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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 2016

	Six months ended 30 September		Increase/ (decrease)
	2016	2015	
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	
Revenue	382,210	286,975	33.2%
Gross profit	29,421	24,812	18.6%
Profit before income tax expense	3,066	15,548	(80.3)%
Profit for the period	384	13,114	(97.1)%
Profit for the period (excluding listing expenses)	15,841	13,114	20.8%
Basic and diluted earnings per share (HK cents)	0.1	2.2	(97.1)%

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 2016, together with the comparative figures for the corresponding period in 2015.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 September 2016

	<i>Notes</i>	Six months ended	
		2016	2015
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	382,210	286,975
Cost of sales		(352,789)	(262,163)
Gross profit		29,421	24,812
Other income and gain	6	4	2
Administrative and other operating expenses		(26,265)	(9,176)
Finance costs		(94)	(90)
Profit before income tax expense	7	3,066	15,548
Income tax expense	8	(2,682)	(2,434)
Profit and total comprehensive income for the period		384	13,114
Earnings per share:	9		
Basic and diluted (HK cents)		0.1	2.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		As at 30 September 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		332	374
Current assets			
Amounts due from customers for contract work	<i>11</i>	121,352	153,852
Trade and other receivables	<i>12</i>	99,889	79,082
Pledged deposits		23,057	18,841
Cash and cash equivalents		49,039	51,594
Total current assets		293,337	303,369
Current liabilities			
Amounts due to customers for contract work	<i>11</i>	442	875
Trade and other payables	<i>13</i>	238,436	228,368
Bank borrowings		518	2,028
Tax payables		7,819	6,402
Total current liabilities		247,215	237,673
Net current assets		46,122	65,696
Total assets less current liabilities		46,454	66,070
NET ASSETS		46,454	66,070
Capital and reserves			
Share capital	<i>14</i>	–	1
Reserves		46,454	66,069
TOTAL EQUITY		46,454	66,070

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 89 Nexus Way, Camana Bay, 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 Company had its primary listing 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 Company and its subsidiaries (collectively referred hereafter as 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. REORGANISATION

In connection with the listing of the shares of the Company on the Main Board of the Stock Exchange, the Company underwent a reorganisation (the “**Reorganisation**”).

Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” to the prospectus of the Company dated 29 September 2016 (the “**Prospectus**”). The Reorganisation involved only inserting new holding companies on top of an existing group and has not resulted in any change of economic substance. The Group resulting from the Reorganisation is regarded as a continuing entity as it involved combinations of entities under common control, which were controlled by the same controlling shareholder. Immediately after the Reorganisation, the Company became the holding company of its subsidiaries now comprising the Group on 13 May 2016. Accordingly, the unaudited condensed consolidated interim financial statements were prepared using the merger accounting as if the Reorganisation had been completed and the current group structure had always been in existence. The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity for the six months ended 30 September 2016 include the results and changes in equity of the companies now comprising the Group from the earliest date presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence. No adjustment is made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

3. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016 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 and notes thereon do not include all of the information required for full set of financial statements and should be read in conjunction with the accountant’s report included in Appendix I (the “**Accountant’s Report**”) to the Prospectus, 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 unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company.

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.

4. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis. Except for the adoption of the new and amended HKFRSs for annual periods beginning on 1 April 2016, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements are consistent with those described in the Accountant's Report to the Prospectus.

During the interim period, the Group has adopted all the following new and amended HKFRSs which are first effective for the reporting period and relevant to the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The adoption of these new and amended HKFRSs has no material effect to the Group's accounting policies and the Directors considered that the changes are not material to the Group's results of operations or financial position.

The Group has not yet adopted any new and amended HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results of operations and financial position.

5. REVENUE AND SEGMENT REPORTING

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

Management regularly reviews the operating results from a project-based perspective. The reportable operating segment derives its revenue primarily from provision of renovation services as a main contractor for property projects in the private sector in Hong Kong and Macau. Accordingly, the Group has only one business segment and no further analysis of this single segment is considered necessary.

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

(a) Geographical information

The Group operates in two principal geographical areas — Hong Kong and Macau.

The following table provides an analysis of the Group's revenue from external customers:

Revenue from external customers	Six months ended	
	30 September	2015
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	315,728	268,797
Macau	66,482	18,178
	<u>382,210</u>	<u>286,975</u>

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 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Hong Kong	304	334
Macau	28	40
	<u>332</u>	<u>374</u>

(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 2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Customer I	146,225	35,243
Customer II	45,745	132,057
Customer III	42,373	10,711
Customer IV	41,880	–
Customer V	37,749	42,785
	<u>377,972</u>	<u>221,806</u>

6. OTHER INCOME AND GAIN

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Bank interest income	2	2
Recovery of impairment loss on trade receivables previously recognised	2	–
	<u>4</u>	<u>2</u>

7. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging:

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	533	186
Depreciation	135	122
Staff costs including directors' emoluments:		
— Salaries and allowances	32,963	23,470
— Contributions on defined contribution retirement plans	734	523
	<u>33,697</u>	<u>23,993</u>
Minimum lease payments under operating leases	1,084	814
Listing expenses	15,457	—
	<u>15,457</u>	<u>—</u>

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
— provision for the period	1,914	2,327
Current tax — overseas		
— provision for the period	768	107
	<u>768</u>	<u>107</u>
	<u>2,682</u>	<u>2,434</u>

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2015: 16.5%) on the estimated assessable profits for the period.

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 years ended 31 December 2015. The Macau Government has not yet announced the tax threshold for the tax year ending 31 December 2016.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI during the period.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2016 is based on the profit for the period attributable to owners of the Company of approximately HK\$384,000 (six months ended 30 September 2015: HK\$13,114,000), and on the assumption that 600,000,000 (six months ended 30 September 2015: 600,000,000) ordinary shares of the Company, representing the number of ordinary shares of the Company after completion of the Reorganisation and the Capitalisation Issue as defined in the paragraph headed “Share Offer and Capitalisation Issue” in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus, have been in issue throughout the reporting period. Diluted earnings per share for the six months ended 30 September 2015 and 2016 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the periods.

10. DIVIDENDS

The Directors do not propose any payment of interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: nil).

On 11 June 2016, the Directors declared a dividend of HK\$20 million to its then shareholders which was paid on 23 September 2016. Investors who became the shareholders of the Company after the Listing were not entitled to such dividend.

11. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

The following table sets out details of the amounts due from/(to) customers for contract work as at the end of each reporting period:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Costs incurred to date plus recognised profits	1,245,245	952,478
Less: Progress billings to date	(1,124,335)	(799,501)
	<u>120,910</u>	<u>152,977</u>
Amounts due from customers	121,352	153,852
Amounts due to customers	(442)	(875)
	<u>120,910</u>	<u>152,977</u>

12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Notes (i) and (ii)</i>)	49,871	40,064
Retention receivables	43,479	35,304
Deposits	1,138	468
Prepayments	5,401	3,246
	<u>99,889</u>	<u>79,082</u>

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 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
Within 30 days	48,456	38,350
31–60 days	1,138	138
61–90 days	182	1,318
Over 90 days	95	258
	<u>49,871</u>	<u>40,064</u>

13. TRADE AND OTHER PAYABLES

	As at 30 September 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
Trade payables	31,796	26,612
Accruals for costs of contract work	152,354	163,328
Retention payables	37,335	32,195
Other payables and accruals	16,951	6,233
	<u>238,436</u>	<u>228,368</u>

Note:

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 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
0 – 30 days	28,887	21,044
31 – 60 days	2,188	4,025
61 – 90 days	–	1,147
Over 90 days	721	396
	<u>31,796</u>	<u>26,612</u>

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.

14. SHARE CAPITAL

The Company was incorporated on 6 April 2016, hence, the share capital as at 31 March 2016 in the condensed consolidated statement of financial position represented the issued share capital of IBI Group Limited, a wholly-owned subsidiary of the Company, as at that date.

The share capital as at 30 September 2016 in the condensed consolidated statement of financial position represented the issued share capital of the Company and as follows:

	Notes	Number of ordinary shares	HK\$	Number of B-Shares	HK\$
Authorised:					
At 6 April 2016 (date of incorporation)	(a)	37,999,900	379,999	100	1
Change due to conversion of B-Shares to ordinary shares	(c)	100	1	(100)	(1)
Increase in authorised share capital	(c)	<u>9,962,000,000</u>	<u>99,620,000</u>	<u>-</u>	<u>-</u>
At 30 September 2016 (Unaudited)		<u><u>10,000,000,000</u></u>	<u><u>100,000,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Issued and fully paid:					
At 6 April 2016 (date of incorporation)	(a)	1	-	-	-
Issue of shares	(b)	899	9	100	1
Conversion of B-Shares to ordinary shares	(c)	<u>100</u>	<u>1</u>	<u>(100)</u>	<u>(1)</u>
At 30 September 2016 (Unaudited)		<u><u>1,000</u></u>	<u><u>10</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Notes:

- The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 6 April 2016 with initial authorised share capital of HK\$380,000 divided into 37,999,900 ordinary shares of HK\$0.01 each and 100 B-class shares of HK\$0.01 each (“**B-Shares**”). On the same date, one ordinary share was issued for cash at par to the initial subscriber.
- On 14 April 2016, one ordinary share was transferred from the initial subscriber to the shareholder of the Company at par of HK\$0.01; and 899 ordinary shares of HK\$0.01 each and 100 B-Shares of HK\$0.01 each were allotted and issued by the Company to its shareholders.
- On 19 September 2016, all the B-Shares were converted to the ordinary shares of the Company on a one-for-one basis.

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

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

Further details are set out in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

On 14 October 2016, the Company's shares were listed on the Main Board of the Stock Exchange, 200,000,000 ordinary shares of HK\$0.01 each of the Company were issued at HK\$0.45 per share by way of public offering and placing.

15. EVENTS AFTER THE REPORTING PERIOD

The shares of the Company were listed on the Main Board of the Stock Exchange on 14 October 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

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

Our major customers include a number of highly reputable organisations and commercial enterprises in the private sector in Hong Kong and Macau, including multi-national banks, hotel and casino operators, and racing and betting operator in Hong Kong.

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

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

BUSINESS REVIEW

For the six months ended 30 September 2016 and excluding the one-off listing expenses incurred, the Company recorded profit after tax of approximately HK\$15.8 million, representing an increase of approximately 20.8% over the same period in the previous financial year. This flowed from a 33.2% increase in revenue to approximately HK\$382.2 million for this financial period. During the six months ended 30 September 2016, the Group has completed 13 projects and has been awarded 11 projects, of which 10 are fitting-out projects and one is an A&A project.

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 Date**”). Listing expenses incurred during our successful listing totalled approximately HK\$15.5 million for the six months ended 30 September 2016. These expenses are substantial and will continue to weigh heavy on the Company’s financial results for this financial year. Notwithstanding, they are one-off in nature and will only impact the Company for the year ending 31 March 2017.

MARKET REVIEW

Hong Kong

Both the fitting-out and A&A markets have remained strong for the Group during the first half of this financial year. Our project teams have remained extremely busy for the six months ended 30 September 2016 particularly with our successful completion of the fitting-out of an entire building for one of the world’s largest multi-national banks. Their move from Central to Kwun Tong represented one of the largest banking relocations in Hong Kong in recent years.

Macau

Our business in Macau continues to produce solid results despite the overall slowdown in the hotel and casino industry. We remain flexible with the work we carry out and recently, have been securing and executing a larger number of smaller projects within this sector.

We have also successfully completed the refurbishment of one of Hong Kong's leading banking institution's headquarters in Macau. We are very pleased at winning projects outside of the casino and hotel sector as this provides a more balanced portfolio of work in this territory.

OUTLOOK

During the six months ended 30 September 2016, we received ample volume of tender opportunities and continued to secure new projects. We look forward to maintaining this level of activity throughout the remainder of this financial year and to producing a solid and profitable set of financial results. We continue to strive to expand our scale of business and to strengthen our market position in the renovation service industry in Hong Kong and Macau and the A&A business in Hong Kong.

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			
	2016		2015	
	HK\$'000 (Unaudited)	% of revenue	HK\$'000 (Unaudited)	% of revenue
Hong Kong	315,728	82.6%	268,797	93.7%
Macau	66,482	17.4%	18,178	6.3%
Total	382,210	100.0%	286,975	100.0%

Revenue by type of projects

	Six months ended 30 September			
	2016		2015	
	HK\$'000 (Unaudited)	% of revenue	HK\$'000 (Unaudited)	% of revenue
Fitting-out projects	337,018	88.2%	233,243	81.3%
A&A projects	45,192	11.8%	53,732	18.7%
Total	382,210	100.0%	286,975	100.0%

The Group's revenue for the six months ended 30 September 2016 was approximately HK\$382.2 million, which represented an increase of approximately HK\$95.2 million or approximately 33.2% over the last corresponding period. The increase in the Group's revenue was due to our success in securing an increased number of projects which generated an increase of (i) approximately HK\$46.9 million revenue from projects in Hong Kong representing an increase in revenue of approximately 17.5% over the last corresponding period from Hong Kong; and (ii) approximately HK\$48.3 million revenue from projects in Macau representing an increase in revenue by approximately 265.7% over the last corresponding period from Macau.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$4.6 million or 18.6% from approximately HK\$24.8 million for the six months ended 30 September 2015 to approximately HK\$29.4 million for the six months ended 30 September 2016. The increase in the Group's gross profit was in line with the increase in the Group's revenue. The Group's gross profit margin for the six months ended 30 September 2016 decreased to approximately 7.7% from approximately 8.6% for the six months ended 30 September 2015. The decrease in gross profit margin was mainly attributable to the relatively lower gross profit margin for certain larger scale projects undertaken by the Group during the six months ended 30 September 2016.

Administrative and other operating expenses

The administrative and other operating expenses for the six months ended 30 September 2016 were approximately HK\$26.3 million, representing an increase of approximately HK\$17.1 million or 186.2% from approximately HK\$9.2 million for the corresponding period of the previous year. The increase was mainly due to the recording of approximately HK\$15.5 million of listing expenses incurred in relation to our listing on the Main Board of the Stock Exchange on 14 October 2016.

Profit for the period

The Group's profit for the six months ended 30 September 2016 amounted to approximately HK\$0.4 million, representing a decrease of approximately HK\$12.7 million or approximately 97.1% from approximately HK\$13.1 million for the six months ended 30 September 2015. Such decrease was mainly attributable to the listing expenses mentioned above.

Bank borrowings

As at 30 September 2016, the Group had bank borrowings at fixed interest rates of approximately HK\$0.5 million, which were reduced by approximately HK\$1.5 million from approximately HK\$2.0 million as at 31 March 2016. 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 2016, the Group had current assets of approximately HK\$293.3 million (as at 31 March 2016: HK\$303.4 million) which comprised cash and cash equivalents of approximately HK\$49.0 million (as at 31 March 2016: HK\$51.6 million), mainly denominated in Hong Kong dollars. As at 30 September 2016, the Group had no non-current liabilities, and its current liabilities amounted to approximately HK\$247.2 million (as at 31 March 2016: HK\$237.7 million, consisting mainly of payables arising in the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.2 as at 30 September 2016 (as at 31 March 2016: 1.3).

Gearing ratio

The gearing ratio of the Group, calculated based on total debts at the end of the reporting period divided by total equity at the end of the reporting period and multiplied by 100%, was approximately 1.1% as at 30 September 2016 (as at 31 March 2016: 3.1%). Debts of the Group refers to bank borrowings.

Treasury policies

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

Foreign exchange exposure

As the Group's monetary assets and transactions are principally denominated in Hong Kong dollars, it did not have any significant exposure to risk resulting from changes in foreign currency exchange rate during the six months ended 30 September 2016.

During the six months ended 30 September 2016, 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. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises ordinary shares and capital reserves.

Capital commitments

As at 30 September 2016, the Group did not have any significant capital commitments (as at 31 March 2016: nil).

Information on employees

As at 30 September 2016, the Group had 104 employees (as at 30 September 2015: 88), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$33.7 million for the six months ended 30 September 2016, as compared with approximately HK\$24.0 million for the six months ended 30 September 2015. 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 2016, the Group did not hold any significant investment in equity interest in any other company.

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 2016.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2016, save for the Reorganisation, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Pledge of assets

As at 30 September 2016, pledged deposits amounted to approximately HK\$23.1 million (as at 31 March 2016: HK\$18.8 million) are placed with a bank or an issuer as securities for the performance bonds issued by the bank and issuer to certain customers on their projects. The pledged deposits will be released when the bank or issuer 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 2016 (as at 31 March 2016: nil).

Use of proceeds

The net proceeds from the Company's share offer as referred to in the Prospectus was approximately HK\$65.9 million:

- approximately 90.8%, or approximately HK\$59.8 million, of the net proceeds will be used for expediting the organic growth and expanding our business scale by undertaking more and larger sized fitting-out and alteration and addition projects in Hong Kong and Macau. The allocated net proceeds from the share offer would be applied for paying the start-up costs of such prospective projects, which will include project insurance fees, costs of materials, subcontracting fees for certain start-up works and cash collateral for performance bonds; and
- approximately 9.2%, or approximately HK\$6.1 million, of the net proceeds will be used for general corporate purposes of the Group, including the staff costs, rental, marketing and compliance expenses.

As the Listing Date is after 30 September 2016, the net proceeds from the share offer had not been received by the Company as at 30 September 2016. The net proceeds, upon receipt by the Company after the listing, have been deposited at a bank and will be applied in the manners consistent with the use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

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

Since the Listing Date and up to the date of this announcement, 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 Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) from the Listing Date up to the date of this announcement.

Our Company complies with the Corporate Governance Code set out in Appendix 14 to the Listing Rules with the exception for Code Provision A.2.1, which requires the roles of chairman and chief executive be different individuals. Under Code Provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Neil David Howard holds both positions. Mr. Howard has been primarily responsible for overseeing our Group’s general management and business development and for formulating business strategies and policies for our business management and operations since he joined our Group in 2006. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider it is most suitable for Mr. Howard to hold both the positions of chief executive officer and the chairman of our Board and the present arrangements are beneficial and in the interests of our Company and our shareholders 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 from the Listing Date up to the date of this announcement.

AUDIT COMMITTEE

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

The unaudited consolidated interim financial statements for the six months ended 30 September 2016 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 2016 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board does not recommend declaring any dividend for the six months ended 30 September 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ibi.com.hk>). An interim report of the Company for the six months ended 30 September 2016 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 30 November 2016

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.