

FRASER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 8366

Third Quarterly Report

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.

*This report, for which the directors (the “**Director(s)**”) of Fraser Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) 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 report 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 report misleading.*

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yu Shek Man Ringo
(Chairman and Executive Officer)
Ms. Wong So Wah

Non-executive Director

Mr. Cheung Kin Keung Martin

Independent non-executive Directors

Mr. Law Yiu Sing
Mr. Wong Kwok Chuen
Mr. Wong Law Fai

AUDIT COMMITTEE

Mr. Law Yiu Sing (Chairman)
Mr. Wong Kwok Chuen
Mr. Wong Law Fai

NOMINATION COMMITTEE

Mr. Wong Kwok Chuen (Chairman)
Mr. Law Yiu Sing
Mr. Wong Law Fai

REMUNERATION COMMITTEE

Mr. Wong Law Fai (Chairman)
Mr. Yu Shek Man Ringo
Mr. Wong Kwok Chuen

LEGAL COMPLIANCE COMMITTEE

Mr. Law Yiu Sing (Chairman)
Mr. Wong Kwok Chuen
Mr. Wong Law Fai
Ms. Wong So Wah
Mr. Yiu Chun Wing

COMPANY SECRETARY

Mr. Yiu Chun Wing

AUDITORS

Grant Thornton Hong Kong Limited

LEGAL ADVISER

As to Hong Kong Law
Loong & Yeung Solicitors, Hong Kong

COMPLIANCE ADVISER

Dakin Capital Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1122, 11/F
Pacific Link Tower, South Mark
11 Yip Hing Street
Wong Chuk Hang, Hong Kong

COMPANY WEBSITE

Website: www.fraserholdings.com

STOCK CODE

8366



FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$98.9 million for the nine months ended 31 January 2017 (the “**Reporting Period**”) (2016: approximately HK\$143 million), representing a decrease of approximately 30.8% as compared with the corresponding period of last year.
- Profit attributable to the owners of the Company for nine months ended 31 January 2017 amounted to approximately HK\$4.8 million (2016: approximately HK\$7.7 million).
- Basic earnings per share amounted to approximately HK\$0.34 cents for the nine months ended 31 January 2017 (2016: approximately HK\$0.59 cents).
- The Board does not recommend the payment of dividend for the nine months ended 31 January 2017 (2016: nil).

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.

Hong Kong construction companies are facing tougher competitive condition, as well as the slower progress of scrutinising the funding proposals for public works projects by the Finance Committee and the Public Works Subcommittee due to political and social chaos in Hong Kong. The Group has also been facing challenging operating environment resulting from increasing costs of operation including, in particular, costs of construction labours and subcontracting charges. As such, the Directors consider that competition in the market has become more intense recently.

Nevertheless, we believe that the Hong Kong Government’s continuing increase in major construction and infrastructure projects in Hong Kong will increase the demand for slope works because of the continued implementation of the “Ten Major Infrastructure Projects” and the fact that slope works are directly related to public safety. The Hong Kong Observatory has predicted a higher than average rainfall for the coming year, which increases the risk of landslides and the Hong Kong Government forecasted a higher financial provision for conducting major mitigation measures to reduce the landslide risk at slopes. All in all, the Directors remain cautiously optimistic about the slope works industry in Hong Kong.



FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately HK\$44.1 million or approximately 30.8% from approximately HK\$143 million for the nine months ended 31 January 2016 to approximately HK\$98.9 million for the nine months ended 31 January 2017. The decrease in revenue was mainly due to the decrease 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 nine months ended 31 January 2017 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 decreased from approximately HK\$121.4 million for the nine months ended 31 January 2016 to approximately HK\$83.8 million for the nine months ended 31 January 2017, representing a decrease of approximately 31%. The decrease in revenue was primarily attributable to a lower amount of revenue from CEDD's slope works projects for the nine months ended 31 January 2017, which was due to certain delays in the work schedule under some of the Group's slope work projects and less work orders received from its slope work projects, as well as the completion of certain public sector slope works projects.

Foundation works: Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works decreased from HK\$16.2 million for the nine months ended 31 January 2016 to approximately HK\$15 million for the nine months ended 31 January 2017, as a result of the decrease in the contract size of foundation project undertaken by the Group during the nine months ended 31 January 2017.

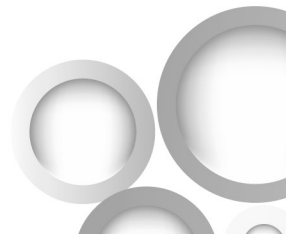
General building works: Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK\$5.2 million for the nine months ended 31 January 2016 to approximately HK\$0.2 million for the nine months ended 31 January 2017, representing a decrease of approximately 96.2%, which was due to the decrease in general building works services provided by the Group for the nine months ended 31 January 2017.

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 decreased from HK\$0.14 million for the nine months ended 31 January 2016 to HK\$nil for the nine months ended 31 January 2017, representing a decrease of 100%, as there was no provision of consultancy service during the nine months ended 31 January 2017.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$8.6 million or approximately 54.1% from approximately HK\$15.9 million for the nine months ended 31 January 2016 to approximately HK\$7.3 million for the nine months ended 31 January 2017 and the Group's gross profit margin decreased from approximately 11.1% for the nine months ended 31 January 2016 to approximately 7.4% for the nine months ended 31 January 2017. The decrease in gross profit margin was mainly due to a higher subcontracting rate for the new projects as a result of the tougher competitive conditions and challenging operating environment.

The Group's cost of services rendered decreased by approximately HK\$35.5 million or approximately 27.9% from approximately HK\$127.1 million for the nine months ended 31 January 2016 to approximately HK\$91.6 million for the nine months ended 31 January 2017. Such decrease was mainly attributable to the decrease in amount of works performed resulting in the decrease in our subcontracting charges.



Other Income

The Group's other income increased by approximately HK\$2.7 million or approximately 900% from approximately HK\$0.3 million for the nine months ended 31 January 2016 to approximately HK\$3 million for the nine months ended 31 January 2017. The increase in the Group's other income was mainly due to the increase in the gain on disposal of motor vehicles amounting HK\$1.7 million and also the interest income derived from available-for-sale financial assets during the nine months ended 31 January 2017.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK\$1.8 million or approximately 29.5% from approximately HK\$6.1 million for the nine months ended 31 January 2016 to approximately HK\$4.3 million for the nine months ended 31 January 2017. The decrease in the Group's administrative expenses was primarily due to the listing expenses of approximately HK\$3.1 million incurred during the nine months ended 31 January 2016, while there was no such expenses incurred during the nine months ended 31 January 2017, which is partially offset by the increase in administrative and other operating expenses after Listing.

Net Profit

Profit attributable to owners of the Company for the period decreased by approximately HK\$2.9 million or approximately 37.7% from approximately HK\$7.7 million for the nine months ended 31 January 2016 to approximately HK\$4.8 million for the nine months ended 31 January 2017. The Group's net profit margin decreased from approximately 5.4% for the nine months ended 31 January 2016 to approximately 4.9% for the same period of 2017. The decrease in the Group's profit for the period was mainly due to the decrease in revenue and gross profit for the nine months ended 31 January 2017 as discussed above.

DISCLOSURE OF INTERESTS

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 January 2017, the interests and short positions of the Directors or chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”) which were 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 any such director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in the ordinary shares of the Company

Name of Director	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of shareholding
Mr. Yu Shek Man (“ Mr. Yu ”)	Interest of a controlled corporation (Note 1)	1,080,000,000	75%
Ms. Wong So Wah (“ Ms. Wong ”)	Interest of spouse (Note 2)	1,080,000,000	75%

Notes:

- The issued share capital of National Honour Investments Limited (“**National Honour**”) is owned as to 90% by Mr. Yu and 10% by Ms. Wong, the spouse of Mr. Yu. Therefore, Mr. Yu is deemed or taken to be interested in all the shares of the Company held by National Honour for the purpose of the SFO.
- Ms. Wong is the spouse of Mr. Yu. Accordingly, Ms. Wong is deemed or taken to be interested in all the shares of the Company which Mr. Yu is interested for the purpose of the SFO.

(ii) Long position in the shares of associated corporations

Name of Director	Name of associated Corporation	Capacity/Nature	Number of shares held/ interested	Percentage of shareholding
Mr. Yu	National	Beneficial owner	9	90%
	Honour	Interest of spouse (Note 1)	1	10%
Ms. Wong	National	Beneficial owner	1	10%
	Honour	Interest of spouse (Note 2)	9	90%

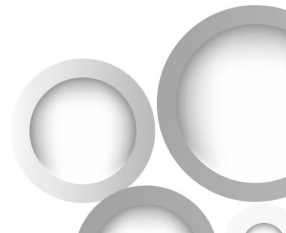
Notes:

- Mr. Yu is the spouse of Ms. Wong. Therefore, Mr. Yu is deemed or taken to be interested in all the shares of the Company which Ms. Wong is interested for the purpose of the SFO.
- Ms. Wong is the spouse of Mr. Yu. Accordingly, Ms. Wong is deemed or taken to be interested in all the shares of the Company which Mr. Yu is interested for the purpose of the SFO.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 January 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Capacity/nature	Number of shares held/ interested	Percentage of shareholding
National Honour	Beneficial owner	1,080,000,000	75%



OTHER INFORMATION

COMPETING INTERESTS

Save for Mr. Wong Law Fai's interest in Wan Chung Construction Company Limited details of which were set out in the section headed "Relationships with Controlling Shareholders" of the prospectus of the Company dated 23 October 2015, none of the Directors, the controlling shareholders and substantial shareholders, neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the nine months ended 31 January 2017.

COMPLIANCE ADVISOR'S INTERESTS

As at 31 January 2017, as notified by the Company's compliance advisor, Dakin Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Advisor dated 2 February 2016, neither the Compliance Advisor nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in the securities to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

During the nine months ended 31 January 2017 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

CORPORATE GOVERNANCE CODE

During the nine months ended 31 January 2017 and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules save for the deviation from code provision A.2.1 explained below.

Since the Company has appointed Mr. Yu as chairman and chief executive officer, the roles of the chairman and chief executive officer are not separated and performed by two different individuals.

Mr. Yu has been managing company's business and the overall financial and strategic planning since October 1995. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Yu is beneficial to the business operations and management of Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors which represent half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the ("**Code of Conduct**") 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. 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 during the nine months ended 31 January 2017 and up to the date of this report.

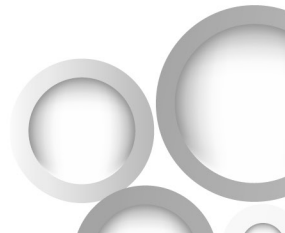
DIVIDENDS

The Board did not recommend any payment of dividend for the nine months ended 31 January 2017 (2016: 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 January 2017.



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 nine months ended 31 January 2017 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.

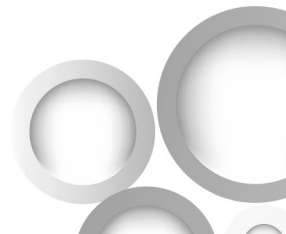
By order of the Board
Fraser Holdings Limited
Yu Shek Man Ringo
Chairman and Executive Director

Hong Kong, 17 March 2017

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 JANUARY 2017

	Notes	For the three months ended 31 January		For the nine months ended 31 January	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	34,234	58,103	98,876	143,002
Direct costs		(32,188)	(51,389)	(91,572)	(127,140)
Gross profit		2,046	6,714	7,304	15,862
Other income	3	449	61	2,967	294
Administrative expenses		(1,702)	(1,845)	(4,317)	(6,130)
Finance costs	4	(3)	(1)	(9)	(43)
Profit before income tax	6	790	4,929	5,945	9,983
Income tax expense	5	(139)	(1,010)	(1,121)	(2,260)
Profit and total comprehensive income for the period attributable to the owners of the Company		651	3,919	4,824	7,723
		HK cents	HK cents	HK cents	HK cents
Earnings per share — Basic and diluted	8	0.05	0.27	0.34	0.59



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED 31 JANUARY 2017

	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000 (Note)	Retained earnings* HK\$'000	Total HK\$'000
Balance at 1 May 2015	18,001	-	-	25,081	43,082
Arising from group reorganization	(18,001)	-	18,001	-	-
Transactions with owners:					
Issue of shares by the Company pursuant to the reorganization	1	-	-	-	1
Issue of shares pursuant to Capitalisation Issue	12,349	(12,349)	-	-	-
Issue of shares upon placing	2,050	38,950	-	-	41,000
Expenses incurred in connection with the issue of shares during the period	-	(2,144)	-	-	(2,144)
Dividend declared and paid during the period (note 7)	-	-	-	(10,000)	(10,000)
Profit and total comprehensive income for the period	-	-	-	7,723	7,723
Balance at 31 January 2016 (unaudited)	14,400	24,457	18,001	22,804	79,662
Balance at 1 May 2016	14,400	24,457	18,001	22,271	79,129
Profit and total comprehensive income for the period	-	-	-	4,824	4,824
Balance at 31 January 2017 (unaudited)	14,400	24,457	18,001	27,095	83,953

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

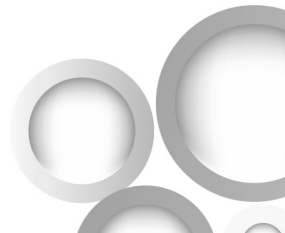
Fraser Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability. Its parent and ultimate holding company is National Honour, a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Yu and Ms. Wong (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 Company is an investment holding company and its subsidiaries (collectively, the “**Group**”) are principally engaged on undertaking slope works, foundation works and other general building works in Hong Kong.

2. BASIC OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 January 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). The accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2016.

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as available-for-sale financial assets which are stated at fair values.



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		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contracting revenue	34,234	58,103	98,876	142,858
Consultancy fee	<u>-</u>	<u>-</u>	<u>-</u>	<u>144</u>
Revenue	<u>34,234</u>	<u>58,103</u>	<u>98,876</u>	<u>143,002</u>

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors 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 presents as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (CONTINUED)

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 nine months ended 31 January 2017 and 2016 are as follows:

	Three months ended		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Slope works	26,096	48,425	83,760	121,380
Foundation works	8,138	9,465	14,916	16,230
General building works	-	213	200	5,248
Others (note)	-	-	-	144
	34,234	58,103	98,876	143,002

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		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	5	-	1,734	-
Interest income	417	53	1,171	73
Rental income from lease of machinery	11	-	11	164
Sundry income	16	8	51	57
	449	61	2,967	294

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group during the three months and nine months ended 31 January 2017 and 2016 are as follows:

	Three months ended 31 January		Nine months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Customer A	N/A ¹	N/A ¹	N/A ¹	15,341
Customer B	4,923	N/A ¹	11,701	N/A ¹
CEDD	14,693	35,884	52,500	92,836
Lands Department Housing Authority	7,892	N/A ¹	21,630	16,563
	N/A ¹	9,465	N/A ¹	N/A ¹
	<u>27,508</u>	<u>45,349</u>	<u>85,831</u>	<u>124,740</u>

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

4. FINANCE COSTS

An analysis of finance costs is as follows:

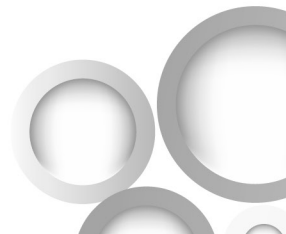
	Three months ended 31 January		Nine months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interest on:				
— bank borrowings wholly repayable within 5 years	-	-	-	34
— obligation under finance leases wholly repayable within 5 years	3	1	9	9
	<u>3</u>	<u>1</u>	<u>9</u>	<u>43</u>

5. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong tax:				
— charge for the period	139	1,010	1,140	2,260
— over provision for in prior years	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
	139	1,010	1,121	2,260

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 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		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)				
— salaries, allowances and benefits in kind	1,556	2,330	3,790	5,845
— retirement benefits scheme contributions	35	82	111	232
	<u>1,591</u>	<u>2,412</u>	<u>3,901</u>	<u>6,077</u>
Total staff costs (including directors' emoluments)				
Depreciation in respect of plant and equipment				
— leased assets	6	5	17	11
— owned assets	35	34	105	340
	<u>41</u>	<u>39</u>	<u>122</u>	<u>351</u>
Loss of disposal of available-for-sale financial assets	231	–	231	–
Operating lease charges:				
— Land and buildings	96	96	288	288
Subcontracting charges (included in direct costs)	30,849	35,935	88,087	105,463
Listing expenses (included in administrative expenses)	–	607	–	3,079

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 dividend for the nine months ended 31 January 2017 (2016: 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		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Earnings

Earnings for the period attributable to equity holders of the Company for the purpose of basic earnings per share

651	3,919	4,824	7,723
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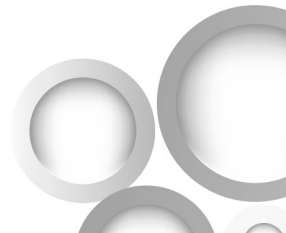
Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share

1,440,000	1,437,747	1,440,000	1,302,091
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The calculating of basic earnings per share for the three and nine months ended 31 January 2017 is based on the profit attribute to the owners of the Company.

There were no dilutive potential ordinary shares during both periods and therefore, diluted earnings per share are not presented.



9. BORROWINGS, SECURED

As at 31 January 2017, the banking facilities to the total extent of HK\$23,000,000 granted to the Group are secured by:

- (1) the pledged time deposits of the Group amount of not less than HK\$11,500,000; and
- (2) the guarantees given by the Company.

Pursuant to terms as set out in the banking facilities letter, the Company as the guarantor shall maintain listed on the GEM of the SEHK and the executive director, Mr. Yu shall remain the major shareholder of the Group.