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FDB Holdings Limited
豐展控股有限公司

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

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 of the Stock Exchange 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 Report” page of the GEM website at www.hkexnews.hk for at least seven days from the date of its publication and the Company’s website at www.fdbhk.com.

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 2016 (“Relevant Period”), together with the unaudited comparative figures for the corresponding period in 2015, as follows:

	For the six months ended 30 June		
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	<i>Change %</i>
Revenue	134,887	102,557	31.5%
Gross profit	20,351	15,669	29.9%
Profit attributable to owners of the Company	5,876	1,195	391.6%
Earnings per share	HK0.5 cents	HK0.1 cents	300.0%

- The Group’s revenue amounted to approximately HK\$134.9 million for the Relevant Period, representing an increase of approximately HK\$32.3 million or approximately 31.5% as compared with the six months ended 30 June 2015.
- The profit attributable to owners of the Company is approximately HK\$5.9 million for the Relevant Period, representing an increase of approximately HK\$4.7 million or approximately 391.6% as compared with the six months ended 30 June 2015.
- The Board does not recommend the payment of an interim dividend for the Relevant Period.

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

For the three and six months ended 30 June 2016

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	4	70,513	65,124	134,887	102,557
Cost of services		(60,686)	(56,905)	(114,536)	(86,888)
Gross profit		9,827	8,219	20,351	15,669
Listing expense		–	(5,744)	–	(6,337)
Other income	5	9	–	13	1
Administrative expenses		(6,517)	(3,379)	(12,713)	(6,625)
Finance costs	6	(134)	(109)	(304)	(259)
Profit (loss) before income tax	7	3,185	(1,013)	7,347	2,449
Income tax expense	8	(720)	(585)	(1,471)	(1,254)
Profit (loss) and total comprehensive income (expense) for the period		<u>2,465</u>	<u>(1,598)</u>	<u>5,876</u>	<u>1,195</u>
Basic and diluted earnings/ (loss) per share (<i>HK cents</i>)	10	<u>0.2</u>	<u>(0.1)</u>	<u>0.5</u>	<u>0.1</u>

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current asset			
Property, plant and equipment		<u>2,612</u>	<u>2,590</u>
Current assets			
Amounts due from customers for contract works		31,332	49,055
Trade and other receivables	<i>11</i>	92,004	60,323
Pledged bank deposit		15,512	3,500
Bank balances and cash		<u>20,964</u>	<u>34,057</u>
		159,812	146,935
Current liabilities			
Trade and other payables	<i>13</i>	74,531	68,650
Advances from customers		6,344	10,220
Tax liabilities		3,099	3,498
Bank borrowings	<i>12</i>	<u>13,425</u>	<u>–</u>
		97,399	82,368
Net current assets		<u>62,413</u>	<u>64,567</u>
Total assets less current liabilities		<u>65,025</u>	<u>67,157</u>
Non-current liability			
Deferred tax liabilities		<u>188</u>	<u>188</u>
Net assets		<u>64,837</u>	<u>66,969</u>
Capital and reserves			
Share capital	<i>14</i>	12,320	12,320
Reserves		<u>52,517</u>	<u>54,649</u>
Total equity		<u>64,837</u>	<u>66,969</u>

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

For the six months ended 30 June 2016

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note)</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 (<i>Note 9</i>)	–	–	–	(8,008)	(8,008)
	<u>12,320</u>	<u>21,440</u>	<u>1,000</u>	<u>30,077</u>	<u>64,837</u>
At 30 June 2016 (unaudited)					
At 1 January 2015 (audited)	1,000	–	–	40,554	41,554
Profit and total comprehensive income for the period	–	–	–	1,195	1,195
Dividend recognised as distribution	–	–	–	(22,000)	(22,000)
Adjustments arising from the Group Reorganisation	(1,000)	–	1,000	–	–
	<u>–</u>	<u>–</u>	<u>1,000</u>	<u>19,749</u>	<u>20,749</u>
At 30 June 2015 (unaudited)					

Note: As part of the Group Reorganisation (as defined in note 2), there are series of restructuring within the Group mainly involved interspersing investment holding entities between the operating subsidiaries and Mr. Ng Kin Siu. The difference between the Company's share capital and the combined share capital of Fruit Design & Build Limited, Harvest Building Consultancy Limited, Win Lee Building Engineering Limited, Marvo Architecture Limited, Solomon Consulting & Contracting Limited, Sky Global Construction Limited and Win Lee (Project Team B) Construction Limited was credited to other reserve.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 ("Stock Exchange") since 30 September 2015. 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.

2. BASIS OF PREPARATION

Pursuant to the group reorganisation with details set out in the paragraph headed "A. Further information about the Company — 4. Corporate Reorganisation" in the section headed "Statutory and General Information" in Appendix IV to the prospectus dated 23 September 2015 (the "Group Reorganisation"), 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 periods 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 unaudited condensed 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 unaudited condensed consolidated financial statements for the period ended 30 June 2016 including the comparative figures, are presented as if the current group structure had been in existence and remained unchanged throughout both periods, or since their respective dates of incorporation, where this is a shorter period.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016 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 HKICPA and the applicable disclosure requirements of the GEM Listing Rules.

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 2015.

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 reviewed by the Company's auditor, 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 service")
2. Provision of building consultancy services ("Consulting service")

	Three months ended 30 June		Six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Contracting services	58,253	52,823	109,080	81,712
Consulting services	12,260	12,301	25,807	20,845
	70,513	65,124	134,887	102,557

4. REVENUE AND SEGMENT INFORMATION

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

	Contracting services HK\$'000	Consulting services HK\$'000	Total HK\$'000
For the six months ended 30 June 2016 (unaudited)			
Revenue			
Segment revenue	<u>109,080</u>	<u>25,807</u>	<u>134,887</u>
Segment profit	<u>14,002</u>	<u>6,349</u>	<u>20,351</u>
Unallocated income			13
Unallocated expenses			<u>(13,017)</u>
Profit before income tax			7,347
Income tax expense			<u>(1,471)</u>
Profit for the period			<u><u>5,876</u></u>
	Contracting services HK\$'000	Consulting services HK\$'000	Total HK\$'000
For the six months ended 30 June 2015 (unaudited)			
Revenue			
Segment revenue	<u>81,712</u>	<u>20,845</u>	<u>102,557</u>
Segment profit	<u>7,650</u>	<u>8,019</u>	15,669
Unallocated income			1
Listing expenses			(6,337)
Unallocated expenses			<u>(6,884)</u>
Profit before income tax			2,449
Income tax expense			<u>(1,254)</u>
Profit for the period			<u><u>1,195</u></u>

5. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Bank interest income	<u>9</u>	<u>–</u>	<u>13</u>	<u>1</u>
	<u>9</u>	<u>–</u>	<u>13</u>	<u>1</u>

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on bank borrowing	62	109	62	177
Interest on bank overdraft	5	–	8	7
Interest on advance from customers wholly repayable within five years	<u>67</u>	<u>–</u>	<u>234</u>	<u>75</u>
	<u>134</u>	<u>109</u>	<u>304</u>	<u>259</u>

7. PROFIT (LOSS) BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Profit (loss) before tax has been arrived at after charging:				
Directors' emoluments	2,006	480	3,253	1,076
Salaries and other allowances	11,465	9,001	24,445	17,060
Retirement benefit scheme contributions, excluding those of directors	430	346	882	708
Total staff costs	13,901	9,827	28,580	18,844
Less: amounts included in cost of services	(11,292)	(8,749)	(22,637)	(16,461)
	<u>2,609</u>	<u>1,078</u>	<u>5,943</u>	<u>2,383</u>
Depreciation of property, plant and equipment	233	140	458	287
Operating lease rentals in respect of				
— Office premises	810	756	1,618	1,530
— Director's quarter (included in directors' emoluments)	180	225	360	450
	<u>180</u>	<u>225</u>	<u>360</u>	<u>450</u>

8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Hong Kong profits tax	<u>720</u>	<u>585</u>	<u>1,471</u>	<u>1,254</u>

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

9. DIVIDEND

On 10 May 2016, it is approved the payment of a final dividend of HK\$8,008,000 (HK0.65 cents per ordinary share) to the Company's shareholders whose names appear on the register of members of the Company on 24 May 2016. The aforementioned dividends are paid on 3 June 2016.

The Company declared and paid special dividend of HK\$12,000,000 in April 2015. 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 Board does not recommend the payment of interim dividend for the six months ended 30 June 2016.

10. EARNINGS PER SHARE

The calculations of basic earnings/(loss) per share for the three months and six months ended 30 June 2016 are based on the followings:

	Three months ended 30 June		Six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Earnings:				
Earnings for the purpose of calculating basic earnings/(loss) per share (profit for the period attributable to owners of the Company)	<u>0.2</u>	<u>(0.1)</u>	<u>0.5</u>	<u>0.1</u>
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>1,232,000</u>	<u>1,078,000</u>	<u>1,232,000</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 Reorganisation and capitalisation issue as described in the Prospectus had been effective on 1 January 2015.

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

11. TRADE AND OTHER RECEIVABLES

	30 June 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Trade receivables	66,618	44,273
Retention receivables	12,956	12,115
Less: allowance for doubtful debts	<u>(291)</u>	<u>(291)</u>
	<u>79,283</u>	56,097
Other receivables, deposits and prepayments		
— Prepayment	2,614	1,534
— Sundry deposits	3,013	2,601
— Temporary payment	3,751	79
— Other receivables	<u>3,343</u>	<u>12</u>
	<u>12,721</u>	4,226
	<u>92,004</u>	<u>60,323</u>

Note: All retention money in relation to completed projects as at 30 June 2016 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.

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade receivables:		
1-30 days	17,680	26,553
31-60 days	23,154	9,312
61-90 days	8,688	790
91-180 days	11,633	2,210
Over 180 days	5,463	5,408
	66,618	44,273

Included in the Group's trade receivables are debtors with a carrying amount of HK\$62,725,000 and HK\$32,534,000 at 30 June 2016 and 31 December 2015 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.

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Overdue:		
1-30 days	15,703	15,418
31-60 days	22,314	9,030
Over 60 days	24,708	8,086
	62,725	32,534

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
At beginning of year	291	2,365
Amounts written off as uncollectible	-	(1,989)
Amounts recovered during the year	-	(85)
Balance at end of year	291	291

12. BANK BORROWINGS

The variable-rate bank borrowings and bank overdrafts are repayable as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Carrying amount of bank loans that are repayable on demand or within one year	<u>13,425</u>	–
Amounts shown under current liabilities	<u><u>13,425</u></u>	<u><u>–</u></u>

Notes:

- (a) Bank borrowings are interest bearing at the banks' prime rates or cost of funds or Hong Kong Inter-Bank Offered Rate adjusted by certain basis points per annum. The interest rates of the Group's bank borrowings as at 30 June 2016 granted under banking facilities ranged from 2.25% to 5.50% (31 December 2015: Nil) per annum.

13. TRADE AND OTHER PAYABLES/ADVANCES FROM CUSTOMERS

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade payables	24,363	17,632
Retention payables (<i>Note a</i>)	10,116	10,166
Accrued subcontracting charges and other operating expenses	39,717	40,122
Other payables	<u>335</u>	<u>730</u>
	74,531	68,650
Advances from customers (<i>Note b</i>)	<u>6,344</u>	<u>10,220</u>
	<u><u>80,875</u></u>	<u><u>78,870</u></u>

Notes:

- (a) Approximately HK\$5,521,000 and HK\$6,195,000 as at 30 June 2016 and 31 December 2015 respectively were aged more than twelve months from the end of the reporting periods. All retention payables as at 30 June 2016 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% (2015: 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:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade payables:		
1–30 days	8,381	5,568
31–60 days	8,640	3,084
61–90 days	982	2,089
Over 90 days	6,360	6,891
	<u>24,363</u>	<u>17,632</u>

14. SHARE CAPITAL

The share capital at 30 June 2016 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>)	<u>3,962,000,000</u>	<u>39,620</u>
At 30 June 2016	<u><u>4,000,000,000</u></u>	<u><u>40,000</u></u>
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>)	<u>1,077,900,000</u>	<u>10,779</u>
At 30 June 2016	<u><u>1,232,000,000</u></u>	<u><u>12,320</u></u>

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.

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:

	30 June 2016 HK\$’000	31 December 2015 HK\$’000
Within one year	1,239	2,936
In the second to fifth year inclusive	304	336
	<u>1,543</u>	<u>3,272</u>

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 year were set out as below.

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

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>
Salaries, allowances and benefits	1,997	476	3,235	1,067
Contributions to defined contribution retirement plan	9	4	18	9
	<u>2,006</u>	<u>480</u>	<u>3,253</u>	<u>1,076</u>

- (b) The surety bonds are secured by personal guarantee provided by Mr. Ng Kin Siu and property held by his wife from the period 1 January 2014 to 14 September 2015. These security was released on 15 September 2015.

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 six months ended 30 June 2016, there were 41 contracting projects and 202 consulting projects (30 June 2015: 30 contracting projects and 153 consulting projects) with revenue contribution. Generally speaking, the total contract sum of the contracting projects entered by the Group are increased for the six month ended 30 June 2016. 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 30 June 2016, the Group's in house team of professional staff for both contracting and consulting service comprised of a total of 22 (30 June 2015: 18) 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.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$102.6 million for the six months ended 30 June 2015 to approximately HK\$134.9 million for the six months ended 30 June 2016, representing a growth of approximately 31.5%. Such increase was mainly due to the increase in revenue generated from top three contracting projects with total contract sum of approximately HK\$240.4 million (30 June 2015: approximately HK\$118.3 million) which contributed revenue of approximately HK\$77.1 million for the six month ended 30 June 2016 (30 June 2015: approximately HK\$47.7 million).

Cost of Services

Our cost of services increased from approximately HK\$86.9 million for the six months ended 30 June 2015 to approximately HK\$114.5 million for the six months ended 30 June 2016, representing an increase of approximately 31.8%. Such increase was mainly attributable to the increase in our subcontracting charges incurred. The increase in cost of services of approximately 31.8% was in line with the increase in revenue of approximately 31.5%.

Gross Profit

Our gross profit increased from approximately HK\$15.7 million for the six months ended 30 June 2015 to HK\$20.4 million for the six months ended 30 June 2016, representing an increase of approximately 30.0%, 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 2016.

As discussed above, the Group recorded a higher percentage increase in its cost of services than the percentage increase in its revenue during the six months ended 30 June 2016. The increase in gross profit margin of the contracting segment net off with the decrease of the gross profit margin of the consulting segment which led to a slightly decrease in the Group's gross profit margin from approximately 15.3% for the six months ended 30 June 2015 to approximately 15.1% for the six months ended 30 June 2016.

Other Income

Our other income amounted to approximately HK\$1,000 and HK\$13,000 for the six months ended 30 June 2015 and 2016 respectively, representing an increase of approximately 1,200%, which was mainly due to the increase in interest income earned from the bank deposit.

Administrative Expenses

Our administrative expenses amounted to approximately HK\$6.6 million and HK\$12.7 million for the six months ended 30 June 2015 and 2016 respectively, representing an increase of approximately 92.4%. 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 during the relevant period.

Listing Expenses

During the six months ended 30 June 2015, the Group recognised non-recurring listing expenses of approximately HK\$6.3 million, as expenses in connection with its Listing exercise. No such expenses was recognised for the six months ended 30 June 2016.

Finance Costs

Finance costs for the Group increased by approximately HK\$0.1 million or 17.4% from approximately HK\$0.2 million for the six months ended 30 June 2015 to approximately HK\$0.3 million for the six months ended 30 June 2016. The increase was mainly due to the increase in borrowings for financing the projects in progress.

Income Tax Expense

Income tax expense for the Group increased by approximately HK\$0.2 million or 15.4% from approximately HK\$1.3 million for the six months ended 30 June 2015 to approximately HK\$1.5 million for the six months ended 30 June 2016. The increase was mainly due to the increase in profit before tax, excluding the effect of non-deductible expenses, e.g. the listing expenses and the compliance costs resulted after the Listing.

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\$4.7 million or 391.7% from approximately HK\$1.2 million for the six months ended 30 June 2015 to approximately HK\$5.9 million for the six months ended 30 June 2016.

Such increase was primarily attributable to the increase in revenue and gross profit for the six months ended 30 June 2016.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 June 2016 was 1.64 times as compared to that of 1.78 times as at 31 December 2015. The decrease was mainly due to increase in the bank borrowings (30 June 2016: approximately HK\$13.5 million; 31 December 2015: Nil).

As at 30 June 2016, the Group's advances from customers of approximately HK\$6.3 million, which bear interest at 7%–8% per annum (31 December 2015: HK\$10.2 million, which bear interest at 7%–8% per annum). In addition, the Group had bank borrowings of approximately HK\$13.5 million as at 30 June 2016 (31 December 2015: Nil). 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 30.5% as at 30 June 2016 (31 December 2015: approximately 15.3%). 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 30 June 2016, 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\$1.5 million as at 30 June 2016 (30 June 2015: approximately HK\$3.3 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

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 six months ended 30 June 2016, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies saved for those related to the Group Reorganisation (as defined under note 2 to the unaudited condensed consolidated financial statements).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any material contingent liabilities (31 December 2015: 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 2016, the Group's pledged its bank deposit to a bank of approximately HK\$15.5 million (31 December 2015: approximately HK\$3.5 million) to secure the guarantee line for issuing surety bonds and general banking facilities with outstanding amount of approximately HK\$10.9 million (31 December 2015: approximately HK\$3.5 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group employed a total of 154 employees (30 June 2015: 114 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$28.6 million for the six months ended 30 June 2016 (30 June 2015: approximately HK\$18.9 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 2016 is set out below:

Business objectives	Actual progress
Further developing the Group's contracting and consulting business	The Group has used HK\$4.7 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\$0.7 million for recruit relevant staff and prepare 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\$1.6 million for recruiting and retaining 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 30 June 2016 was approximately HK\$13.8 million.

An analysis of the planned amount utilised up to 30 June 2016 is set out below:

	Planned amount utilised up to 30 June 2016 <i>HK\$'million</i>	Actual utilised amount as at 30 June 2016 <i>HK\$'million</i>	Unutilised amount out of the planned amount as at 30 June 2016 <i>HK\$'million</i>
Further developing the Group's contracting and consulting business	4.7	4.7	–
Further expanding the scope of services	1.4	0.7	0.7
Further strengthening the Group in house team of professional staff	2.0	1.6	0.4
	<u>8.1</u>	<u>7.0</u>	<u>1.1</u>

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2016, 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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long Position in the Company's 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 Holdings Limited ("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

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 2016, 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2016, 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:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held/ interested in	Long/ short position	Percentage of total issued share capital of the Company
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 2016 and so far as is known to the Directors, no person, 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 Shares, Underlying Shares and Debentures" 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 GEM Listing Rules) 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 period ended 30 June 2016.

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Messis Capital Limited, as at 30 June 2016, 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, SALES OF 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 period ended 30 June 2016.

CORPORATE GOVERNANCE CODE

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.

As at 30 June 2016, save as disclosed above, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules.

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 Rules 5.48 to 5.67 of the GEM Listing Rules. 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 period ended 30 June 2016.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 16 September 2015 ("the Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share options has been granted during the period under review and there were no share option outstanding as at 30 June 2016.

AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) with its written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company. 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 2016.

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

Hong Kong, 9 August 2016

As at the date of this announcement, 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.