IBI Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1547)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2019	2018	**Increase/ (decrease)**
	HK\$'000	*HK\$'000*	
	(Unaudited)	(Unaudited)	
Revenue	**322,192**	330,497	(2.5)%
Gross profit	**31,146**	29,168	6.8%
Profit before income tax expense	**18,277**	17,022	7.4%
Profit for the period	**15,365**	14,305	7.4%
Basic and diluted earnings per share (HK cents)	**1.9**	1.8	5.6%

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

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of IBI Group Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2019, together with the comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*6*	**322,192**	330,497
Cost of sales		**(291,046)**	(301,329)
Gross profit		**31,146**	29,168
Other income and gain	*7*	**487**	310
Administrative and other operating expenses		**(13,196)**	(12,456)
Finance costs	*9*	**(160)**	–
Profit before income tax expense	*8*	**18,277**	17,022
Income tax expense	*10*	**(2,912)**	(2,717)
Profit and total comprehensive income for the period		**15,365**	14,305
Earnings per share:	*11*		
Basic and diluted (HK cents)		**1.9**	1.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**253**	419
Right-of-use assets		**6,494**	–
Total non-current assets		**6,747**	419
Current assets			
Contract assets		**190,189**	190,284
Trade and other receivables	*13*	**71,951**	40,632
Pledged deposits		**18,284**	16,200
Tax recoverable		**3**	2
Cash and cash equivalents		**128,939**	109,361
Total current assets		**409,366**	356,479
Current liabilities			
Trade and other payables	*14*	**257,785**	222,536
Lease liabilities		**2,384**	–
Tax payables		**2,705**	855
Dividend payable		**12,000**	–
Total current liabilities		**274,874**	223,391
Net current assets		**134,492**	133,088
Total assets less current liabilities		**141,239**	133,507
Non-current liabilities			
Lease liabilities		**4,367**	–
NET ASSETS		**136,872**	133,507
Capital and reserves			
Share capital	*15*	**8,000**	8,000
Reserves		**128,872**	125,507
TOTAL EQUITY		**136,872**	133,507

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The condensed consolidated financial statements have not been audited or reviewed by the Company's external auditors, but have been reviewed by the audit committee of the Company.

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2019, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019. This is the first set of the Group's financial statements in which HKFRS 16 and has been adopted. Details of any changes in accounting policies are set out in note 3 below.

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

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

3. CHANGES IN HKFRSs

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

- HKFRS 16, Leases
- HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features and Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any material impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 if any as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 2018/19 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

On transition to HKFRS 16, the Group has taken advantage of the practical expedients to leases previously classified as operating leases under HKAS 17 to account for leases with a remaining term of twelve months or less from the date of initial application as short-term leases (i.e. not recognised "on balance sheet") even though the initial term of the leases from lease commencement date may have been more than twelve months and using hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

As at 31 March 2019, the Group had operating lease commitment of approximately HK$350,000 for which the lease term ends within 12 months of the date of initial application and the leases do not include a renewal option. Accordingly, the Group has not recognised any right-of-use assets nor lease liabilities as at 1 April 2019 but to account for payments on these leases as an expense on a straight-line basis over the remaining lease term.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group’s incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (1 April 2019). The comparative information presented in 2018/19 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to annual financial statements of the Group for the year ended 31 March 2019, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16 as described in note 3 above.

5. 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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**290,619**	327,554
Macau	**31,573**	2,943
	322,192	330,497

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

Specified non-current assets

	As at 30 September 2019	As at 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**6,747**	419
Macau	**–**	–
	6,747	419

(b) Information about major customers

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer I	**78,523**	209,857
Customer II	**70,367**	N/A
Customer III	**35,171**	N/A

6. 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 30 September 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately HK$74,880,000. 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 project work is progressed, which is expected to occur over the next 9 months.

7. OTHER INCOME AND GAIN

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**487**	310

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**450**	450
Depreciation of property, plant and equipment	**253**	551
Depreciation of right-of-use assets	**812**	–
Staff costs including directors' emoluments:		
— Salaries and allowances	**38,395**	36,659
— Contributions on defined contribution retirement plans	**816**	862
	39,211	37,521
Short term leases expenses	**583**	–
Minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	1,293

9. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	**160**	–

10. INCOME TAX EXPENSE

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
— provision for the period	**2,912**	2,717
Current tax — overseas		
— provision for the period	**–**	–
	2,912	2,717

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 six months ended 30 September 2019 and 2018, Hong Kong profits tax is calculated in accordance with the Regime.

Pursuant to the relevant laws and regulations in Macau and with the short-term tax incentives granted by the Macau Government, the Group's subsidiary in Macau was subject to complementary tax at the rate of 12% for taxable profits over the tax thresholds of MOP600,000 for the tax year ended 31 December 2018. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2019.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2019 is based on the profit for the period attributable to owners of the Company of approximately HK$15,365,000 (six months ended 30 September 2018: HK$14,305,000) and on the weighted average number of 800,000,000 (six months ended 30 September 2018: 800,000,000) ordinary shares of the Company.

Diluted earnings per share for the six months ended 30 September 2019 and 2018 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the periods.

12. DIVIDENDS

Subsequent to the reporting period, the Directors resolved the payment of an interim dividend of HK1.0 cent (six months ended 30 September 2018: HK1.0 cent) per ordinary share, amounting to HK$8,000,000 (six months ended 30 September 2018: HK$8,000,000). The proposed interim dividend subsequent to the reporting period has not been recognised as a liability at the end of the reporting period.

The final dividend in respect of the year ended 31 March 2019 of HK1.5 cents per ordinary share, amounting to HK$12,000,000 was paid on 18 October 2019.

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2019 ***HK$'000*** **(Unaudited)**	As at 31 March 2019 *HK$'000* (Audited)
Trade receivables *(Notes (i) and (ii))*	**70,156**	38,739
Deposits and other receivables	**1,552**	1,498
Prepayments	**243**	395
	71,951	40,632

Notes:

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

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

	As at 30 September 2019 ***HK$'000*** **(Unaudited)**	As at 31 March 2019 *HK$'000* (Audited)
Within 30 days	**43,904**	33,089
31–60 days	**26,252**	770
61–90 days	**–**	–
Over 90 days	**–**	4,880
	70,156	38,739

14. TRADE AND OTHER PAYABLES

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Trade payables *(Note (i))*	**29,354**	10,716
Accruals for costs of contract work	**187,853**	172,919
Retention payables *(Note (ii))*	**33,368**	32,436
Other payables and accruals	**7,210**	6,465
	257,785	222,536

Notes:

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

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
0 –30 days	**29,131**	10,112
31 – 60 days	**20**	408
61 – 90 days	**–**	–
Over 90 days	**203**	196
	29,354	10,716

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

(ii) As at 30 September 2019, retention payables of approximately HK$282,000 (31 March 2019: HK$7,542,000) were expected to be settled beyond twelve months after the end of the reporting period.

15. SHARE CAPITAL

	Number of ordinary shares		Share capital	
	As at 30 September 2019 (Unaudited)	As at 31 March 2019 (Audited)	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Ordinary shares of HK$0.01 each				
Authorised:	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid	**800,000,000**	800,000,000	**8,000**	8,000

16. RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 September 2019, the Group entered into the following transactions with related parties:

Related party relationship	Type of transaction	Six months ended 30 September **2019** *HK$'000* **(Unaudited)**	2018 *HK$'000* (Unaudited)
A Company where a key management personnel is a close family member of an executive director of the Company	Revenue from construction work	**–**	2,585

(b) Compensation of key management personnel

The remuneration of key management personnel, who are the executive directors of the Company, for the six months ended 30 September 2019 and 2018 were as follows:

	Six months ended 30 September **2019** *HK$'000* **(Unaudited)**	2018 *HK$'000* (Unaudited)
Compensation of key management personnel	**3,122**	2,538

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

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

Our major customers include a number of highly reputable organisations and commercial enterprises in the private sector in Hong Kong and Macau including multi-national banks, property developers, accountancy and legal firms, hotel and casino ventures and food and beverage operators.

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

1. an established reputation and proven track record;

2. implementation, management and execution expertise; and

3. commitment to the management of risk, cashflow and general financial security.

BUSINESS REVIEW

For the six months ended 30 September 2019, the Company recorded profit after tax of approximately HK$15.4 million, representing an increase of approximately 7.4% over the same period in the previous financial year. During the six months ended 30 September 2019, the Group had completed seven projects and has been awarded twelve projects, of which eleven are fitting-out projects and one is an A&A project.

We continue to focus heavily on our project delivery model and are constantly pushing for additional profit through the efficient allocation of resources and innovative methods of procurement.

For the period under review, the Company had achieved revenue of approximately HK$322.2 million which was marginally lower than that achieved during the corresponding period in 2018. Our gross profit amounted to approximately HK$31.1 million for the six months ended 30 September 2019, representing a rise of approximately HK$2.0 million or 6.8% from the same period last year.

MARKET REVIEW

Hong Kong

The Hong Kong market has been buoyant during this period with a healthy level of tender opportunities and a solid level of success from our tendering team.

The Company has been carrying out a number of highly challenging projects during this period where either time constraints and/or technical factors have demanded the very best from our project teams. Although these projects stretch our colleagues to the limit of their abilities, it is wonderful to see how hard work and dedication lead to the successful outcome of such projects. The praise they receive from both clients and other project consultants is very much deserved.

Macau

Our Macau team has been extremely busy in Macau constructing a high-end restaurant outlet in one of our client's hotel and casino properties. The level of intricacy in the design and the extensive range of finishes is wonderful and we are very much looking forward to the unveiling of this ambitious project.

Our tendering department continue to submit tenders for future work and we are hopeful of maintaining the current momentum of our Macau office.

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

OUTLOOK

During the six months ended 30 September 2019, the volume of tender opportunities in Hong Kong has been significant and we are confident of securing sufficient work to keep our project teams occupied.

The social unrest currently being experienced in Hong Kong is of major concern to the Company and although we have not been financially impacted by the situation up to this point of time, it is inevitable that if the unrest continues, then it will start to impact the decision making of our clients and may reduce the amount of money they are willing to invest in the territory.

At this current point of time, our main concern has been the safety of our staff and our working partners. In situations where protests have been ongoing near to our projects, our project managers carefully monitor the situation and if necessary, arrange for the shutting down of our sites so that workers and management can return home in safety.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

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

Revenue by geographical location of projects

	Six months ended 30 September			
	2019		2018	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
	(Unaudited)		(Unaudited)	
Hong Kong	**290,619**	**90.2%**	327,554	99.1%
Macau	**31,573**	**9.8%**	2,943	0.9%
Total	**322,192**	**100.0%**	330,497	100.0%

Revenue by type of projects

	Six months ended 30 September			
	2019		2018	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
	(Unaudited)		(Unaudited)	
Fitting-out projects	**298,612**	**92.7%**	262,534	79.4%
A&A projects	**23,580**	**7.3%**	67,963	20.6%
Total	**322,192**	**100.0%**	330,497	100.0%

The Group's revenue for the six months ended 30 September 2019 was approximately HK$322.2 million, which represented a decrease of approximately HK$8.3 million or approximately 2.5% over the last corresponding period. The Group's revenue had remained stable and the slight decrease was mainly attributable to the decrease in revenue generated from A&A projects.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK$2.0 million or 6.8% from approximately HK$29.2 million for the six months ended 30 September 2018 to approximately HK$31.1 million for the six months ended 30 September 2019. The Group's gross profit margin for the six months ended 30 September 2019 increased to approximately 9.7% from approximately 8.8% for the six months ended 30 September 2018. The increase in gross profit and gross profit margin was due to the timing of concluding a number of final accounts.

Administrative and other operating expenses

The administrative and other operating expenses for the six months ended 30 September 2019 were approximately HK$13.2 million, representing an increase of approximately HK$0.7 million or approximately 5.9% from approximately HK$12.5 million for the corresponding period of the previous year. The increase was mainly due to a rise in administrative staff cost as a result of the expanded headcount to cater for greater tender opportunities.

Profit for the period

The Group's profit for the six months ended 30 September 2019 amounted to approximately HK$15.4 million, representing an increase of approximately HK$1.1 million or approximately 7.4% as compared with approximately HK$14.3 million for the six months ended 30 September 2018. Such increase was in line with the increase in gross profit.

Bank borrowings

As at 30 September 2019 and 31 March 2019, the Group had no bank borrowings. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

As at 30 September 2019, the Group had current assets of approximately HK$409.4 million (as at 31 March 2019: HK$356.5 million) which approximately HK$128.9 million was cash and cash equivalents (as at 31 March 2019: HK$109.4 million), mainly denominated in Hong Kong dollars. As at 30 September 2019, the Group had non-current liabilities of approximately HK$4.4 million (as at 31 March 2019: nil), and its current liabilities amounted to approximately HK$274.9 million (as at 31 March 2019: HK$223.4 million), consisting mainly of payables arising from the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.5 as at 30 September 2019 (as at 31 March 2019: 1.6).

Gearing ratio

The gearing ratio of the Group is defined as a percentage of total borrowings at the end of the reporting period divided by total equity at the end of the reporting period. As at 30 September 2019 and 31 March 2019, the Group did not have any borrowings and hence the gearing ratio was nil.

Treasury policies

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

Foreign exchange exposure

As the Group's monetary assets and transactions are principally denominated in Hong Kong dollars, it did not have any significant exposure to risk resulting from changes in foreign currency exchange rate during the six months ended 30 September 2019.

During the six months ended 30 September 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 30 September 2019, the Group did not have any significant capital commitments (as at 31 March 2019: nil).

Information on employees

As at 30 September 2019, the Group had 111 employees (as at 30 September 2018: 109), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$39.2 million for the six months ended 30 September 2019, as compared with approximately HK$37.5 million for the six months ended 30 September 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 annually. The Group also operates a share option scheme adopted by the Company on 20 September 2016 (the "**Share Option Scheme**"), pursuant to which options to subscribe for shares may be granted to the Directors and employees of the Group.

Share Option Scheme

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

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

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

Significant investments held

As at 30 September 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 30 September 2019.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2019, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge of assets

As at 30 September 2019, pledged deposits amounted to approximately HK$18.3 million (as at 31 March 2019: HK$16.2 million) were placed with a bank or an insurer as securities for the performance bonds issued by the bank and insurer to certain customers on their projects. The pledged deposits will be released when the bank or insurer are satisfied that no claims will arise from the projects under the performance bonds.

Contingent liabilities

The Group had no material contingent liabilities as at 30 September 2019 (as at 31 March 2019: nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 12 to the condensed consolidated interim financial statements, there are no significant events after the reporting period up to the date of this announcement.

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

During the six months ended 30 September 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company confirms that, other than the deviation from code provision A.2.1, the Company has complied with all the code provisions ("**Code Provisions**") set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2019.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for securities transactions. Following specific enquires of all Directors, all Directors confirm that they have complied with the required standards of dealing as set out in the Model Code throughout the six months ended 30 September 2019.

AUDIT COMMITTEE

The Company established an audit committee of the Company (the "**Audit Committee**") pursuant to a resolution of the Directors passed on 20 September 2016 with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules. The written terms of reference of the Audit Committee were adopted in compliance with the Code Provisions. Its terms of reference are available on the websites of the Company and the Stock Exchange. The Audit Committee consists of three independent non-executive Directors, namely Mr. David John Kennedy (Chairman), Mr. Richard Gareth Williams and Mr. Robert Peter Andrews.

The unaudited consolidated interim financial statements for the six months ended 30 September 2019 have not been audited or reviewed by the Company's external auditors, but have been reviewed by the Audit Committee, and the Audit Committee is of the view that the interim results for the six months ended 30 September 2019 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board resolved the payment of an interim dividend of HK1.0 cent per ordinary share in respect of the reporting period to the Shareholders whose names appear on the register of members of the Company on Monday, 16 December 2019. It is expected that the interim dividend will be paid on or around Thursday, 16 January 2020. Based on 800,000,000 shares of the Company in issue as at the date of this announcement, it is expected that the total amount of interim dividend payable to the Shareholders is HK$8.0 million in aggregate for the six months ended 30 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 12 December 2019 to Monday, 16 December 2019 (both days inclusive) and during such period, no transfer of shares of the Company will be registered. To ensure the entitlement to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 11 December 2019.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of both the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.ibi.com.hk). An interim report of the Company for the six months ended 30 September 2019 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

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

Hong Kong, 28 November 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. David John Kennedy.