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FRASER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8366)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 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 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 “**Director(s)**”) of Fraser Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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.*

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$84.9 million for the six months ended 31 October 2015 (the “Reporting Period”) (2014: approximately HK\$78.8 million), representing an increase of approximately 7.7% as compared with the corresponding period of last year.
- Profit attributable to the owners of the Company for six months ended 31 October 2015 amounted to approximately HK\$3.8 million (2014: approximately HK\$5.2 million).
- Basic earnings per share amounted to approximately HK\$0.31 cents for the six months ended 31 October 2015 (2014: approximately HK\$0.42 cents).
- The Board does not recommend the payment of interim dividend for the six months ended 31 October 2015 (2014: nil).

The board (the “**Board**”) of Directors of the Company is pleased to present the consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 October 2015 together with the comparative figures for the prior year.

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

FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	<i>Notes</i>	For the three months ended 31 October		For the six months ended 31 October	
		2015	2014	2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	34,991	37,692	84,899	78,841
Direct costs		(30,098)	(34,471)	(75,751)	(71,426)
Gross profit		4,893	3,221	9,148	7,415
Other income	3	69	280	233	354
Administrative expenses		(1,179)	(709)	(4,285)	(1,506)
Finance costs	4	(4)	(28)	(42)	(36)
Profit before income tax	6	3,779	2,764	5,054	6,227
Income tax expense	5	(630)	(479)	(1,250)	(1,033)
Profit and total comprehensive income for the period attributable to owners of the Company		3,149	2,285	3,804	5,194
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share — Basic and diluted	8	0.26	0.19	0.31	0.42

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2015

	<i>Notes</i>	As at 31 October 2015 HK\$'000 (Unaudited)	As at 30 April 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	<u>487</u>	<u>683</u>
Current assets			
Trade and other receivables	10	16,677	37,630
Amount due from a related company		–	6,296
Amounts due from customers on construction contracts	11	8,753	7,561
Cash and bank balances		<u>28,602</u>	<u>22,754</u>
		<u>54,032</u>	<u>74,241</u>
Current liabilities			
Trade and other payables	12	10,203	19,718
Amounts due to customers on construction contracts	11	2,110	626
Borrowings, secured	13	–	5,000
Amount due to a director		–	1,602
Tax payable		5,212	4,896
Obligations under finance leases	14	<u>22</u>	<u>–</u>
		<u>17,547</u>	<u>31,842</u>
Net current assets		<u>36,485</u>	<u>42,399</u>
Total assets less current liabilities		<u>36,972</u>	<u>43,082</u>
Non-current liabilities			
Obligations under finance leases	14	<u>86</u>	<u>–</u>
		<u>86</u>	<u>–</u>
Net assets		<u>36,886</u>	<u>43,082</u>
Equity			
Share capital	15	–	18,001
Reserves		<u>36,886</u>	<u>25,081</u>
Total equity		<u>36,886</u>	<u>43,082</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	Share capital HK\$'000	Merger reserve* HK\$'000 (Note)	Retained earnings* HK\$'000	Total HK\$'000
At 1 May 2014	18,001	–	13,650	31,651
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>5,194</u>	<u>5,194</u>
At 31 October 2014 (unaudited)	<u>18,001</u>	<u>–</u>	<u>18,844</u>	<u>36,845</u>
At 1 May 2015	18,001	–	25,081	43,082
Arising from group reorganisation	(18,001)	18,001	–	–
Dividend declared and paid during the period (note 7)	–	–	(10,000)	(10,000)
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>3,804</u>	<u>3,804</u>
At 31 October 2015 (unaudited)	<u>–</u>	<u>18,001</u>	<u>18,885</u>	<u>36,886</u>

* The total of these balances represents “Reserves” in the condensed consolidated statement of financial position.

Note: Merger reserve represents the difference between the share capital issued by the Company for acquisition of the subsidiaries pursuant to a reorganisation for the listing and the aggregate capital of the subsidiaries being acquired at the time of the reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	For the six months ended	
	31 October	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	20,854	(1,616)
Net cash (used in)/generated from investing activities	(5)	165
Net cash (used in)/generated from financing activities	(15,001)	3,000
Net increase in cash and cash equivalents	5,848	1,549
Cash and cash equivalents at beginning of period	22,754	2,549
Cash and cash equivalents at end of period	28,602	4,098
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	28,602	4,098

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Fraser Holdings Limited was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability under the Companies Law of Cayman Islands and its shares have been listed (the “**Listing**”) on the GEM of the Stock Exchange with effect from 2 November 2015 (the “**Listing Date**”). Its parent and ultimate holding company is National Honour Investments Limited (“**National Honour**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and beneficially owned by Mr. Yu Shek Man Ringo (“**Mr. Yu**”) and Ms. Wong So Wah (“**Ms. Wong**”) (hereinafter collectively referred to as the “**Controlling Parties**”).

The Company’s registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business is located at Room 1122, Pacific Link Tower, South Mark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong.

The principal activity of the Group is engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

2. BASIC OF PREPARATION AND REORGANISATION

The unaudited condensed consolidated financial statements of the Group for the period ended 31 October 2015 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”). The financial information have been prepared on the historical cost.

The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 30 April 2015 as set out in the Prospectus, which have been prepared in accordance with the accounting policies which conforms to the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by HKICPA.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the Group’s audited combined financial statements for the year ended 30 April 2015. The adoption of these new and revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

The unaudited condensed consolidated financial statements for the period ended 31 October 2015 are presented in Hong Kong dollars (“**HK\$**”), which is the same functional currency of the Company.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on the GEM (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 17 June 2015. Details of the Reorganisation are set out in the section headed “Statutory and general information — A. Further information about our Company — 4. Corporate Reorganisation” in the prospectus of the Company dated 23 October 2015 (“**Prospectus**”).

The Group resulting from the abovementioned Reorganisation is regarded as a continuing entity. Accordingly, the unaudited condensed combined financial information of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” as if the group structure under the Group Reorganisation had been in existence throughout the six months ended 31 October 2015 and 2014.

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

The Group is principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

Breakdown of the Group's revenue is set out as follows:

	Three months ended 31 October		Six months ended 31 October	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Contracting revenue	34,892	37,692	84,755	78,841
Consultancy fee	99	–	144	–
Revenue	34,991	37,692	84,899	78,841

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors regard the Group's business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presents as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

An analysis of the Group's revenue and contribution to profit from operating activities from undertaking slope works, foundation works and other general building works in Hong Kong in the ordinary course of business during the three months and six months ended 31 October 2015 are as follows:

	Three months ended 31 October		Six months ended 31 October	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Slope works	26,402	33,727	72,955	69,695
Foundation works	6,086	–	6,765	–
General building works	2,404	3,965	5,035	9,146
Others (note)	99	–	144	–
	34,991	37,692	84,899	78,841

Note: Others represent consultancy fee income derived from the provision of consultancy services in relation to the management of projects involving slope works, foundation works and/or other general building works.

An analysis of other income is as follows:

	Three months ended 31 October		Six months ended 31 October	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	–	242	–	275
Interest income	20	–	20	–
Rental income from lease of machinery	–	–	164	–
Sundry income	49	38	49	79
	<u>69</u>	<u>280</u>	<u>233</u>	<u>354</u>

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group during the Reporting Period are as follows:

	Three months ended 31 October		Six months ended 31 October	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A ¹	N/A ¹	N/A ¹	N/A ¹	9,478
Customer B ¹	N/A ¹	N/A ¹	N/A ¹	8,587
Customer C ¹	3,422	N/A ¹	N/A ¹	N/A ¹
Customer D ¹	5,876	N/A ¹	N/A ¹	N/A ¹
CEDD	17,571	21,206	56,951	39,392
Lands Department	4,491	7,537	10,067	13,861
	<u>31,360</u>	<u>28,743</u>	<u>67,018</u>	<u>71,318</u>

¹ The revenue from these customer amounted to less than 10% of the total revenue of the Group.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 October		Six months ended 31 October	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on:				
— bank borrowings wholly repayable within 5 years	–	28	34	36
— obligation under finance leases wholly repayable within 5 years	4	–	8	–
	<u>4</u>	<u>28</u>	<u>42</u>	<u>36</u>

5. INCOME TAX EXPENSE

	Three months ended 31 October		Six months ended 31 October	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax — Hong Kong:				
— charge for the period	<u>630</u>	<u>479</u>	<u>1,250</u>	<u>1,033</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the Company's estimated assessable profits for the period.

No deferred tax has been provided in the unaudited condensed consolidated interim financial statements as there is no material temporary difference as at the reporting dates.

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging (crediting):

	Three months ended 31 October		Six months ended 31 October	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)				
— salaries, allowances and benefits in kind	1,881	1,493	3,515	3,418
— retirement benefits scheme contributions	<u>61</u>	<u>53</u>	<u>150</u>	<u>137</u>
Total staff costs (including directors' emoluments)	<u>1,942</u>	<u>1,546</u>	<u>3,665</u>	<u>3,555</u>
Depreciation in respect of plant and equipment				
— leased assets	6	—	6	—
— owned assets	<u>93</u>	<u>345</u>	<u>306</u>	<u>787</u>
	<u>99</u>	<u>345</u>	<u>312</u>	<u>787</u>
Operating lease charges:				
— Land and buildings	<u>96</u>	<u>90</u>	<u>192</u>	<u>180</u>
Subcontracting charges (included in direct costs)	<u>27,831</u>	<u>32,801</u>	<u>69,528</u>	<u>68,183</u>
Listing expenses (included in administrative expenses)	<u>5</u>	<u>—</u>	<u>2,472</u>	<u>—</u>

7. DIVIDEND

On 3 August 2015, a dividend of HK\$10,000,800 was distributed by Fraser Construction Company Limited, a wholly owned subsidiary of the Company after the Reorganisation as described in the Prospectus, to its then shareholders.

The Directors do not recommend a payment of an interim dividend for the six months ended 31 October 2015 (2014: nil).

8. EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	31 October		31 October	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Earnings for the purpose of basic earnings per share	<u>3,149</u>	<u>2,285</u>	<u>3,804</u>	<u>5,194</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,235,000</u>	<u>1,235,000</u>	<u>1,235,000</u>	<u>1,235,000</u>

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the periods of has been determined based on the assumption that the capitalisation issue have been effective on 1 May 2014.

Diluted earnings per share is the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the periods ended 31 October 2015 and 2014.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2015, the Group spent approximately HK\$115,000 on acquisition of office equipment in Hong Kong (2014: approximately HK\$110,000).

10. TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables at the end of the reporting period:

	As at 31 October 2015 <i>HK\$'000</i> (Unaudited)	As at 30 April 2015 <i>HK\$'000</i> (Audited)
Trade receivables	4,454	25,912
Retention receivables	8,652	10,042
Other receivables and prepayments	2,991	850
Utility and other deposits	580	826
	<u>16,677</u>	<u>37,630</u>

Trade receivables

The Group usually provide customers with a credit term of 21–60 days. For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

Based on the invoice dates (or date of revenue recognition, if earlier), the ageing analysis of the trade receivables, net of provision for impairment, was as follows:

	As at 31 October 2015 <i>HK\$'000</i> (Unaudited)	As at 30 April 2015 <i>HK\$'000</i> (Audited)
0–30 days	3,913	20,086
31–60 days	13	355
61–90 days	–	1,590
Over 90 days	528	3,881
	<u>4,454</u>	<u>25,912</u>

At each reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no impairment has been recognised.

11. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	As at 31 October 2015 HK\$'000 (Unaudited)	As at 30 April 2015 HK\$'000 (Audited)
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	305,409	265,387
Less: progress billings	(298,766)	(258,452)
Contract work-in-progress	<u>6,643</u>	<u>6,935</u>
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	8,753	7,561
Amounts due to customers on construction contracts	(2,110)	(626)
	<u>6,643</u>	<u>6,935</u>

The gross amounts due from/(to) customers on construction contracts are expected to be recovered/settled within one year.

12. TRADE AND OTHER PAYABLES

	As at 31 October 2015 HK\$'000 (Unaudited)	As at 30 April 2015 HK\$'000 (Audited)
Trade payables	3,542	13,297
Retention payables	5,689	4,993
Accruals and other payables	<u>972</u>	<u>1,428</u>
	<u>10,203</u>	<u>19,718</u>

Payment terms granted by suppliers are 42-60 days from the invoice date of the relevant purchases.

(a) The ageing analysis of trade payables based on the invoice date is as follows:

	As at 31 October 2015 <i>HK\$'000</i> (Unaudited)	As at 30 April 2015 <i>HK\$'000</i> (Audited)
0–30 days	493	10,394
31–60 days	–	315
61–90 days	3	88
Over 90 days	<u>3,046</u>	<u>2,500</u>
	<u>3,542</u>	<u>13,297</u>

(b) Retention payables are interest-free and settled in accordance with the terms of the respective contracts.

13. BORROWINGS, SECURED

	As at 31 October 2015 <i>HK\$'000</i> (Unaudited)	As at 30 April 2015 <i>HK\$'000</i> (Audited)
Bank loan, secured	<u>–</u>	<u>5,000</u>

At 30 April 2015, the bank loan is interest-bearing at 3.211% to 3.237% per annum and repaid in May 2015.

The banking facilities to the total extent of HK\$23,000,000 granted to the Group are secured by guarantees given by Mr. Yu, properties held by a related company and a floating charge over certain bank accounts of the Group.

The personal guarantees provided by Mr. Yu, properties held by a related company and a floating charge over certain bank accounts of the Group for the banking facilities existed at the date of this announcement had been fully released and replaced by bank deposit provided by the Group.

14. OBLIGATIONS UNDER FINANCE LEASES

	As at 31 October 2015 <i>HK\$'000</i> (Unaudited)	As at 30 April 2015 <i>HK\$'000</i> (Audited)
Gross finance lease liabilities — minimum lease payments		
Due within 1 year	34	–
Due in the 2–5 years	<u>128</u>	<u>–</u>
	162	–
Future finance charges on finance leases	<u>(54)</u>	<u>–</u>
Present value of finance lease liabilities	<u>108</u>	<u>–</u>

The present value of finance lease liabilities is as follows:

	As at 31 October 2015 HK\$'000 (Unaudited)	As at 30 April 2015 HK\$'000 (Audited)
Present value of minimum lease payments		
Due within 1 year	22	–
Due in the 2–5 years	86	–
	108	–
Less: Portion due within 1 year included under current liabilities	(22)	–
Portion due after 1 year included under non-current liabilities	86	–

The Group's office equipment with an aggregate net book value of approximately HK\$109,000 as at 31 October 2015 are secured.

15. SHARE CAPITAL

The share capital balance as at 30 April 2015 in the condensed consolidated statement of financial position represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.

The share capital balance as at 31 October 2015 in the condensed statement of financial position represented the issued share capital of the Company. Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

The Company

	Number of Shares	Share capital HK\$
<i>Authorised:</i>		
Ordinary share of HK\$0.01 each as at date of incorporation (<i>Note a</i>)	38,000,000	380,000
	Number of Shares	Share capital HK\$
<i>Issued and fully paid:</i>		
Ordinary share of HK\$0.01 each at the date of incorporation (<i>Note b</i>)	1	0.01
Issued and allotted during the period (<i>Note c</i>)	9,999	99.99
	10,000	100

Notes:

- (a) The Company was incorporated on 20 May 2015. The initial authorised share capital of the Company was HK\$380,000 divided into 3,800,000 shares of HK\$0.01 each.

- (b) On 20 May 2015, 1 share of HK\$0.01 each were allotted and issued nil-paid on the date of incorporation.
- (c) On 7 July 2015, 9,999 new shares of HK\$0.01 each were allocated and issued at par to National Honour by the Company for completion of acquisition of the entire issued share capital of True Sincere.
- (d) Upon completion of the Reorganisation on 7 July 2015, the Company has become the holding company of the Group. Any difference arising therefrom has been dealt with in merger reserve.

16. COMMITMENTS

(a) Operating leases commitments — the Group as lessee

At the reporting date, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of plant and machinery as follows:

	As at 31 October 2015 HK\$'000 (Unaudited)	As at 30 April 2015 HK\$'000 (Audited)
Within 1 year	—	164

The Group leases its plant and machinery under operating lease arrangements which run for an initial period of one to three months, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants.

(b) Capital commitments

The Group did not have any significant capital commitments as at 31 October 2015 (30 April 2015: Nil)

17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 October 2015.

18. RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

The emoluments of the directors of the Company, who represent the key management personnel during the six month period ended 31 October 2015 and 2014 are as follows:

	Six months ended 31 October 2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries, fee and allowances	300	250
Discretionary bonuses	—	—
Retirement benefit scheme contributions	15	14
	315	264

(b) Balances with related parties

At the reporting date, the Group has the following balances with related parties:

	As at 31 October 2015 HK\$'000 (Unaudited)	As at 30 April 2015 HK\$'000 (Audited)
Amount due to a director — Mr. Yu	<u>—</u>	<u>1,602</u>
Amount due from a related company — Mars Glare Limited	<u>—</u>	<u>6,296</u>

(c) Transactions with related parties

The Group entered into the following transactions with its related parties:

Name of related party	Nature	Six months ended 31 October 2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
		192	180
Mars Glare Limited	Rental payments by the Company to Mars Glare for the lease of certain properties	<u>192</u>	<u>180</u>

19. SUBSEQUENT EVENT

The Company was listed on GEM on the Listing Date by way of placing, 360,000,000 shares (comprising 205,000,000 new shares offered by the Company and 155,000,000 sale shares offered by the selling shareholder) of HK\$0.01 each of the Company were issued at an issue price of HK\$0.2. The net proceeds to be received by the Company from the placing, after deducting the underwriting fees and other expenses to be borne by the Company, are estimated to be approximately HK\$31.3 million. Please refer to the Company's announcement dated 30 October 2015 and the Prospectus for further details of the placing. The following is a description of the authorised and issued share capital of the Company upon the completion of the placing.

	Number of Shares	Share capital HK\$
<i>Authorised:</i>		
Ordinary share of HK\$0.01 each as at date of incorporation	38,000,000	380,000
Increase in authorised share capital	1,962,000,000	19,620,000
	<u>2,000,000,000</u>	<u>20,000,000</u>
	Number of Shares	Share capital HK\$
<i>Issued and fully paid:</i>		
Ordinary share of HK\$0.01 each at the date of incorporation	1	0.01
<i>Issued and allotted during the period</i>	9,999	99.99
Capitalisation issue (including 205,000,000 sale shares offered by the selling shareholder)	1,234,990,000	12,349,900
Issue of shares on placing	205,000,000	2,050,000
	<u>1,440,000,000</u>	<u>14,400,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is a contractor principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Foundation works are generally concerned with the construction of foundations. General building works mainly include the general construction of buildings. Fraser Construction Company Limited, our principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau of the Government under the categories of “Landslip Preventive/Remedial Works to Slopes/Retaining Walls” with a confirmed status and “Land Piling (Group II)”. Being on such list is a prerequisite for tendering for public sector projects in the relevant works categories. In addition, Fraser Construction Company Limited is registered under the Buildings Ordinance as a (i) Registered Specialist Contractor under the sub-register of “Site Formation Works” and “Foundation Works” categories; and (ii) Registered General Building Contractor.

Since the announcement of the “Ten Major Infrastructure Projects” in the 2007 Policy Address, large scale infrastructure projects such as the extension of MTR lines, new roadways, and the development of new areas have supported the growth of the construction industry. The “Ten Major Infrastructure Projects” include South Island Line, Lok Ma Chau Loop, Sha Tin to Central Link, West Kowloon Cultural District, Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass, Kai Tak Development, Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macao Bridge, North East New Territories New Development Areas and Hong Kong-Shenzhen Western Express Line. The development of some of these projects requires slope works, such as developing earth reinforced retaining walls and cutting back or improving slopes for road works, railways, and hill-side building developments. In recent years, the Government’s infrastructure investment has been maintained at high levels, with several construction and transportation projects being carried forward in parallel. The continued investments in large scale infrastructure projects by the Government is expected to drive the future demand for slope works in Hong Kong. As a result, our slope work business also benefited from the overall positive atmosphere in the construction industry. The Directors consider that the outlook for the construction industry in Hong Kong remains optimistic.

The Group was successfully listed on the GEM on 2 November 2015. The listing proceeds received have strengthened the Group’s cash flow and the Group will implement its future plans towards and strengthening our manpower according to the schedule set out in the Prospectus.

FINANCIAL REVIEW

Revenue

The Group's overall revenue increased by approximately HK\$6.1 million or approximately 7.7% from approximately HK\$78.8 million for the six months ended 31 October 2014 to approximately HK\$84.9 million for the six months ended 31 October 2015. The increase in revenue was mainly due to the increase in the average revenue recognised per project.

The Board regards the Group's business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong. The Group's principal operating activities during the six months ended 31 October 2015 are as follows:

Slope works: Undertaking landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Revenue from undertaking slope works increased from approximately HK\$69.7 million for the six months ended 31 October 2014 to approximately HK\$72.9 million for the six months ended 31 October 2015, representing an increase of approximately 4.6%. The increase in revenue was primarily attributable to a higher amount of revenue from CEDD's slope works projects for the six months ended 31 October 2015, which was due to the actual works progress under the relevant contracts as certified by CEDD/its agent.

Foundation works: Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works increased from HK\$nil for the six months ended 31 October 2014 to approximately HK\$6.8 million for the six months ended 31 October 2015, as our Group has not undertaken any foundation work project during the six months ended 31 October 2014.

General building works: Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK\$9.1 million for the six months ended 31 October 2014 to approximately HK\$5 million for the six months ended 31 October 2015, representing a decrease of approximately 45%, which was due to lower actual works progress under the contract as certified by its agents compared between the six months ended 31 October 2015 and 2014.

Others: Provision of consultancy services in relation to the management of projects involving slope works, foundation works and/or other general building works in Hong Kong. Revenue from the provision of consultancy services increased from HK\$nil for the six months ended 31 October 2014 to approximately HK\$0.1 million for the six months ended 31 October 2015, representing an increase of 100%, as there was no provision of consultancy service for six months ended 31 October 2014.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$1.7 million or approximately 23.3% from approximately HK\$7.4 million for the six months ended 31 October 2014 to approximately HK\$9.1 million for the six months ended 31 October 2015 and the Group's gross profit margin increased from approximately 9.4% for the six months ended 31 October 2014 to approximately 10.77% for the six months ended 31 October 2015. The increase in gross profit margin was mainly due to a private project tender with higher gross profit margin undertaken, the revenue derived from which had been recognised for the six months ended 31 October 2015.

The Group's cost of services rendered increased by approximately HK\$4.3 million or approximately 6% from approximately HK\$71.4 million for the six months ended 31 October 2014 to approximately HK\$75.7 million for the six months ended 31 October 2015. Such increase was mainly attributable to the increase in amount of works performed resulting in the increase in our subcontracting charges.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$2.8 million or approximately 185% from approximately HK\$1.5 million for the six months ended 31 October 2014 to approximately HK\$4.3 million for the six months ended October 2015. The increase in the Group's administrative expenses was mainly due to the recognition of listing expenses.

Net Profit

Profit attributable to owners of the Company for the period decreased by approximately HK\$1.4 million or approximately 27% from approximately HK\$5.2 million for the six months ended 31 October 2014 to approximately HK\$3.8 million for the six months ended 31 October 2015. The Group's net profit margin decreased from approximately 6.59% for the six months ended 31 October 2014 to approximately 4.48% for the same period of 2015. The decrease in the Group's profit for the period was mainly due to the listing expenses and the increase in administrative expenses which were partly offset by the increase in gross profit as discussed above. If the one-off listing expenses are not taken into account, the Group would record a net profit growth (without listing expenses) of approximately 20.85% for the six months ended 31 October 2015, when compared to the same period of the previous year.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

The shares of the Company were successfully listed on the GEM on 2 November 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 October 2015, the total equity amounted to approximately HK\$36.9 million (30 April 2015: approximately HK\$43.1 million).

Cash position

As at 31 October 2015, the cash at banks and in hand of the Group amounted to approximately HK\$28.6 million (as at 30 April 2015: approximately HK\$22.8 million), representing an increase of approximately HK\$5.8 million as compared to that as at 30 April 2015.

Charges over Assets of the Group

The Group has total present value of minimum lease payments in relation to finance lease, which are secured by the relevant leased office equipment amounting to approximately HK\$109,000.

Gearing ratio

As at 31 October 2015, the gearing ratio of the Group was approximately 0.3% (as at 30 April 2015: approximately 15.32%). The gearing ratio is calculated as total borrowings divided by the total equity as the respective reporting date. Total borrowings includes bank borrowings, amount due to a Director and obligations under finance leases. The decrease of the gearing ratio was mainly attributable to the repayment of bank borrowings and amount due to a director of the Group for the six months ended 31 October 2015.

Capital Commitments

As at 31 October 2015, the Group had no material capital commitments (as at 30 April 2015: nil).

Foreign Exchange Risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. During the six months ended 31 October 2015, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 31 October 2015.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Apart from the Reorganization in relation to the listing of the Shares as disclosed in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 October 2015. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 October 2015.

Contingent Liabilities

As at 31 October 2015, the Group had no material contingent liabilities (as at 30 April 2015: nil).

Employees and Remuneration Policy

The Group had 69 employees (including executive Directors) as at 31 October 2015 (as at 30 April 2015: 72 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance linked bonuses, retirement benefits schemes and other allowance and benefits.

Events after the reporting period

On 2 November 2015, the Company was listed on the GEM when 205,000,000 new shares had been offered for subscription and 155,000,000 shares for sale, at an offer price of HK\$0.2 per share.

Use of Proceeds from the Placing

The net proceeds from the Listing will be utilised subsequent to the Listing in accordance with the proposed applications set out in the section “Future Plans and Use of Proceeds” of the Prospectus. No proceeds were used and received during the six months ended 31 October 2015 as the Company was not yet listed. The below table sets out the proposed applications of the net proceeds and usage up to the date of this announcement:

	Proposed application <i>HK\$'million</i>	Actual usage up to date of announcement <i>HK\$'million</i>
Satisfying various working capital requirements in relation to undertaking more projects	25.77	0.1
Further strengthening our manpower	5.53	—
	<u>31.30</u>	<u>0.1</u>

OTHER INFORMATION

Compliance Advisor's Interests

From the Listing Date up to the date of this announcement, as notified by the Company's compliance advisor, Messis Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 19 June 2015, neither the Compliance Adviser nor its directors, employees or close associates had any interest in the securities of the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

The Company was listed on 2 November 2015. As the Company was not yet listed on 31 October 2015, during the six months ended 31 October 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Code

As the Company was listed on 2 November 2015, the Company was not required to comply with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules for the six months ended 31 October 2015. Having said that, the Directors confirmed that the Company has complied with all the applicable code provisions of the CG Code from the Listing Date up to the date of this announcement.

Code of Conduct regarding securities transactions by Directors

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors ("**Code of Conduct**") as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct from the Listing Date up to the date of this announcement.

Dividends

The Board did not recommend any payment of dividend for the six months ended 31 October 2015 (2014: Nil).

Share Option Scheme

The Company adopted a share option scheme on 15 October 2015 (the “**Scheme**”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 October 2015.

Audit Committee

The Company established the Audit Committee on 14 October 2015 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Law Yiu Sing, Mr. Wong Kwok Chuen and Mr. Wong Law Fai. The chairman of the Audit Committee is Mr. Law Yiu Sing, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee had reviewed the unaudited combined results of the Group for the six months ended 31 October 2015 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board
Fraser Holdings Limited
Yu Shek Man Ringo
Chairman and Executive Director

Hong Kong, 11 December 2015

As at the date of this announcement, the executive Directors are Mr. Yu Shek Man Ringo and Ms. Wong So Wah; the non-executive Director is Mr. Cheung Kin Keung Martin and the independent non-executive Directors are Mr. Law Yiu Sing, Mr. Wong Kwok Chuen and Mr. Wong Law Fai.