

The logo for FDB Holdings Limited, featuring the letters "FDB" in a bold, red, sans-serif font, with "Holdings Limited" in a smaller, grey, sans-serif font below it. The entire logo is enclosed within a thin, grey circular border.

**FDB**

Holdings  
Limited

**FDB Holdings Limited**  
**豐展控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)

(Stock Code 股份代號 : 1826)

**2017**

**INTERIM REPORT**  
**中期業績報告**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ng Kin Siu (*Chairman*)  
Mr. Chung Yuk Ming, Christopher  
Mr. Lai Pak Wei

### Independent non-executive Directors

Mr. Chan Chun Hong  
Mr. Chan Kai Nang  
Mr. Lau Yiu Kit

## COMPANY SECRETARY

Mr. Yu Tsz Ngo

## COMPLIANCE OFFICER

Mr. Ng Kin Siu

## COMPLIANCE ADVISER

Messis Capital Limited

## AUTHORISED REPRESENTATIVES

Mr. Ng Kin Siu  
Mr. Yu Tsz Ngo

## AUDIT COMMITTEE

Mr. Chan Kai Nang  
(*Chairman of Audit Committee*)  
Mr. Chan Chun Hong  
Mr. Lau Yiu Kit

## REMUNERATION COMMITTEE

Mr. Lau Yiu Kit  
(*Chairman of Remuneration Committee*)  
Mr. Chan Chun Hong  
Mr. Chan Kai Nang

## NOMINATION COMMITTEE

Mr. Chan Chun Hong  
(*Chairman of Nomination Committee*)  
Mr. Chan Kai Nang  
Mr. Lau Yiu Kit

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor, The Sun's Group Centre  
200 Gloucester Road  
Wan Chai  
Hong Kong

**PRINCIPAL SHARE REGISTRAR AND  
TRANSFER OFFICE**

Codan Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

**HONG KONG BRANCH SHARE  
REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking  
Corporation Limited

**WEBSITE ADDRESS**

[www.fdbhk.com](http://www.fdbhk.com)

**STOCK CODE**

1826

## FINANCIAL HIGHLIGHTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 (the “Relevant Period”), together with the unaudited comparative figures for the corresponding period in 2016, as follows:

	<b>For the six months ended 30 June</b>		
	<b>2017</b>	2016	
	<b>HK\$'000</b>	HK\$'000	Change %
	<b>(Unaudited)</b>	(Unaudited)	
Revenue	<b>268,364</b>	134,887	99.0%
Gross profit	<b>24,228</b>	20,351	19.1%
Profit attributable to owners of the Company	<b>7,467</b>	5,876	27.1%
Earnings per share	<b>HK0.6 cents</b>	HK0.5 cents	20.0%

- The Group’s revenue amounted to approximately HK\$268.4 million for the Relevant Period, representing an increase of approximately HK\$133.5 million or approximately 99.0% as compared with the six months ended 30 June 2016.
- The profit attributable to owners of the Company is approximately HK\$7.5 million for the Relevant Period, representing an increase of approximately HK\$1.6 million or approximately 27.1% as compared with the six months ended 30 June 2016.
- The Board does not recommend the payment of an interim dividend for the Relevant Period.

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

For the six months ended 30 June 2017

		<b>Six months ended 30 June</b>	
		<b>2017</b>	2016
<i>Notes</i>		<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Revenue	4	<b>268,364</b>	134,887
Cost of services		<b>(244,136)</b>	(114,536)
Gross profit		<b>24,228</b>	20,351
Other income	5	<b>181</b>	13
Administrative expenses		<b>(15,032)</b>	(12,713)
Finance costs	6	<b>(109)</b>	(304)
Profit before tax	7	<b>9,268</b>	7,347
Income tax expense	8	<b>(1,801)</b>	(1,471)
Profit and total comprehensive income for the period		<b>7,467</b>	5,876
Earnings per share, basic (HK cents)	10	<b>0.6</b>	0.5

Details of interim dividends are disclosed in Note 9 to the financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current asset</b>			
Property, plant and equipment		3,196	3,378
<b>Current assets</b>			
Amounts due from customers for contract works		103,813	84,897
Trade and other receivables	11	99,416	72,244
Tax recoverable		99	99
Pledged bank deposits		27,475	18,424
Bank balances and cash		18,789	48,987
		<b>249,592</b>	224,651
<b>Current liabilities</b>			
Trade and other payables	13	133,934	120,722
Advances from customers		1,233	10,509
Tax liabilities		3,752	1,951
Bank borrowings	12	25,835	4,424
		<b>164,754</b>	137,606
<b>Net current assets</b>		<b>84,838</b>	87,045
<b>Total assets less current liabilities</b>		<b>88,034</b>	90,423
<b>Non-current liability</b>			
Deferred tax liabilities		288	288
<b>Net assets</b>		<b>87,746</b>	90,135
<b>Capital and reserves</b>			
Share capital	14	12,320	12,320
Reserves		75,426	77,815
<b>Total equity</b>		<b>87,746</b>	90,135

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2017

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2017 (audited)	<b>12,320</b>	<b>21,440</b>	<b>1,000</b>	<b>55,375</b>	<b>90,135</b>
Profit and total comprehensive income for the period	-	-	-	7,467	7,467
Dividend (Note 9)	-	-	-	(9,856)	(9,856)
At 30 June 2017 (unaudited)	<b>12,320</b>	<b>21,440</b>	<b>1,000</b>	<b>52,986</b>	<b>87,746</b>
At 1 January 2016 (audited)	12,320	21,440	1,000	32,209	66,969
Profit and total comprehensive income for the period	-	-	-	5,876	5,876
Dividend	-	-	-	(8,008)	(8,008)
At 30 June 2016 (unaudited)	12,320	21,440	1,000	30,077	64,837

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Net cash used in operating activities	<b>(32,235)</b>	(5,726)
Net cash used in investing activities	<b>(9,408)</b>	(12,480)
Net cash generated from financing activities	<b>11,445</b>	5,113
<b>Net decrease in cash and cash equivalents</b>	<b>(30,198)</b>	(13,093)
<b>Cash and cash equivalents at beginning of the period</b>	<b>48,987</b>	34,057
<b>Cash and cash equivalents at end of the period</b>	<b>18,789</b>	20,964



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 March 2015. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is located at 6/F, The Sun's Group Centre, 200 Gloucester Road, Wan Chai, Hong Kong. The shares of the Company have been listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 September 2015 (the "Listing"). The share of the Company has been transferred from GEM to the Main Board of the Stock Exchange ("Main Board") on 10 July 2017 (the "Transfer of Listing"). Its parent is Masterveyor Holdings Limited ("Masterveyor"), a private company incorporated in the British Virgin Islands ("BVI"). Its ultimate controlling party is Mr. Ng Kin Siu, who is also the Chairman and Executive Director of the Company.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in provision of building consultancy services, contracting business and project management.

The consolidated financial statements are presented in Hong Kong Dollar ("HK\$"), which is the same as the functional currency of the Company and its subsidiaries. All values are rounded to the nearest thousand except when otherwise stated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of to the Rules Governing the Listing of Securities on the Stock Exchange (the "Main Board Listing Rules") or Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") (which was applicable during the Relevant Period prior to the Transfer of Listing).

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2016.

In current period, HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. There have been no significant changes to the accounting policies applied in these financial statements for the period presented as a result of these developments.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention. The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgements in the process of applying the Group's accounting policies.

The unaudited condensed consolidated financial statements have not been audited or reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

### 3. REVENUE

Revenue represents the fair value of amounts received and receivable for services rendered by the Group to outside customers, less discount. Information reported to the Company's executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Contracting business and project management ("Contracting services")
2. Provision of building consultancy services ("Consulting services")

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2016 <i>HK\$'000</i> (Unaudited)
Contracting services	<b>238,825</b>	109,080
Consulting services	<b>29,539</b>	25,807
	<b>268,364</b>	134,887

### 4. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating and reportable segments.

	<b>Contracting services</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>Consulting services</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>Total</b> <i>HK\$'000</i> <b>(Unaudited)</b>
<b>For the six months ended 30 June 2017</b>			
<b>Revenue</b>			
Segment revenue	<b>238,825</b>	<b>29,539</b>	<b>268,364</b>
Segment profit	<b>18,904</b>	<b>5,324</b>	<b>24,228</b>
Unallocated income			181
Unallocated expenses			(15,141)
Profit before tax			<b>9,268</b>
Income tax expense			(1,801)
Profit for the period			<b>7,467</b>

#### 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Contracting services <i>HK\$'000</i> (unaudited)	Consulting services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<b>For the six months ended 30 June 2016</b>			
<b>Revenue</b>			
Segment revenue	109,080	25,807	134,887
Segment profit	14,002	6,349	20,351
Unallocated income			13
Unallocated expenses			(13,017)
Profit before tax			7,347
Income tax expense			(1,471)
Profit for the period			5,876

#### 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2016 <i>HK\$'000</i> (Unaudited)
Bank interest income	10	13
Others	171	–
	<b>181</b>	13

#### 6. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2016 <i>HK\$'000</i> (Unaudited)
Interest on:		
Bank borrowing wholly repayable within five years	78	62
Bank overdraft	5	8
Advances from customers wholly repayable within five years	26	234
	<b>109</b>	304

## 7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Profit before tax has been arrived at after charging:		
Directors' emoluments	3,180	3,253
Salaries and other allowances	39,437	24,445
Retirement benefit scheme contributions, excluding those of directors	1,390	882
Total staff costs	44,007	28,580
Less: amounts included in cost of services	(36,350)	(22,637)
	7,657	5,943
Depreciation of property, plant and equipment	549	458
Operating lease rentals in respect of		
— Office premises	1,867	1,618
— Director's quarter (included in directors' emoluments)	360	360

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Hong Kong profit tax	1,801	1,471

The Group is subject to Hong Kong profit tax at a rate of 16.5% on the estimated assessable profits for the reporting periods.

## 9. INTERIM DIVIDEND

On 28 April 2017, it is approved the payment of a final dividend of HK\$9,856,000 (HK0.8 cents per ordinary share) to the Company's shareholders whose names appear on the register of members of the Company on 16 May 2017. The aforementioned dividends are paid on 26 May 2017.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017.

## 10. EARNINGS PER SHARE

The calculations of the basic earnings per share attributable to owners of the Company is based on the followings data:

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2016 <i>HK\$'000</i> (Unaudited)
<b>Earnings:</b>		
Earnings for the purpose of calculating basic earnings per share	<b>7,467</b>	5,876
<b>Number of shares:</b>		
Number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,232,000</b>	1,232,000
<b>Earnings per share, basic (HK cents):</b>	<b>0.6</b>	0.5

No diluted earnings per share was presented as there was no dilutive potential ordinary shares in issue during the Relevant Period.

## 11. TRADE AND OTHER RECEIVABLES

	<b>30 June</b> <b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31 December 2016 <i>HK\$'000</i> (Audited)
Trade receivables	<b>71,647</b>	55,169
Retention receivables ( <i>Note</i> )	<b>16,619</b>	9,475
Less: allowance for doubtful debts	<b>(613)</b>	(613)
	<b>87,653</b>	64,031
Other receivables, deposits and prepayments		
— Prepayment	<b>8,772</b>	5,420
— Sundry deposits	<b>2,124</b>	1,936
— Temporary payment	<b>867</b>	847
— Other receivables	<b>–</b>	10
	<b>11,763</b>	8,213
	<b>99,416</b>	72,244

*Note:* All retention money in relation to completed projects as at 30 June 2017 were expected to be recovered or settled within twelve months from the end of the reporting period.

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group allows average credit period normally ranging from 0 to 45 days to its customers. The following is an aged analysis of the Group's trade receivables net of allowance for doubtful debts presented based on certificate/invoice dates.

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Trade receivables:		
1–30 days	<b>41,645</b>	39,511
31–60 days	<b>7,341</b>	6,628
61–90 days	<b>3,532</b>	664
91–180 days	<b>12,130</b>	3,032
Over 180 days	<b>6,999</b>	5,012
	<b>71,647</b>	54,847

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK\$44,125,000 and HK\$33,592,000 at 30 June 2017 and 31 December 2016 respectively which are past due as at the reporting date for which the Group has not provided for impairment loss. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Overdue:		
1–30 days	<b>21,358</b>	24,502
31–60 days	<b>2,571</b>	1,196
Over 60 days	<b>20,196</b>	7,894
	<b>44,125</b>	33,592

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

In determining the recoverability of trade and retention receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Movement in the allowance for doubtful debts

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
At beginning of period/year	613	291
Impairment losses recognised	–	322
Balance at end of the period/year	<b>613</b>	613

## 12. BANK BORROWINGS

The variable-rate bank borrowings are repayable as follows:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Carrying amount of bank loans that are repayable on demand or within one year (shown under current liabilities)	<b>25,835</b>	4,424
Analysed as:		
Secured	<b>25,835</b>	2,000
Unsecured	–	2,424
	<b>25,835</b>	4,424

Notes:

As at 30 June 2017, the Group entered into various borrowings with the banks, mainly to finance its business operations. Such borrowings had been secured by the pledged bank deposits.

As at 30 June 2017, the Group's variable-rate bank borrowings are all denominated in HK\$ and carry interest at rates ranging from HIBOR plus 1.8% to HK\$ prime rate minus 1.5% per annum.

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follow:

	<b>30 June 2017</b>	31 December 2016
Variable-rate per annum: Bank borrowings	<b>2.22%–3.75%</b>	2.25%–5.50%

### 13. TRADE AND OTHER PAYABLES/ADVANCES FROM CUSTOMERS

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Trade payables	31,530	24,430
Retention payables ( <i>Note a</i> )	18,986	13,225
Accrued subcontracting charges and other operating expenses	79,914	75,155
Other payables and deposit from customers	3,504	7,912
	<b>133,934</b>	120,722
Advances from customers ( <i>Note b</i> )	1,233	10,509
	<b>135,167</b>	131,231

Notes:

- (a) Approximately HK\$6,139,000 and HK\$6,412,000 as at 30 June 2017 and 31 December 2016 respectively were aged more than twelve months from the end of the reporting periods. All retention payables as at 30 June 2017 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.
- (b) Advances from customers are unsecured and will be utilised to set off progress billings. The amount of approximately HK\$1,233,000 is interest-free (2016: approximately HK\$3,000,000 carry interest at a rate of 3% and the remaining balance is interest-free).

The credit period granted by the suppliers and subcontractors on trade payables is normally 0 to 30 days.

An aged analysis of the Group's trade payables based on invoice dates at the end of each reporting period is as follows:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Trade payables:		
1–30 days	25,800	15,624
31–60 days	1,216	2,067
61–90 days	1,493	550
Over 90 days	3,021	6,189
	<b>31,530</b>	24,430



## 14. SHARE CAPITAL

	<b>Number of Shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.01 each		
Authorised:		
On date of incorporation on 19 March 2015 (Note a)	38,000,000	380
Increase on 16 September 2015 (Note b)	3,962,000,000	39,620
	<hr/>	<hr/>
As at 31 December 2016 and 30 June 2017	4,000,000,000	40,000
Issued and fully paid:		
1 share allotted and issued on the date of Incorporation (Note a)	1	–
Issue of share on 31 March 2015 pursuant to the Reorganisation (Note a)	1	–
Issue of shares on 16 September 2015 (Note c)	99,998	1
Issue of shares on 30 September 2015 (Note d)	154,000,000	1,540
Capitalisation issue (Note e)	1,077,900,000	10,779
	<hr/>	<hr/>
As at 31 December 2016 and 30 June 2017	1,232,000,000	12,320

### Notes:

- (a) The Company was incorporated in the Cayman Islands on 19 March 2015 with an authorised share capital of HK\$380,000 divided in to 38,000,000 shares. One nil-paid Share was allotted and issued to the subscriber, being an independent third party which was later transferred to Masterveyor, the immediate and ultimate holding company of the Company on 31 March 2015. In addition, the Company issued one share to Masterveyor to acquire the entire issued share capital of FDB & Associates on 31 March 2015. After the aforesaid allotment and issue of share, the then issued share capital of the Company was wholly-owned by Masterveyor.

Masterveyor is a company incorporated in the BVI on 24 February 2015 with limited liability which is a holding vehicle of the Company and wholly owned by Mr. Ng Kin Siu.

- (b) Pursuant to the written resolutions passed by the sole shareholder on 16 September 2015, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares to HK\$40,000,000 divided into 4,000,000,000 ordinary shares by the creation of additional 3,962,000,000 new ordinary shares which shall, when issued, rank pari passu in all respects with the existing issued ordinary shares.
- (c) On 16 September 2015, the Company issued and allotted a further 99,998 share of HK\$0.01 each to Masterveyor.
- (d) On 30 September 2015, the Company placed 154,000,000 new share at HK\$0.25 per share for a total gross proceeds of approximately HK\$38,500,000 (the "Placing").

## 14. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

- (e) Pursuant to the written resolutions passed by the sole shareholder of the Company on 21 September 2015, after the share premium account of the Company being credited as a result of the Placing of the Company's shares, the directors were authorised to capitalise the amount of HK\$10,779,000 from the share premium account of the Company and to apply such amount as to pay up in full at par a total 1,077,900,000 ordinary shares of HK\$0.01 each for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 16 September 2015 in proportion to their then existing shareholdings in the Company.

## 15. OPERATING LEASE COMMITMENTS

### The Group as lessee

As at the end of each reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises and director's quarter which fall due as follows:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Within one year	3,365	4,020
In the second to fifth year inclusive	158	1,648
	<b>3,523</b>	<b>5,668</b>

The leases are generally negotiated for a lease term of 2 years at fixed rentals.

## 16. RELATED PARTY DISCLOSURES

### (a) Compensation of key management personnel

The Directors are identified as key management members of the Company, and their compensation during the periods were set out as below.

The remuneration of key management during the periods was as follows:

	<b>Six months ended 30 June</b>	
	<b>2017 HK\$'000 (Unaudited)</b>	2016 HK\$'000 (Unaudited)
Salaries, allowances and benefits	3,153	3,235
Contributions to defined contribution retirement plan	27	18
	<b>3,180</b>	<b>3,253</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

The Group is principally engaged in (i) contracting service for alteration and addition works, maintenance, specialist works and new development; and (ii) consulting service for alteration and addition works, new development, licensing, building services, and architectural design for buildings in Hong Kong. The Group provides one-stop integrated solution for both contracting and consulting services from project planning, resources allocation, subcontractor management and material procurement to monitoring and quality assurance, and to offer value-adding services such as providing advice on designs to the Group's customers. This allows the Group to ensure the consistency and quality of work, and provide convenience to the Group's customers. These information should be read in conjunction with the prospectus of the Company dated 23 September 2015 (the "Prospectus").

## BUSINESS REVIEW AND OUTLOOK

The Directors expect that while there are certain factors affecting the construction industry in Hong Kong such as (i) the intense competition in the market; (ii) continuously rising construction labour and material costs; and (iii) the increase in the staff costs and the shortage of the professional may exert pressure on the Group's business, the overall market condition of the construction industry in Hong Kong is relatively stable with steady growth.

The Directors expect that the Group will continue to further develop the contracting and consulting business by undertaking more projects for alteration and addition works to maintain healthy revenue stream of the Group and further strengthen the in-house team of professional staff in order to maintain the competitive edge of the Group over the competitors in the industry. The Group's qualified and experienced staff, including Authorized Persons, authorized signatory, surveyors and engineers, can cope with the Group business development for both contracting and consulting services by undertaking projects of larger scale and of higher complexity.

Looking forward, the Group plans to explore new contracting opportunities in public sector as a main contractor by directly bidding for projects tendered by the Government. On 19 May 2017, the Group submitted the application to the Development Bureau to apply for inclusion in the List of approved contractors for public works Group A under the buildings category with tender limit for contracts of value up to HK\$100 million.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue increased from approximately HK\$134.9 million for the six months ended 30 June 2016 to approximately HK\$268.4 million for the six months ended 30 June 2017, representing a growth of approximately 99.0%. Such increase was mainly attributable to the combined effect of (i) increase in number of contracting projects with larger contract sum for the six months ended 30 June 2017; and (ii) increase in revenue for consulting projects as evidenced by the increase in number of consulting projects with larger contract sum awarded for the six months ended 30 June 2017.

### **Cost of Services**

Our cost of services increased from approximately HK\$114.5 million for the six months ended 30 June 2016 to approximately HK\$244.1 million for the six months ended 30 June 2017, representing an increase of approximately 113.2%. Such increase was mainly attributable to the increase in our subcontracting charges incurred. The increase in cost of services of approximately 113.2% was in line with the increase in revenue of approximately 99.0%.

### **Gross Profit**

Our gross profit increased from approximately HK\$20.4 million for the six months ended 30 June 2016 to HK\$24.2 million for the six months ended 30 June 2017, representing an increase of approximately 18.6%, as a result of the increasing demand for the Group's contracting and consulting services, thus increase in both revenue and gross profit is resulted for the six months ended 30 June 2017.

The decrease in gross profit margin from approximately 15.1% for the six months period ended 30 June 2016 to approximately 9.0% for the six months ended 30 June 2017 which is the result of the Group by: (i) offering a more competitive pricing to its customers in order to penetrate the market; (ii) in view of the intense labour market competition, the Group experienced the increase in subcontracting charges and direct labour costs; and (iii) we have few projects which involved the work performed by the nominated subcontractors. Since we only acted as a supervisory role for that part of work, we charged a lower markup accordingly.

## **Other Income**

Our other income amounted to approximately HK\$13,000 and HK\$181,000 for the six months ended 30 June 2016 and 2017, respectively, representing an increase of approximately 1,292.3%, which was mainly due to the net reimbursement of approximately HK\$165,000 from the insurance company relating to a compensation to an injured worker during the six months ended 30 June 2017.

## **Administrative Expenses**

Our administrative expenses amounted to approximately HK\$12.7 million and HK\$15.0 million for the six months ended 30 June 2016 and 2017, respectively, representing an increase of approximately 18.1%. Administrative expense primary consist of rental expenses and staff costs. The increase was attributable by the increase in both director's emolument, salaries and other allowance due to the business expansion and the professional fee paid for the Transfer of Listing during the six months ended 30 June 2017.

## **Finance Costs**

Finance costs for the Group decreased by approximately HK\$0.2 million or 66.7% from approximately HK\$0.3 million for the six months ended 30 June 2016 to approximately HK\$0.1 million for the six months ended 30 June 2017. The decrease was mainly due to the decrease in borrowings for financing the projects in progress during the six months ended 30 June 2017.

## **Income Tax Expense**

Income tax expense for the Group increased by approximately HK\$0.3 million or 20.0% from approximately HK\$1.5 million for the six months ended 30 June 2016 to approximately HK\$1.8 million for the six months ended 30 June 2017.

## **Profit and Total Comprehensive Income for the period attributable to the owners of the Company**

Profit and total comprehensive income for the period attributable to the owners of the Company increased by approximately HK\$1.6 million or 27.1% from approximately HK\$5.9 million for the six months ended 30 June 2016 to approximately HK\$7.5 million for the six months ended 30 June 2017.

Such increase was primarily attributable to the increase in revenue and gross profit for the six months ended 30 June 2017.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The current ratio of the Group as at 30 June 2017 was 1.5 times as compared to that of 1.6 times as at 31 December 2016. It is remained at the similar level during the six months ended 30 June 2017.

As at 30 June 2017, the Group's advances from customers of approximately HK\$1.2 million, which is interest-free (31 December 2016: approximately HK\$10.5 million, which bear interest at 0%–3% per annum). In addition, the Group had bank borrowings of approximately HK\$25.8 million as at 30 June 2017 (31 December 2016: approximately HK\$4.4 million). The gearing ratio, calculated based on the total borrowings including interest-bearing advances from customers and bank borrowings divided by total equity at the end of the period/year and multiplied by 100%, stood at approximately 30.8% as at 30 June 2017 (31 December 2016: approximately 16.5%). The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group. The share capital of the Group only comprises of ordinary shares.

As at 30 June 2017, the Company's issued share capital was HK\$12,320,000 and the number of its issued ordinary shares was 1,232,000,000 of HK\$0.01 each.

## **COMMITMENTS**

The operating lease commitments of the Group were primarily related to the leases of its office premises and director's quarter. The Group's operating lease commitments amounted to approximately HK\$3.5 million as at 30 June 2017 (31 December 2016: approximately HK\$5.7 million).

## **SEGMENTAL INFORMATION**

Segmental information is presented for the Group as disclosed on note 4 of the notes to the unaudited condensed consolidated financial statements.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 30 June 2017, the Group did not have other plans for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the six months ended 30 June 2017, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## **CONTINGENT LIABILITIES**

As at 30 June 2017, the Group did not have any material contingent liabilities (31 December 2016: Nil).

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group's revenue generating operations are mainly transacted in HK\$. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

## **CHARGE OF GROUP'S ASSETS**

As at 30 June 2017, the Group's pledged its bank deposit to bank and insurance companies of approximately HK\$27.5 million (31 December 2016: approximately HK\$18.4 million) to secure the guarantee line for issuing surety bonds and general banking facilities with amount of approximately HK\$84.4 million (31 December 2016: approximately HK\$48.1 million).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2017, the Group employed a total of 216 employees (30 June 2016: 154 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$44.0 million for the six months ended 30 June 2017 (30 June 2016: approximately HK\$28.6 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.



## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 30 September 2015 ("Date of Listing") to 30 June 2017 is set out below:

### Business objectives

Further developing the Group's contracting and consulting business

Further expanding the scope of services

Further strengthening the Group in house team of professional staff

General working capital

### Actual progress

The Group has used HK\$9.4 million to further developing the Group's contracting business by undertake more contracting projects.

The Group has used HK\$1.6 million for recruit staff with experience in foundation work to expand the relevant service area. The Group's application for the registration as a registered specialist contractor (foundation) has lapsed. The Group has resubmitted such application on April 2017.

The Group has used HK\$4.0 million for recruiting and retaining 9 middle to senior level surveying and engineering staff to cope with the business development and paid the additional staff costs for retaining the aforesaid additional employees for the period.

The Group has used approximately HK\$1.1 million for the general working capital requirements.

## USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing on 30 September 2015, after deducting listing related expenses, were approximately HK\$21.9 million. After the Listing, these proceeds were used for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus. The unutilised planned amount of the net proceeds from the Listing as at 30 June 2017 was approximately HK\$1.2 million.

An analysis of the planned amount utilised up to 30 June 2017 is set out below:

	<b>Planned amount utilised up to 30 June 2017</b>	<b>Actual utilised amount as at 30 June 2017</b>	<b>Unutilised amount out of the planned amount as at 30 June 2017</b>
	HK\$'million	HK\$'million	HK\$'million
Further developing the Group's contracting and consulting business	9.4	9.4	–
Further expanding the scope of services	2.8	1.6	1.2
Further strengthening the Group in house team of professional staff	4.0	4.0	–
General working capital	1.1	1.1	–
	<hr/>	<hr/>	<hr/>
	17.3	16.1	1.2

## DISCLOSURE OF INTERESTS

### A. Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 30 June 2017, interests or short positions of the Directors, chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Main Board Listing Rules or Rules 5.46 to 5.67 of the GEM Listing Rules (which was applicable during the Relevant Period prior to the Transfer of Listing), to be notified to the Company and the Stock Exchange, were as follows:

- (i) Long position in the Company's ordinary Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Mr. Ng Kin Siu ( <i>Note 1</i> )	Interest in controlled corporation	924,000,000	75%

*Note:*

1. Mr. Ng Kin Siu beneficially owns the entire issued share capital of Masterveyor and is deemed, or taken to be, interested in all the Shares by Masterveyor for the purposes of the SFO. Mr. Ng Kin Siu is an executive Director, the chairman of the Company and the sole director of Masterveyor.

- (ii) Long position in the ordinary shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Mr. Ng Kin Siu	Masterveyor	Beneficial owner	2	100%

Save as disclosed above, as at 30 June 2017, none of the Directors nor chief executive of the Company has registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code or Rules 5.46 to 5.67 of the GEM Listing Rules (which was applicable during the Relevant Period prior to the Transfer of Listing).

## **B. Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares, Underlying Shares and Debentures**

As at 30 June 2017, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares held/ interested in</b>	<b>Long/ short position</b>	<b>Percentage of total issued share capital of the Company</b>
Mr. Ng Kin Siu ( <i>Note 1</i> )	Interest in controlled corporation	924,000,000	Long	75%
Ms. Wong Chai Lin ( <i>Note 2</i> )	Interest of spouse	924,000,000	Long	75%
Masterveyor ( <i>Note 1</i> )	Beneficial owner	924,000,000	Long	75%

*Notes:*

1. Mr. Ng Kin Siu beneficially owns the entire issued share capital of Masterveyor and is deemed, or taken to be, interested in all the Shares held by Masterveyor for the purposes of the SFO. Mr. Ng Kin Siu is an executive Director, the chairman of the Company and the sole director of Masterveyor.
2. Ms. Wong Chai Lin is the spouse of Mr. Ng Kin Siu and is deemed, or taken to be, interested in all the Shares in which Mr. Ng Kin Siu is interested for the purposes of the SFO.

Save as disclosed above, as at 30 June 2017 and so far as is known to the Directors, no interest and short positions of the persons, other than the Directors and chief executive of the Company whose interests are set out in the section “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations” above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **COMPETING AND CONFLICTS OF INTERESTS**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the Main Board Listing Rules or the GEM Listing Rules (which was applicable during the Relevant Period prior to the Transfer of Listing) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 June 2017.

## **INTERESTS OF COMPLIANCE ADVISER**

Subsequent to the Transfer of Listing, the Company is required, under Rule 9A.13 of the Main Board Listing Rules, to continue to appoint a compliance adviser up to the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the date of its initial listing on GEM.

As notified by the compliance adviser of the Company, Messis Capital Limited, as at 30 June 2017, save for the compliance adviser agreement dated on 22 September 2015 entered into between the Company and Messis Capital Limited, neither Messis Capital Limited, its directors, employees and associates had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2017.

## **CORPORATE GOVERNANCE CODE**

The shares of the Company were listed on the GEM on 30 September 2015. Subsequent to the end of the reporting period, the shares of the Company have been listed on the Main Board by way of Transfer of Listing commenced from 10 July 2017. Thereafter, the Board shall continue to comply with the Corporate Governance Code (the “CG Code”) and Corporate Governance Report as set out in Appendix 14 of Main Board Listing Rules.

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Ng Kin Siu currently assumes the role of both chairman of the Company and chief executive of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company’s strategies. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

Save as disclosed above, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Main Board Listing Rules or Appendix 15 of the GEM Listing Rules (which was applicable during the Relevant Period prior to the Transfer of Listing).

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in the Model Code or Rules 5.48 to 5.67 of the GEM Listing Rules (which was applicable during the Relevant Period prior to the Transfer of Listing). The Company had also made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors throughout the six months ended 30 June 2017.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017.

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 16 September 2015 (“the Scheme”). The principal terms of the Scheme were summarised in the paragraph headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV of the Prospectus.

No share options has been granted during the period under review and there were no share option outstanding as at 30 June 2017.

## AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) with its written terms of reference in compliance with the Main Board Listing Rules or the GEM Listing Rules (which was applicable during the Relevant Period prior to the Transfer of Listing). The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to monitor the integrity of the Company’s annual report and interim financial reports before submission to the Board. The Audit Committee consists of three members, namely Mr. Chan Kai Nang, Mr. Chan Chun Hong and Mr. Lau Yiu Kit, all being independent non-executive Directors of the Company. Mr. Chan Kai Nang currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

By order of the Board  
**FDB Holdings Limited**  
**Ng Kin Siu**  
*Chairman and Executive Director*

Hong Kong, 28 August 2017

*As at the date of this report, the executive Directors are Mr. Ng Kin Siu, Mr. Lai Pak Wei and Mr. Chung Yuk Ming, Christopher; and the independent non-executive Directors are Mr. Chan Chun Hong, Mr. Chan Kai Nang and Mr. Lau Yiu Kit.*



# FDB Holdings Limited

## 豐展控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)

(Stock Code 股份代號 : 1826)