

FDB Holdings Limited
豐展控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8248)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of FDB Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company’s website at www.fdbhk.com.

FINANCIAL HIGHLIGHT

- The revenue of the Company and its subsidiaries (collectively the “Group”) amounted to approximately HK\$276.8 million for the year ended 31 December 2015, representing an increase of approximately HK\$77.2 million or 38.7% as compared with the year ended 31 December 2014.
- The profit and total comprehensive income for the year of the Group is approximately HK\$15.3 million for the year ended 31 December 2015, representing a decrease of approximately HK\$3.8 million or 19.9% as compared with the year ended 31 December 2014 mainly due to the listing expenses of approximately HK\$10.1 million incurred during the year ended 31 December 2015. Excluding the one-off listing expenses of the Group of approximately HK\$10.1 million, profit and total comprehensive income for the year ended 31 December 2015 would reach approximately HK\$25.4 million, representing an increase of approximately HK\$6.3 million or 33.0% compared to the year ended 31 December 2014.
- A final dividend for the year ended 31 December 2015 of HK0.65 cents per share has been proposed by the Board and is subject to the approval by the shareholders in the forthcoming annual general meeting.

ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to announce that the audited financial results of the Group for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014. The financial information is approved by the Board.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Revenue	3	276,825	199,554
Cost of services		(228,665)	(160,490)
Gross profit		48,160	39,064
Other income		176	693
Other losses		(21)	(2,562)
Listing expenses		(10,094)	–
Administrative expenses		(17,019)	(12,359)
Finance costs		(1,366)	(1,622)
Profit before tax	4	19,836	23,214
Income tax expense	6	(4,519)	(4,094)
Profit and total comprehensive income for the year		15,317	19,120
Earnings per share, basic (<i>HK cents</i>)	7	1.4	1.8

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Non-current asset			
Property, plant and equipment		<u>2,590</u>	<u>1,903</u>
Current assets			
Amounts due from customers for contract works	8	49,055	44,237
Trade and other receivables	9	60,323	55,413
Amounts due from related companies		–	3,697
Amount due from a director		–	4,054
Pledged bank deposit		3,500	2,048
Bank balances and cash		<u>34,057</u>	<u>10,851</u>
		<u>146,935</u>	<u>120,300</u>
Current liabilities			
Amounts due to customers for contract works	8	–	1,039
Trade and other payables	10	68,650	48,503
Advances from customers	10	10,220	14,357
Tax liabilities		3,498	6,558
Bank borrowings		–	10,004
		<u>82,368</u>	<u>80,461</u>
Net current assets		<u>64,567</u>	<u>39,839</u>
Total assets less current liabilities		<u>67,157</u>	<u>41,742</u>
Non-current liability			
Deferred tax liabilities		<u>188</u>	<u>188</u>
Net assets		<u>66,969</u>	<u>41,554</u>
Capital and reserves			
Share capital	11	12,320	1,000
Reserves		<u>54,649</u>	<u>40,554</u>
Total equity		<u>66,969</u>	<u>41,554</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2015

	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 2014	1,000	–	–	21,434	22,434
Profit and total comprehensive income for the year	–	–	–	19,120	19,120
At 31 December 2014	1,000	–	–	40,554	41,554
Adjustments arising from the Group Reorganisation	(1,000)	–	1,000	–	–
Issue of ordinary shares (<i>Note 11</i>)	1,541	36,960	–	–	38,501
Capitalisation issue (<i>Note 11</i>)	10,779	(10,779)	–	–	–
Transaction costs attributable to issue of new ordinary shares	–	(4,741)	–	–	(4,741)
Deemed distribution to a shareholder	–	–	–	(1,662)	(1,662)
Dividends recognised as distribution (<i>Note 5</i>)	–	–	–	(22,000)	(22,000)
Profit and total comprehensive income for the year	–	–	–	15,317	15,317
At 31 December 2015	<u>12,320</u>	<u>21,440</u>	<u>1,000</u>	<u>32,209</u>	<u>66,969</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Prior to the group reorganisation, the provision of building consultancy services and contracting business and project management were carried out by China PM (Holdings) Limited (“China PM (Holdings)”) and its subsidiaries.

To rationalise the corporate structure in preparation for the initial listing of the Company’s shares (the “Listing”) on the GEM of the Stock Exchange, the entities comprising the Group underwent the group reorganisation (the “Group Reorganisation”) which mainly involved the following major steps:

- (a) Masterveyor Holdings Limited (“Masterveyor”) was incorporated on 24 February 2015 in the BVI with 50,000 authorised shares of USD1.00 each. One fully paid ordinary share representing the only issued share of Masterveyor was allotted and issued to Mr. Ng Kin Siu on 24 February 2015.
- (b) FDB & Associates Limited (“FDB & Associates”) was incorporated on 24 February 2015 in the BVI with 50,000 authorised shares of USD1.00 each. One fully paid ordinary share representing the only issued share of FDB & Associates was allotted and issued to Mr. Ng Kin Siu on 24 February 2015.
- (c) The Company was incorporated on 19 March 2015 in Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares. One nil-paid subscriber share representing the entire issued share capital of the Company was transferred to Mr. Ng Kin Siu on 19 March 2015, credited as fully paid.
- (d) On 9 March 2015, Harvest Building Consultancy Limited (“Harvest Building”) transferred one share in Win Lee Building Engineering (Macau) Limited, a company incorporated in Macau, representing 4% of the entire issued capital of the company to China PM (Holdings) at consideration of MOP1,000. The considerations were arrived at after arm’s length negotiations between the parties, taking into account the then net asset value of Win Lee Building Engineering (Macau) Limited.
- (e) On 31 March 2015, Mr. Ng Kin Siu and Masterveyor entered into a first share swap agreement pursuant to which Mr. Ng Kin Siu transferred one share of the Company to Masterveyor and in consideration, one share in the share capital of Masterveyor was allotted and issued to Mr. Ng Kin Siu, credited as fully paid.
- (f) On 31 March 2015, FDB & Associates entered into a sale and purchase agreement with China PM (Holdings), pursuant to which FDB & Associates acquired the entire issued share capital of the operating subsidiaries, namely, Fruit Design & Build Limited (“Fruit Design”), Marvo Architecture Limited (“Marvo Architecture”), Solomon Consulting & Contracting Limited (“Solomono”), Sky Global Construction Limited (“Sky Global”), Win Lee Building Engineering Limited (“Win Lee Building”), Win Lee (Project Team B) Construction Limited (“Win Lee (Project Team B)”) and Harvest Building from China PM (Holdings) at a nominal consideration of HK\$1.00 for each of the operating subsidiaries. In consideration of the sole ultimate beneficial owner of FDB & Associates and China PM (Holdings) was Mr. Ng Kin Siu at the time of the transfer, the Directors considered that the nominal consideration is fair and reasonable so far as the Company and its shareholders are concerned.
- (g) On 31 March 2015, Mr. Ng Kin Siu, Masterveyor and FDB & Associates entered into a second share swap agreement with the Company, pursuant to which Mr. Ng Kin Siu transferred one share in FDB & Associates, which represented the entire issued share capital of the FDB & Associates, to the Company and in consideration, one share in the share capital of the Company was allotted and issued to Masterveyor with the instruction of Mr. Ng Kin Siu, credited as fully paid.

- (h) On 24 April 2015, Mr. Ng Kin Siu entered into a sale and purchase agreement with China PM (Holdings), pursuant to which Mr. Ng acquired the entire issued share capital of Fruit Innovations Limited from China PM (Holdings), a company incorporated in Hong Kong with limited liability wholly owned by Mr. Ng Kin Siu, at a nominal consideration of HK\$1.00.

Pursuant to the Group Reorganisation detailed above, the Company became the holding company of the companies now comprising the Group on 31 March 2015. The companies that took part in the Group Reorganisation were controlled by Mr. Ng Kin Siu during both years or since their respective dates of incorporation, where this is a shorter period. As there was no change in the effective interest and control of Mr. Ng Kin Siu over the group entities before and after the Group Reorganisation, the consolidated financial statements have been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 “Merger Accounting Under Common Control Combination” issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial information relating to the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 December 2014 includes the results of operation and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged throughout both years, or since their respective dates of incorporation, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2014 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at that date taking into account the respective dates of incorporation, where applicable.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has consistently adopted all Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for annual periods beginning on 1 January 2015 for both current and prior years.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after a date to be determined

Except as described below, the Directors anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures to the consolidated financial statements of the Group.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promise goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

3. REVENUE AND SEGMENT INFORMATION

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 service")
2. Provision of building consultancy services ("Consultancy service").

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

For the year ended 31 December 2015

	Contracting service <i>HK\$'000</i>	Consultancy service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
Segment revenue	<u>221,605</u>	<u>55,220</u>	<u>276,825</u>
Segment profit	<u>22,177</u>	<u>25,983</u>	<u>48,160</u>
Unallocated income			176
Listing expenses			(10,094)
Unallocated expenses			<u>(18,406)</u>
Profit before tax			<u>19,836</u>

For the year ended 31 December 2014

	Contracting service <i>HK\$'000</i>	Consultancy service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
Segment revenue	<u>158,140</u>	<u>41,414</u>	<u>199,554</u>
Segment profit	<u>17,018</u>	<u>19,972</u>	<u>36,990</u>
Unallocated income			693
Unallocated expenses			<u>(14,469)</u>
Profit before tax			<u>23,214</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit from each segment before tax without allocation of other income, certain other losses, listing expenses, administration expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the chief executive decision maker for review.

Geographical information

The Group's revenue is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer 1	N/A ¹	37,493
Customer 2	50,583	30,971
Customer 3	37,981	N/A ¹
Customer 4	31,526	N/A ¹

¹ The corresponding revenue did not contribute over 10% of total revenue of the Group in the respective year.

No other revenue from transaction with a single external customer amounted to 10% or more of the total revenue of the Group during the years ended 31 December 2015 and 2014.

4. PROFIT BEFORE TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Directors' emoluments	2,798	1,401
Salaries and other allowances	42,069	34,693
Retirement benefit scheme contributions, excluding those of directors	1,544	1,165
	<hr/>	<hr/>
Total staff costs	46,411	37,259
Less: amounts included in cost of services	(40,365)	(31,955)
	<hr/>	<hr/>
	6,046	5,304
	<hr/> <hr/>	<hr/> <hr/>
Auditors' remuneration	780	303
Depreciation of property, plant and equipment	717	410
Operating lease rentals in respect of		
— Office premises	3,098	2,040
— Director's quarter (included in directors' emoluments)	900	525
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5. DIVIDENDS

A final dividend for the year ended 31 December 2015 of HK0.65 cents per share has been proposed by the Board and is subject to the approval by the shareholders in the forthcoming annual general meeting.

The dividend declared and paid by the Company's subsidiary to its then shareholder in 2015 amounted to HK\$10,000,000. The rates of dividend and the number of shares ranking for dividend are not presented as such information is not considered meaningful for the purpose of these consolidated financial statements.

The Company also declared and paid special dividend of HK\$12,000,000 in April 2015.

6. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Income tax		
Current year	4,923	4,072
Overprovision in prior years	(404)	(20)
	4,519	4,052
Deferred tax	–	42
Income tax expense	4,519	4,094

The Group is subject to Hong Kong Income Tax at a rate of 16.5% for both years.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before tax	19,836	23,214
Tax charge at Hong Kong Profits Tax Rate of 16.5%	3,272	3,830
Tax effect of expenses not deductible for tax purpose	1,731	372
Overprovision in respect of prior years	(404)	(20)
Others	(80)	(88)
Tax expense for the year	4,519	4,094

7. EARNINGS PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	<u>15,317</u>	<u>19,120</u>
	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,117,238</u>	<u>1,078,000</u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Group Reorganisation and the capitalisation issue had been effective on 1 January 2014.

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue for both years.

8. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	427,291	257,109
Less: progress billings	<u>(378,236)</u>	<u>(213,911)</u>
	<u>49,055</u>	<u>43,198</u>
Analysed for reporting purposes as:		
Amounts due from customers for contract works	49,055	44,237
Amounts due to customers for contract works	<u>-</u>	<u>(1,039)</u>
	<u>49,055</u>	<u>43,198</u>

Included in amounts due from customers for contract works are retention held by customers for contract works in relation to incomplete projects amounted to approximately HK\$9,194,000 and HK\$2,271,000 as at 31 December 2015 and 2014 respectively which were expected to be recovered or settled in more than twelve months from the end of corresponding reporting periods.

9. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	44,273	46,886
Retention receivables	12,115	8,733
Less: allowance for doubtful debts	(291)	(2,365)
	<u>56,097</u>	<u>53,254</u>
Other receivables, deposits and prepayments		
— Prepayment	1,534	59
— Sundry deposits	2,601	1,760
— Temporary payment	79	340
— Other receivables	12	—
	<u>4,226</u>	<u>2,159</u>
	<u><u>60,323</u></u>	<u><u>55,413</u></u>

Note: All retention money in relation to completed projects as at 31 December 2015 were expected to be recovered or settled within twelve months from the end of the reporting period.

The Group does not allow any credit period to its customers from contracting service and allows average credit period ranging from 14 to 45 days to its customers from consultancy service. The following is an aged analysis of the Group's trade receivables net of allowance for doubtful debts presented based on certificate/invoice dates.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables:		
1–30 days	26,553	25,903
31–60 days	9,312	10,622
61–90 days	790	1,222
91–180 days	2,210	2,245
Over 180 days	5,408	4,820
	<u>44,273</u>	<u>44,812</u>

Included in the Group's trade receivables are debtors with a carrying amount of HK\$32,534,000 and HK\$39,246,000 at 31 December 2015 and 2014 which are past due but not impaired as at the end of each of the reporting period. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Overdue:		
1–30 days	15,418	21,981
31–60 days	9,030	9,328
Over 60 days	8,086	7,937
	<u>32,534</u>	<u>39,246</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. 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.

Movement in the allowance for doubtful debts

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At beginning of year	2,365	291
Impairment losses recognised on trade and retention receivables	–	2,074
Amounts written off as uncollectible	(1,989)	–
Amounts recovered during the year	(85)	–
	<u>291</u>	<u>2,365</u>
Balance at end of year	<u>291</u>	<u>2,365</u>

10. TRADE AND OTHER PAYABLES/ADVANCES FROM CUSTOMERS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	17,632	24,436
Retention payables (<i>Note a</i>)	10,166	7,817
Accrued subcontracting charges and other operating expenses	40,122	13,407
Other payables	730	2,843
	<u>68,650</u>	<u>48,503</u>
Advances from customers (<i>Note b</i>)	<u>10,220</u>	<u>14,357</u>
	<u>78,870</u>	<u>62,860</u>

Notes:

- (a) Approximately HK\$6,195,000 and HK\$3,007,000 as at 31 December 2015 and 2014 respectively were aged more than twelve months from the end of the reporting periods. All retention payables as at 31 December 2015 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, bear interest ranging from 7% to 8% (2014: 7% to 8%) per annum and will be utilised to set off progress billings.

The aged credit period on trade payables is 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables:		
1–30 days	5,568	11,300
31–60 days	3,084	5,483
61–90 days	2,089	3,733
Over 90 days	6,891	3,920
	<u>17,632</u>	<u>24,436</u>

11. SHARE CAPITAL

The Group

For the purpose of the consolidated financial statements, the share capital at 31 December 2014 represented the sum of share capital of the following group entities:

	2014 <i>HK\$</i>
Fruit Design	1
Harvest Building	1
Win Lee Building	1,000,000
Marvo Architecture	1
Solomono	1
Sky Global	1
Win Lee (Project Team B)	1
	<u>1,000,006</u>
	2014 <i>HK\$'000</i>
Shown in the consolidated financial statements	<u>1,000</u>

The share capital at 31 December 2015 represented the issued share capital of the Company as detailed below.

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

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”).
- (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.

12. 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year	2,936	4,006
In the second to fifth year inclusive	336	2,190
	<u>3,272</u>	<u>6,196</u>

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

13. SURETY BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for performance of contract works in the form of surety bonds. The Group provided a counter-indemnity to the bank that issues such surety bonds.

As at 31 December 2015, the outstanding amount of surety bonds of the Group was approximately HK\$3,473,000 (2014: HK\$1,772,000).

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.

Business Review and Outlook

For the year ended 31 December 2015, there were 55 contracting projects and 297 consulting projects (2014: 54 contracting projects and 259 consulting projects) with revenue contribution. The demands for the Group's contracting and consulting services remained at a high level and thus, the revenue of the Group recorded a significant growth in current year.

The Group possesses the expertise and experience to deliver solutions that may add value to its projects. As at 31 December 2015, the Group's in house team of professional staff for both contracting and consulting service comprised of a total of 20 (2014:12) staff with professional qualifications. The qualified and experienced staff, including Authorized Persons, 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.

The Listing provided additional capital to the Group to implement the corporate plans as set out in the prospectus of the Company dated 23 September 2015 (the "Prospectus") under the heading of "Business — Business Strategies" and "Statement of Business Objectives and Use of Proceeds — Implementation Plans". Furthermore, the Listing also strengthened the financial position and enhanced the competitiveness of the Group.

Looking forward, our Group will continue to further develop our contracting and consulting business by undertaking more projects for alteration and addition works and further strengthen our in-house team of professional staff in order to maintain the competitive edge of the Group over the competitors in the industry. Moreover, the Group will explore contracting opportunities in the field of specialist works such as foundation and allocate more human resources for consultancy services in the public sector.

Financial Review

Revenue

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.

During the year ended 31 December 2015, the revenue from contracting service was the main source of revenue which amounted to approximately HK\$221.6 million (2014: HK\$158.1 million), representing approximately 80.1% (2014: approximately 79.2%) of the Group's total revenue.

The revenue from consulting service for the year ended 31 December 2015 was approximately HK\$55.2 million (2014: HK\$41.4 million), representing approximately 19.9% (2014: approximately 20.8%) of the Group's total revenue.

The total revenue of the Group increased by approximately HK\$77.2 million or 38.7% from approximately HK\$199.6 million for the year ended 31 December 2014 to approximately HK\$276.8 million for the year ended 31 December 2015. The increase was mainly due to the increase in revenue generated from the top three contracting projects with total contract sum of approximately HK\$191.6 million (2014: approximately HK\$140.7 million) which contributed revenue of approximately HK\$109.0 million for the year ended 31 December 2015 as compared with approximately HK\$60.5 million for the year ended 31 December 2014.

Gross Profit

Gross profit of the Group increased by approximately HK\$9.1 million or 23.3% from approximately HK\$39.1 million for the year ended 31 December 2014 to approximately HK\$48.2 million for the year ended 31 December 2015.

The gross profit of contracting service increased by approximately HK\$3.1 million or 16.2% from approximately HK\$19.1 million for the year ended 31 December 2014 to approximately HK\$22.2 million for the year ended 31 December 2015. The gross profit of consulting service increased by approximately HK\$6.0 million or 30.1% from approximately HK\$20.0 million for the year ended 31 December 2014 to approximately HK\$26.0 million for the year ended 31 December 2015. The increase in gross profit in both contracting and consulting service was mainly driven by the increasing demand for the Group's contracting and consulting service, thus increase in both revenue and gross profit is resulted for the year ended 31 December 2015.

However, in view of the intense of labour market competition, the Group experienced the increase in subcontracting charges and direct labour costs. As the extend of increase in subcontracting charges and direct labour costs is greater than that of increase in revenue for the year ended 31 December 2015, the overall gross profit margin dropped from 19.6% for the year ended 31 December 2014 to 17.4% for the year ended 31 December 2015.

Other Income

Other income of the Group decreased by approximately HK\$0.5 million or 74.6% from approximately HK\$0.7 million for the year ended 31 December 2014 to approximately HK\$0.2 million for the year ended 31 December 2015. The decrease was mainly due to a one-off reimbursement received from a main contractor of approximately HK\$0.5 million for the year ended 31 December 2014 in relation to compensation paid to an individual subcontractor of the Group for the injury.

Other losses

Other losses of the Group decreased by approximately HK\$2.6 million or 99.2% from approximately HK\$2.6 million for the year ended 31 December 2014 to approximately HK\$21,000 for the year ended 31 December 2015. The decrease was mainly due to an impairment loss recognised on trade and retention receivables of approximately HK\$2.1 million for the year ended 31 December 2014, no such impairment loss is recognised for the year ended 31 December 2015.

Administrative Expenses

Administrative expenses of the Group increased by approximately HK\$4.6 million or 37.7% from approximately HK\$12.4 million for the year ended 31 December 2014 to approximately HK\$17.0 million for the year ended 31 December 2015.

Administrative expenses primarily consist of rental expenses and staff costs. The increase was attributable by the increase in both rental expenses and staff costs paid to directors and staff due to business expansion during the year.

Listing Expenses

During the year ended 31 December 2015, the Group recognised non-recurring listing expenses of approximately HK\$10.1 million, as expenses in connection with its listing exercise.

Finance Costs

Finance costs for the Group decreased by approximately HK\$0.2 million or 15.8% from approximately HK\$1.6 million for the year ended 31 December 2014 to approximately HK\$1.4 million for the year ended 31 December 2015. The decrease was mainly due to the decrease in borrowings for financing the projects in progress.

Income Tax Expense

Income tax expense for the Group increased by approximately HK\$0.4 million or 10.4% from approximately HK\$4.1 million for the year ended 31 December 2014 to approximately HK\$4.5 million for the year ended 31 December 2015. The increase was mainly due to the increase in profit before tax, excluding the effect of non-deductible expenses, e.g. the listing expenses.

Profit and Total Comprehensive Income for the year attributable to the owners of the Company

Profit and total comprehensive income for the year attributable to the owners of the Company decreased by approximately HK\$3.8 million or 19.9% from approximately HK\$19.1 million for the year ended 31 December 2014 to approximately HK\$15.3 million for the year ended 31 December 2015.

Such decrease was primarily attributable to the net effect of (i) the listing expenses incurred by the Group for its listing exercise during the year ended 31 December 2015; and (ii) the increase in revenue and gross profit for the year ended 31 December 2015. Excluding the one-off listing expenses of the Group of approximately HK\$10.1 million, profit and total comprehensive income for the year ended 31 December 2015 would reach approximately HK\$25.4 million, representing an increase of approximately HK\$6.3 million or 33.0% compared to the year ended 31 December 2014.

Liquidity and Financial Resources

The current ratio of the Group as at 31 December 2015 was 1.78 times as compared to that of 1.49 times as at 31 December 2014. The increase was mainly due to increase in cash at bank resulted from the net proceeds received from the Listing. As at 31 December 2015, the Group had total bank balances and cash approximately HK\$37.6 million (2014: HK\$12.9 million).

As at 31 December 2015, the Group's advances from customers of approximately HK\$10.2 million, which bear interest at 7%–8% per annum (2014: approximately HK\$14.4 million, which bear interest at 7%–8% per annum). In addition, the Group had no bank borrowings as at 31 December 2015 (2014: HK\$10.0 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 year and multiplied by 100%, stood at approximately 15.3% as at 31 December 2015 (2014: approximately 58.6%). 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

The shares of the Company were successfully listed on the GEM Board of the Stock Exchange on 30 September 2015. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 December 2015, 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\$3.3 million as at 31 December 2015 (2014: approximately HK\$6.2 million).

Segmental Information

Segmental information is presented for the Group as disclosed on note 3 of the notes to the consolidated financial statements.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus of the Company, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the financial year ended 31 December 2015, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies saved for those related to the Reorganisation.

Contingent Liabilities

As at 31 December 2015, the Group did not have any material contingent liabilities (2014: 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 31 December 2015, the Group's pledged its bank deposit to a bank of approximately HK\$3.5 million (2014: approximately HK\$2.1 million) to secure the guarantee line for issuing surety bonds with outstanding amount of approximately HK\$3.5 million (2014: approximately HK\$1.8 million).

Employees And Remuneration Policies

As at 31 December 2015, the Group employed a total of 143 employees (2014: 105 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$46.4 million for the year ended 31 December 2015 (2014: approximately HK\$37.3 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 31 December 2015 is set out below:

Business objectives	Actual progress
Further developing the Group's contracting and consulting business	The Group has used HK\$2.6 million to further developing the Group's contracting business by undertake more contracting projects.
Further expanding the scope of services	The Group has used HK\$0.2 million for preparing relevant submission documents for the registration as a registered specialist contractor (foundation).
Further strengthening the Group in house team of professional staff	The Group has used HK\$0.6 million for recruiting 9 middle to senior level surveying and engineering staff to cope with the business development.
General working capital	The Group has used approximately HK\$1.1 million for the general working capital requirements.

Use Of Proceeds

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 unused amount of the net proceeds from the Listing as at 31 December 2015 was approximately HK\$17.4 million.

An analysis of the utilisation of the net proceeds from the placing and the unused amount as at 31 December 2015 is set out below:

	Planned amount utilised up to 31 December 2015	Actual utilised amount as at 31 December 2015	Unutilised amount out of the planned amount as at 31 December 2015
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Further developing the Group's contracting and consulting business	2.6	2.6	–
Further expanding the scope of services	0.7	0.2	0.5
Further strengthening the Group in house team of professional staff	1.0	0.6	0.4
General working capital	1.1	1.1	–
	<u>5.4</u>	<u>4.5</u>	<u>0.9</u>

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

Since the Listing, the Board recognised that the transparency and accountability is important to a listed company. Therefore, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors of the Company believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's stakeholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The Directors of the Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Under the code provision A.2.1 of the CG Code, the role 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 Board is pleased to report compliance with all applicable code provisions of the CG Code for the period from the date of Listing to 31 December 2015.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry 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 period from the date of Listing to the year ended 31 December 2015.

Purchase, Sale or Redemption of Listed Securities

Since the shares of the Company was listed on the GEM Board on 30 September 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 December 2015.

Dividend

The Board recommends the payment of a final dividend of HK0.65 cents per share of the Company for the year ended 31 December 2015, to the shareholders of the Company whose names are on the register of members on Tuesday, 24 May 2016, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 10 May 2016 and compliance with the laws of the Cayman Islands and other relevant rules and regulations.

Closure of Register of Members

The annual general meeting is scheduled for Tuesday, 10 May 2016. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 6 May 2016 to Tuesday, 10 May 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 5 May 2016.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the annual general meeting. The record date for entitlement to the proposed final dividend is Tuesday, 24 May 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 20 May 2016 to Tuesday, 24 May 2016, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Thursday, 19 May 2016. The payment of final dividend will be made on or about Friday, 3 June 2016.

Audit Committee

The Company established an audit committee ("Audit Committee") on 16 September 2015 with its written terms of reference in compliance with paragraphs C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. 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 with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the year ended 31 December 2015.

Appreciation

On behalf of the Board, I would like to extend our sincere thanks to our shareholders, business partners and customers for their utmost support to the Group. I would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

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

Hong Kong, 22 March 2016

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

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website (www.hkexnews.hk) for 7 days from the date of this publication. This announcement will also be published on the website of the Company (www.fdbhk.com).