 March 2019 of HK1.0 cent (2018: HK1.0 cent) per ordinary share, amounting to HK$8.0 million (2018: HK$8.0 million), was paid on 18 January 2019.

(ii) The final dividend in respect of the financial year ended 31 March 2019 of HK1.5 cents per ordinary share, amounting to HK$12.0 million, has been proposed by the Directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The final dividend declared subsequent to 31 March 2019 has not been recognised as a liability as at 31 March 2019.

The final dividend in respect of the year ended 31 March 2018 of HK2.5 cents per ordinary share amounting to HK$20.0 million was paid on 18 October 2018 and was recognised in the year ended 31 March 2019. The final dividend in respect of the financial year ended 31 March 2017 of HK1.0 cent per ordinary share, amounting to HK$8.0 million was paid on 18 October 2017 and was recognised in the year ended 31 March 2018.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(Notes (i) and (ii))*	**38,739**	8,460
Retention receivables *(Notes (iii) and (iv))*	**–**	32,632
Deposits and other receivables	**1,498**	1,339
Prepayments	**395**	437
	40,632	42,868

Notes:

(i) The credit period granted to customers on final and progress billings is generally between 14 and 60 days from the invoice date.

(ii) The ageing analysis of trade receivables (net of allowances) at the end of each reporting period based on the invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**33,089**	3,116
31–60 days	**770**	–
61–90 days	**–**	4,543
Over 90 days	**4,880**	801
	38,739	8,460

(iii) As at 31 March 2018, the Group's retention receivables were not yet past due.

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

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(Note (i))*	**10,716**	17,292
Accruals for costs of contract work	**172,919**	97,135
Retention payables *(Note (ii))*	**32,436**	32,158
Other payables and accruals	**6,465**	6,665
	222,536	153,250

Notes:

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**10,112**	14,615
31–60 days	**408**	2,225
61–90 days	**–**	133
Over 90 days	**196**	319
	10,716	17,292

The credit period granted by suppliers is generally between 14 and 60 days from the invoice date and subcontractors is generally within 14 days after receipt of payment from customers.

(ii) As at 31 March 2019, retention payables of approximately HK$7,542,000 (as at 31 March 2018: HK$4,005,000) were expected to be settled beyond twelve months after the end of the reporting period.

13. SHARE CAPITAL

	Number of ordinary shares As at 31 March		Share capital As at 31 March	
	2019	2018	**2019**	2018
			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

14. RELATED PARTY TRANSACTIONS

(a) During the year ended 31 March 2019, the Group entered into the following transactions with related parties:

Related party relationship	Type of transaction	2019	2018
		HK$'000	*HK$'000*
A company where a key management personnel is a close family member of an executive director of the Company	Revenue from provision of Construction Services	**16,163**	–

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

The remuneration of key management personnel, who are the executive directors of the Company, for the years ended 31 March 2019 and 2018 were as follows:

	2019	2018
	HK$'000	*HK$'000*
Compensation of key management personnel	**7,118**	6,950

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, cash flow and general financial security.

BUSINESS REVIEW

For the year ended 31 March 2019, the Group recorded profit after tax of approximately HK$20.9 million (2018: HK$18.2 million) from revenue totalling approximately HK$593.4 million (2018: HK$581.0 million). During the year ended 31 March 2019, the Group completed 15 projects and was awarded 16 projects, 15 of which were fitting-out projects and one was an A&A project.

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

Upon converting these tendering 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 cash flow can be maintained.

From a risk perspective, a high level of importance is placed on our tendering 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 2019, both the fitting-out and A&A markets have been extremely active. The number of tendering opportunities has been high and the Group has had to be selective with its tendering strategy in order that the desire for revenue did not exceed the capacity and ability of our project teams to complete projects to our normal high levels of delivery.

The Group has performed well during the year ended 31 March 2019 and has been successful in securing a steady stream of new projects. Awarded projects included, but are not limited to projects for property developers, an insurance company and an investment bank.

Securing quality and experienced project-related staff continues to be a challenge in Hong Kong and this causes the greatest restriction on our ability to grow in this market.

Macau

We have experienced an improvement in the operating environment in Macau and have been fortunate to secure three new projects during the year ended 31 March 2019. We have completed the fitting-out of a private lounge and an air-side hangar facility in the main Macau airport terminal for the Asia's largest private jet management company and have commenced work on a food and beverage outlet for one of Macau's premier hotel and casino operators.

As a result of the increased activity in this market and in anticipation of securing further work, we have signed up to a new office space and increased our staffing levels. We will work hard over the coming months to maintain a steady growth.

OUTLOOK

Hong Kong

The Hong Kong market remains buoyant and the Group is benefitting from healthy levels of tendering opportunities. As at the date of this announcement, we have already secured a number of projects with sufficient work which will keep our teams fully occupied through-out the first half of the financial year ending 31 March 2020.

From a tendering perspective, we have a number of submitted tenders that are looking very positive and from a revenue perspective, we are looking at a very positive start to the next financial year.

Macau

Significant focus will be placed on restructuring our team in Macau to the point where more projects can be undertaken simultaneously. We remain cautiously optimistic on the Macau market and will be looking for significantly improved financial results to flow from this year's efforts.

We will spread our marketing efforts beyond the hotel and casino industry in order to maximise our opportunities and to secure a range of projects outside of this core focus. We hope this will enable us to smooth out the more volatile nature of the hotel and casino work and to provide more consistent results moving forward.

General

The trade war between the United States of America and China will continue to cast a shadow over Asia and although this had not yet flowed down into the Hong Kong or Macau renovation services industries, one would have to anticipate that if the matter is not resolved soon, then some form of negative impact would be very likely. We look forward to the two countries quickly resolving their differences so that normal business relations can resume.

The Group continues to look at other opportunities that will help increase its revenue and in this regard, the Group is looking at potential acquisition opportunities that would boost its presence in related industries as well as 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			
	2019		2018	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
Hong Kong	**575,388**	**97.0%**	572,364	98.5%
Macau	**18,060**	**3.0%**	8,600	1.5%
Total	**593,448**	**100.0%**	580,964	100.0%

Revenue by type of projects

	Year ended 31 March			
	2019		2018	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
Fitting-out projects	**479,928**	**80.9%**	317,026	54.6%
A&A projects	**113,520**	**19.1%**	263,938	45.4%
Total	**593,448**	**100.0%**	580,964	100.0%

The Group's revenue for the year ended 31 March 2019 was approximately HK$593.4 million, which represented an increase of approximately HK$12.5 million or approximately 2.1% over the last financial year. The overall increase in the Group's revenue was mainly due to an increased contribution from Macau which generated approximately HK$18.1 million revenue, representing an increase in revenue by approximately HK$9.5 million over the last financial year from Macau. Revenue generated from Hong Kong has remained stable with a slight increase in revenue of approximately HK$3.0 million for the year ended 31 March 2019.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK$1.5 million or 2.7% from approximately HK$53.2 million for the year ended 31 March 2018 to approximately HK$51.7 million for the year ended 31 March 2019. Such decrease in the Group's gross profit was mainly due to the decrease in gross profit margin generated from projects in Macau and the timing of concluding a number of final accounts. Accordingly, the Group's gross profit margin for the year ended 31 March 2019 decreased to approximately 8.7% from approximately 9.2% for the year ended 31 March 2018.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the year ended 31 March 2019 were approximately HK$27.8 million, representing a decrease of approximately HK$3.5 million or 11.2% from approximately HK$31.3 million for the last financial year. The decrease was mainly due to (i) reduced overhead cost in Macau; and (ii) overall effective cost control during the year ended 31 March 2019.

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 8.25% for the first HK$2 million and 16.5% on the remaining balance of 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 2019, the Group recorded income tax expense of approximately HK$3.9 million (2018: HK$4.4 million) representing an effective tax rate of approximately 15.8% (2018: 19.5%). The decrease in the Group's effective tax rate during the current financial year was mainly due to the application of the two-tiered profits tax rates regime as mentioned in note 8 to the consolidated financial statements above and the utilisation of tax loss brought forward for Macau.

Profit for the year

The Group's profit for the year ended 31 March 2019 amounted to approximately HK$20.9 million, representing an increase of approximately HK$2.7 million or approximately 14.7% from approximately HK$18.2 million for the year ended 31 March 2018. Such increase was mainly attributable to reduction in administrative and other operating expenses as mentioned above.

Bank borrowings

As at 31 March 2019 and 2018, the Group had no bank borrowings. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

As at 31 March 2019, the Group had current assets of approximately HK$356.5 million (as at 31 March 2018: HK$294.3 million) which comprised cash and cash equivalents of approximately HK$109.4 million (as at 31 March 2018: HK$135.2 million), mainly denominated in Hong Kong dollars. As at 31 March 2019, the Group had no non-current liabilities (as at 31 March 2018: nil), and its current liabilities amounted to approximately HK$223.4 million (as at 31 March 2018: HK$154.9 million), consisting mainly of payables arising in the normal course of business operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.6 times as at 31 March 2019 (as at 31 March 2018: 1.9 times). 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 2019 and 2018, the Group did not have any debt and hence the gearing ratio was nil.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign exchange exposure

As the Group's monetary assets and transactions are principally denominated in Hong Kong dollars, it did not have any significant exposure to risk resulting from changes in foreign currency exchange rates during the year ended 31 March 2019.

During the year ended 31 March 2019, 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 2019, the Group did not have any significant capital commitments (as at 31 March 2018: 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 2019, 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 2019.

Material acquisitions and disposals

During the year ended 31 March 2019, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Pledge of assets

As at 31 March 2019, pledged deposits in the sum of approximately HK$16.2 million (as at 31 March 2018: HK$22.6 million) were placed with a bank or an insurer as securities for the performance bonds issued by the bank and insurer to certain customers on their projects. The pledged deposits will be released when the bank or insurer 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 2019 (as at 31 March 2018: nil).

Information on employees

As at 31 March 2019, the Group had 105 employees (as at 31 March 2018: 101), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$61.4 million for the year ended 31 March 2019, as compared with approximately HK$65.4 million for the year ended 31 March 2018. 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 2019, 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 2019.

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 2019.

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 2019 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 2019 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 2019 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 2019. 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 HK1.5 cents per share for the year ended 31 March 2019, to be payable on or about Friday, 18 October 2019. Based on 800,000,000 shares of the Company in issue as at the date of this announcement, it is expected that the total amount of final dividend payable to the Shareholders is HK$12.0 million in aggregate for the year ended 31 March 2019, subject to the approval of the Shareholders at the 2019 AGM (as defined below).

ANNUAL GENERAL MEETING

The Company will hold its forthcoming annual general meeting on Friday, 20 September 2019 (the "**2019 AGM**"), the notice of which will be published and despatched to the Shareholders in due course.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

As disclosed in the announcement of the Company dated 18 June 2019, with effect from 11 July 2019, the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, will change its address from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the Hong Kong branch share registrar and transfer office of the Company will remain unchanged.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Tuesday, 17 September 2019 to Friday, 20 September 2019 (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 2019 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 (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Thursday, 11 July 2019), for registration not later than 4:30 p.m. on Monday, 16 September 2019.

Subject to the approval of the Shareholders at the 2019 AGM, the proposed final dividend will be payable on or about Friday, 18 October 2019 to the Shareholders whose names appear on the register of members of the Company on Friday, 4 October 2019. To ascertain the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 2 October 2019 to Friday, 4 October 2019 (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 (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Thursday, 11 July 2019), not later than 4:30 p.m. on Monday, 30 September 2019.

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 2019 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 2019

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.