

20 15

ANNUAL REPORT

年報



FDB HOLDINGS LIMITED
豐展控股有限公司

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

(Stock Code 股份代號 : 8248)

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

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

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*This report, 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 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.*

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Kin Siu (*Chairman*)

Mr. Lai Pak Wei

Independent non-executive Directors

Mr. Chan Chun Hong

Mr. Chan Kai Nang

Mr. Lau Yiu Kit

COMPANY SECRETARY

Mr. Yu Tsz Ngo

COMPLIANCE OFFICER

Mr. Ng Kin Siu

COMPLIANCE ADVISER

Messis Capital Limited

AUTHORISED REPRESENTATIVES

Mr. Ng Kin Siu

Mr. Yu Tsz Ngo

AUDIT COMMITTEE

Mr. Chan Kai Nang

(*Chairman of Audit Committee*)

Mr. Chan Chun Hong

Mr. Lau Yiu Kit

REMUNERATION COMMITTEE

Mr. Lau Yiu Kit

(*Chairman of Remuneration Committee*)

Mr. Chan Chun Hong

Mr. Chan Kai Nang

NOMINATION COMMITTEE

Mr. Chan Chun Hong

(*Chairman of Nomination Committee*)

Mr. Chan Kai Nang

Mr. Lau Yiu Kit

AUDITORS

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

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Wan Chai

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking

Corporation Limited

WEBSITE ADDRESS

www.fdbhk.com

STOCK CODE

8248

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of FDB Holdings Limited (the "**Company**"), it is my pleasure to present the audited financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2015.

REVIEW

The shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on the Growth Enterprise Market (the "**GEM Board**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 September 2015. It was a milestone of the Group which boosted the confidence of our stakeholders and enhance the Group's profile.

The total revenue of the Group increased by approximately HK\$77.2 million or 38.7% from approximately HK\$199.6 million for the year ended 31 December 2014 to approximately HK\$276.8 million for the year ended 31 December 2015. In general, the increase in revenue was resulted by the greater demand for the Group's contracting and consulting business and favorable market condition.

Although the Group's profits attributable to shareholders decreased from approximately HK\$19.1 million for the year ended 31 December 2014 to approximately HK\$15.3 million for the year ended 31 December 2015, the decrease in profits attributable to shareholders was mainly due to a one-off listing expenses of approximately HK\$10.1 million (2014: Nil) incurred during the year ended 31 December 2015. Excluding the aforementioned non-recurring expenses, the Group's profits would have been approximately HK\$25.4 million (2014: approximately HK\$19.1 million).

FORWARD

Looking forward, the Group is confident about the outlook and the prospects of the construction market and will keep our focus on our main business of contract works and consultancy works. With the Listing of the Company in 2015, it will provide more available resource to the Group to engage in the current business as well as further expanding the scope of services.

A NOTE OF APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my gratitude to our shareholders, business partners, suppliers who trust and remain faithful to the Group. I would also like to express our sincere thanks to the management and staff for their commitment and contribution throughout the years.

FDB Holdings Limited

Ng Kin Siu

Chairman

Hong Kong, 22 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

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

BUSINESS REVIEW AND OUTLOOK

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

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

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

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

FINANCIAL REVIEW

Revenue

The Group is principally engaged in (i) contracting service for alteration and addition works, maintenance, specialist works and new development; and (ii) consulting service for alteration and addition works, new development, licensing, building services, and architectural design for buildings in Hong Kong.

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

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

The total revenue of the Group increased by approximately HK\$77.2 million or 38.7% from approximately HK\$199.6 million for the year ended 31 December 2014 to approximately HK\$276.8 million for the year ended 31 December 2015. The increase was mainly due to the increase in revenue generated from the top three contracting projects with total contract sum of approximately HK\$191.6 million (2014: approximately HK\$104.7 million) which contributed revenue of approximately HK\$109.0 million for the year ended 31 December 2015 as compared with approximately HK\$60.5 million for the year ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

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

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

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

Other Income

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

Other losses

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

Administrative Expenses

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

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

Listing Expenses

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

Finance Costs

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

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

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

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

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

Such decrease was primarily attributable to the net effect of (i) the listing expenses incurred by the Group for its listing exercise during the year ended 31 December 2015; and (ii) the increase in revenue and gross profit for the year ended 31 December 2015. Excluding the one-off listing expenses of the Group of approximately HK\$10.1 million, profit and total comprehensive income for the year ended 31 December 2015 would reach approximately HK\$25.4 million, representing an increase of approximately HK\$6.3 million or 33% compared to the year ended 31 December 2014.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2015, the Group's advances from customers of approximately HK\$10.2 million, which bear interest at 7%–8% per annum (2014: HK\$14.4 million, which bear interest at 7%–8% per annum). In addition, the Group had no bank borrowings as at 31 December 2015 (2014: HK\$10.0 million). The gearing ratio, calculated based on the total borrowings including interest-bearing advances from customers and bank borrowings divided by total equity at the end of the year and multiplied by 100%, stood at approximately 15.3% as at 31 December 2015 (2014: approximately 58.6%). The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

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

As at 31 December 2015, the Company's issued share capital was HK\$12,320,000 and the number of its issued ordinary shares was 1,232,000,000 of HK\$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

The operating lease commitments of the Group were primarily related to the leases of its office premises and director's quarter. The Group's operating lease commitments amounted to approximately HK\$3.3 million as at 31 December 2015 (2014: approximately HK\$6.2 million).

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed on note 8 of the notes to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the financial year ended 31 December 2015, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies saved for those related to the Group Reorganisation (as defined under note 2 to the consolidated financial statements).

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any material contingent liabilities (2014: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CHARGE OF GROUP'S ASSETS

As at 31 December 2015, the Group's pledged its bank deposit to a bank of approximately HK\$3.5 million (2014: approximately HK\$2.1 million) to secure the guarantee line for issuing surety bonds with outstanding amount of approximately HK\$3.5 million (2014: approximately HK\$1.8 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed a total of 143 employees (2014: 105 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$46.4 million for the year ended 31 December 2015 (2014: approximately HK\$37.3 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 30 September 2015 ("Date of Listing") to 31 December 2015 is set out below:

Business objectives	Actual progress
Further developing the Group's contracting and consulting business	The Group has used HK\$2.6 million to further developing the Group's contracting business by undertake more contracting projects.
Further expanding the scope of services	The Group has used HK\$0.2 million for 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\$0.6 million for recruiting 9 middle to senior level surveying and engineering staff to cope with the business development.
General working capital	The Group has used approximately HK\$1.1 million for the general working capital requirements.

USE OF PROCEEDS

The net proceeds from the Listing on 30 September 2015, after deducting listing related expenses, were approximately HK\$21.9 million. After the Listing, these proceeds were used for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus. The unused amount of the net proceeds from the Listing as at 31 December 2015 was approximately HK\$17.4 million.

An analysis of the planned amount utilised up to 31 December 2015 is set out below:

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code for the period from the date of Listing to 31 December 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors throughout the period from the date of the Listing to the year ended 31 December 2015.

BOARD OF DIRECTORS

As at 31 December 2015, the Board comprised five Directors, including two executive Directors, namely Mr. Ng Kin Siu and Mr. Lai Pak Wei, and three independent non-executive Directors are Mr. Chan Chun Hong, Mr. Chan Kai Nang and Mr. Lau Yiu Kit.

Mr. Ng Kin Siu is the Chairman (the "Chairman") of the Board.

RESPONSIBILITIES OF THE BOARD

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has the full support from the executive Directors and the senior management of the Company to discharge its responsibilities.

CORPORATE GOVERNANCE REPORT

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Director(s) and senior management. The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

The biographical details of the Directors and other senior management are set out in the section headed with **"Biographical Details of Directors and Senior Management"** on pages from 20 to 22 of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the Code, the roles of Chairman and CEO 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.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the **"Board Diversity Policy"**) from the Date of Listing up to the date of this corporate governance report. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

CORPORATE GOVERNANCE REPORT

Implementation and Monitoring

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy from the Date of the Listing up to the date of this report.

BOARD MEETING, GENERAL MEETING AND PROCEDURES

Since the date of the Listing up to 31 December 2015, 1 Board meeting was held. The attendance record of each Director at the Board meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Board meetings
Executive Directors	
Mr. Ng Kin Siu	1/1
Mr. Lai Pak Wei	1/1
Independent non-executive Directors	
Mr. Chan Chun Hong	1/1
Mr. Chan Kai Nang	1/1
Mr. Lau Yiu Kit	1/1

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CORPORATE GOVERNANCE REPORT

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the “Articles”) provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each Independent non-executive Directors is required to inform the Company as soon as practicable if there is any change that may affect his/her independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independency pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers these independent non-executive Directors to be independent.

CONTINUOUS PROFESSIONAL DEVELOPMENT

To assist Directors’ continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All board members have received directors’ training hosted by a law firm which was about, inter alia, the listing rules, Companies Ordinance and Securities and Futures Ordinance.

All the Directors also understand the importance of continuous professional development and are committed to participate any suitable training to develop and refresh their knowledge and skills.

Pursuant to the code provision A.6.5 of the Code, during the year ended 31 December 2015, all Directors had participated in continuous professional development in the following manner:

Name of Directors	Training on Director’s responsibilities provided by the Company’s legal consultant prior to the Listing
Executive Directors	
Mr. Ng Kin Siu	Attended
Mr. Lai Pak Wei	Attended
Independent non-executive Directors	
Mr. Chan Chun Hong	Attended
Mr. Chan Kai Nang	Attended
Mr. Lau Yiu Kit	Attended

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three board committees, namely the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”), with written terms of reference which are available on the website of the Stock Exchange and the Company.

AUDIT COMMITTEE

The Company established the Audit Committee on 16 September 2015 with 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 Audit Committee currently consists of three independent non-executive Directors namely Mr. Chan Kai Nang, Mr. Chan Chun Hong and Mr. Lau Yiu Kit. The chairman of the Audit Committee is Mr. Chan Kai Nang, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee is mainly responsible for the followings:

- (a) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure coordination where more than one audit firm is involved;
- (c) monitor the integrity of the Company’s annual report and interim financial reports before submission to the Board, and focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the GEM Listing Rules and other legal requirements in relation to financial reporting.

CORPORATE GOVERNANCE REPORT

From the Date of Listing up to 31 December 2015, the Audit Committee held one meeting to consider and approve the following:

- (a) to review the quarterly financial statements for the nine months ended 30 September 2015 before submission to the Board, with a focus on compliance with accounting standards, the GEM Listing Rules and other requirements in relation to financial reporting of the Audit Committee;
- (b) to discuss the effectiveness of the internal controls system throughout the Group, including financial, operational and compliance controls, and risk management;
- (c) to review the accounting principles and practices adopted by the Group and other financial reporting matters.

The individual attendance record of each member of the Audit Committee is as follows:

Name of Directors	Number of attendance/ number of meetings
Mr. Chan Kai Nang	1/1
Mr. Chan Chun Hong	1/1
Mr. Lau Yiu Kit	1/1

The Group's audited annual results in respect of the year ended 31 December 2015 have been reviewed by the Audit Committee.

There was no disagreement between the Board and the Audit Committee on the selection, appointment of the external auditors during the year ended 31 December 2015.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established on 16 September 2015 comprising three independent non-executive Directors, namely Mr. Lau Yiu Kit, Mr. Chan Chun Hong, and Mr. Chan Kai Nang with Mr. Lau Yiu Kit as the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange.

The main roles and functions of the Remuneration Committee include the followings:

- (a) establish a formal and transparent procedure for developing remuneration policy;
- (b) recommend to the Board the policy and structure for the remuneration of directors and senior management whilst ensuring no director or any of his associates is involved in deciding his own remuneration;

CORPORATE GOVERNANCE REPORT

- (c) determine the remuneration of directors and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The chairman and/or the managing director shall be consulted respectively about their proposals relating to the remuneration of the managing director and/or senior management, as the case may be;
- (d) review and approve the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive directors and senior management which shall be consistent with contractual terms and fair and not excessive;
- (e) determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets; and
- (f) consider the annual performance bonus for executive directors, senior management, and the general staff, having regard to the achievements against the performance criteria by reference to corporate goals and objectives resolved by the Board, and make recommendation of the Board.

No Remuneration Committee meeting has yet held from the Date of Listing to 31 December 2015.

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters, and as recommended by the Remuneration Committee. Details of the Directors' emolument are set out in note 13 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established on 16 September 2015 comprising three independent non-executive Directors, namely Mr. Chan Chun Hong, Mr. Chan Kai Nang, and Mr. Lau Yiu Kit with Mr. Chan Chun Hong as the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of The Stock Exchange.

The main roles and functions of the Nomination Committee include the followings:

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually to complement the Company's corporate strategy;
- (b) identify and nominate qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise;
- (c) make recommendations to the Board on matters relating to the appointment or reappointment of directors and succession planning for directors, in particular the chairman and the chief executive;
- (d) assess the independence of independent non-executive Directors; and
- (e) implement and review the Board Diversity Policy to ensure its effectiveness; and make disclosure of its review results in the corporate governance report of the Company's annual report.

No Nomination Committee meeting has yet held from the Date of Listing to 31 December 2015.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 December 2015, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, DELOITTE TOUCHE TOHMATSU, about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report on page 32 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard shareholder investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has conducted a review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management system. The Board keeps monitoring the risk management system on an ongoing basis, ensuring a review of the effectiveness of the Group's risk management system is conducted regularly. The Directors consider that the Group has implemented appropriate procedures safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

AUDITORS' REMUNERATION

The amount of fees charged by the external auditor generally depends on the scope and volume of the external auditor's work performed.

For the year ended 31 December 2015, the remuneration paid or payable to the external auditor of the Company in respect of the statutory audit services and non-audit services for the Group are as follows:

	Fees paid/payable for the services rendered HK\$'000
Statutory audit services	780
Non-audit services for acting as reporting accountant for the Listing and tax services	2,215

COMPANY SECRETARY

Mr. Yu Tsz Ngo ("Mr. Yu") was appointed as the company secretary of the Company on 15 May 2015. Mr. Yu has taken no less than 15 hours of relevant professional training for the year ended 31 December 2015. The biographical details of Mr. Yu are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interest and rights, separate resolutions can be proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the website of The Stock Exchange and the Company's website after the relevant shareholders' meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETING

The following procedures for shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

- (a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition;
- (b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at 6th Floor, The Sun's Group Centre, 200 Gloucester Road, Wan Chai, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for the attention of the Board and/or the Company Secretary;
- (c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;
- (d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;
- (e) if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

PROCEDURES FOR RAISING ENQUIRIES

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "**Corporate Information**" of this annual report).

Should there are any enquiries and concerns from shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at 6th Floor, The Sun's Group Centre, 200 Gloucester Road, Wan Chai, Hong Kong by post for the attention of the Board and/or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.fdbhk.com and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

From the Date of the Listing to 31 December 2015, there had been no significant change in the Company's constitutional documents.

NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders (namely Mr. Ng Kin Siu and Masterveyor) has made an annual declaration to the Company that from the date of Listing to 31 December 2015, it has complied with the terms of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company which are contained in the Deed of Non-Competition Undertaking. Details of the Non-Competition Undertakings are set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus. The INEDs have also reviewed the status of compliance by each of the Controlling Shareholders with the undertakings in the Non-Competition Undertakings and as far as the INEDs can ascertain, there is no breach of any of the undertakings in the Non-Competition Undertakings.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. NG Kin Siu, (吳建韶), aged 48, is the founder of the Group. He is the chairman of the Board, an executive Director and the compliance officer of the Company and is responsible for the overall business development and strategic planning of the Group. He was appointed as an executive Director on 19 March 2015. He is also a director of Fruit Design & Build Limited ("**Fruit Design**"), Harvest Building Consultancy Limited ("**Harvest Building**"), Marvo Architecture Limited, Win Lee Building Engineering Limited ("**Win Lee Building**") and Win Lee (Project Team B) Construction Limited.

He graduated from The Robert Gordon University in the United Kingdom in June 1993 with a degree of Bachelor of Science in building surveying. He has been a member of The Hong Kong Institute of Surveyors since March 1997, a member of The Royal Institution of Chartered Surveyors since December 1996 and registered as a registered professional surveyor with the Surveyors Registration Board in July 1999. He has been an Authorized Person since December 2007 and a Registered Inspector in Hong Kong since 3 October 2012. He has also been the technical director for Win Lee Building's registration of registered general building contractor and registered specialist contractor (demolition) since June 2009 and May 2009 respectively.

He has extensive experience with building surveying and is familiar with the Buildings Ordinance in Hong Kong. Prior to founding the Group, he had been working in the Buildings Department from April 1997 to March 2008, with last position being held as a building surveyor.

He was not a director in any listed companies for the last three preceding years.

Mr. LAI Pak Wei, (黎伯偉), aged 45, was appointed as an executive Director on 15 May 2015. He joined the Group on 13 August 2012. He is also a director of Fruit Design and Harvest Building.

He graduated from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a degree of Bachelor of Science in building surveying in October 1992, and obtained a degree of Master of Science in construction and real estate from The Hong Kong Polytechnic University in October 2012. He also received a Postgraduate Certificate in Building Engineering from School of Professional and Continuing Education of The University of Hong Kong in April 2014. He has been admitted as a member of The Hong Kong Institute of Surveyors in July 2013, a professional member of The Royal Institution of Chartered Surveyors in November 2011, a member of the Chartered Institute of Building in October 2012, a member of the Chartered Institute of Arbitrators in January 2013 and a registered professional surveyor with the Surveyors Registration Board in October 2014. He has been an Authorized Person since 30 March 2015. He has also been approved by the Building Authority to act as the technical director for Fruit Design's registration of registered general building contractor in September 2014.

He has over 20 years of experience in the construction industry. Prior to joining the Group, he worked in Dennis Lau & Ng Chun Man Architects & Engineers (H.K.) Limited from February 1993 to May 1997 where he served as the assistant building surveyor, Shun Tak Properties Limited as project assistant from December 1997 to January 2000 and AEON Stores (Hong Kong) Co., Limited from April 2002 to August 2012, with last position being held as project manager.

He was not a director in any listed companies for the last three preceding years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Kai Nang (陳啟能), aged 70, appointed as an independent non-executive Director of the Company on 16 September 2015, received a Diploma in Management Studies from The University of Hong Kong in July 1976 and a degree of Bachelor of Laws from the University of London (a distance learning course) in August 1990. He has been an associate of The Institute of Cost and Management Accountants (now known as the Chartered Institute of Management Accountants) in the UK since June 1972 and The Hong Kong Institute of Certified Public Accountants since February 1973 and a fellow of The Association of Certified Accountants (now known as the Association of Chartered Certified Accountants) in the UK since December 1982. He was the executive director of Galaxy Entertainment Group Limited (formerly known as K. Wah Construction Materials Limited) (stock code: 27) from 14 January 2003 to 1 May 2008. He was also appointed as an independent non-executive director of Asian Capital Holdings Limited (stock code: 8295) since 4 June 2010, Prosperity International Holdings (H.K.) Limited (stock code: 803) since 17 August 2010, Soundwill Holdings Limited (stock code: 878) since 11 March 2009 and Steed Oriental (Holdings) Company Limited (stock code: 8277) since 16 September 2013.

Save as disclosed above, he was not a director in any other listed companies for the last three preceding years.

Mr. LAU Yiu Kit (劉耀傑), aged 56, was appointed as an independent non-executive Director of the Company on 16 September 2015. He is a sole proprietor and founder of Albert Y.K. Lau & Co., a firm of Certified Public Accountants. He has been a member of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) since January 1989, an associate of the Chartered Association of Certified Accountants (now known as the Association of Chartered Certified Accountants) since October 1987, the Institute of Chartered Accountants in England and Wales since October 2007 and the Taxation Institute of Hong Kong since June 1991. He has been an independent non-executive director of Artini China Co. Ltd. (stock code: 0789) since 1 December 2010. He was also an independent non-executive director of Titan Petrochemicals Group Limited (stock code: 1192) from 23 March 2015 to 30 September 2015. Save as disclosed, he did not hold any directorship in other listed companies.

Save as disclosed above, he was not a director in any other listed companies for the last three preceding years.

Mr. Chan Chun Hong (陳駿康), aged 42, was appointed as an independent non-executive Director on 16 September 2015. He graduated from The Hong Kong University of Science and Technology with a bachelor's degree in Business Administration in Finance in November 1996. He has been a fellow of the Association of Chartered Certified Accountants since October 2006, a CFA Charterholder since September 2004 and a fellow member of the Hong Kong Institute of Directors since March 2015. He joined Grant Sherman Appraisal Limited in March 2005 where he currently serves as the executive director and is responsible for the valuation of business enterprises, intangible assets and derivative instruments.

He was not a director in any listed companies for the last three preceding years.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information in relation to the Directors that is required to be disclosed pursuant to Rules 17.50(2) of the GEM Listing Rules as at the date of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. CHUNG Yuk Ming, Christopher (鍾育明), aged 42, is the project director of the Group principally responsible for organising, managing and supervising contracting projects. He joined the Group in September 2014. He obtained a degree of Bachelor of Science in Building Surveying from City University of Hong Kong in November 1995, a degree of Master of Science in Urban Planning from the University of Hong Kong in December 1999 and a degree of Bachelor of Laws from the Manchester Metropolitan University (a distance learning course) in July 2006. He has been a member of the Royal Town Planning Institute since January 2009 and a member of Hong Kong Institute of Construction Manager since August 2005. He has over 19 years of experience in the construction industry. Prior to joining the Group, he worked in China International Fund Limited from April 2007 to August 2010 and from October 2012 to March 2014 and Penta Ocean Construction Co. Ltd from August 1995 to July 2005 with the last position as Construction Manager. Mr. Chung was also appointed on 10 September 2015 as an independent non-executive director of Lap Kei Engineering (Holdings) Limited (Stock Code: 8369), which was listed on the Stock Exchange on 25 September 2015. Save as disclosed above, he has not held any directorship in other listed companies in the past three years.

Mr. IP Kong Ling (葉江凌), aged 41, is the project manager of the Group principally responsible for the overall operation of the Group's project management business and management of site work. He joined the Group in May 2009. He obtained a degree of Bachelor of Science in Facilities Management (Top Up) from University of Central Lancashire (a distance learning course) in December 2007. He has over 15 years of experience in the construction industry. Prior to joining the Group, he worked in Cheung Kong Centre Property Management Limited from May 1999 to May 2009 and his last position was engineer in technical services department. He is also a director of Solomon Consulting & Contracting Limited. He has not held any directorship in other listed companies in the past three years.

Mr. Yu Hung Kwan Jason (余洪均), aged 41, is the project manager of the Group principally responsible for execution and supervision of contracting projects. He joined the Group in February 2012. He graduated from The Hong Kong Polytechnic University with a degree of Bachelor of Science in Building surveying in December 1999. He has over six years of experience in construction project management. Prior to joining the Group, he was a deputy project manager in China State Construction Engineering (Hong Kong) Limited from November 2006 to December 2008 and project manager in Patrick Chung & Associates Limited from August 2010 to February 2012. He is also a director of Sky Global Construction Limited. He has not held any directorship in other listed companies in the past three years.

COMPANY SECRETARY

Mr. YU Tsz Ngo (余子敖), aged 30, was appointed as a company secretary on 15 May 2015. He is responsible for overseeing the company secretarial matters and the accounting function of the Group. He has over eight years of experience in the accounting and auditing industry. He worked at Deloitte Touche Tohmatsu in Hong Kong from January 2007 to February 2012 and his last position was Manager in the audit department. He also worked at Pompei Limited, a retail business company, from April 2012 to March 2015 and his last position was Financial Controller. He obtained a degree of Bachelor of Commerce (Accounting and Finance) from Monash University of Australia in December 2005 and a master degree of Applied Finance from Monash University of Australia in December 2006. He has been a member of the Certified Public Accountants Australia since January 2006, the Hong Kong Institute of Certified Public Accountants since July 2011 and the Chartered Institute of Management Accountants since May 2014. He has not held any directorship in other listed companies in the past three years.

REPORT OF DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 December 2015.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in the Cayman Islands on 19 March 2015.

In preparing for the listing of the Company's shares on the GEM Board of the Stock Exchange (the "**Listing**"), the Company became the holding company of the companies comprising the Group underwent the corporate reorganisation (the "**Reorganisation**") upon the completion of the Reorganisation on 31 March 2015.

Details of the Reorganisation are set out in note 2 to the consolidated financial statements. The shares of the Company were listed on the GEM Board of the Stock Exchange with effect from 30 September 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

Detailed business review is set out in the section of "Management Discussion and Analysis" ("**MD&A**") in this annual report from pages 4 to 8. Future development of the company's business is set out in the section of "Chairman's Statement" and MD&A in this annual report from page 3 and page 4 respectively. As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries.

Key risks and uncertainties

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible.

Operational risk may arise when the Group has loss of (i) authorised signatory and technical director for the Group's registrations maintained with the Buildings Department; and (ii) Authorized Persons employed by the Group which may adversely affect the Group's operations. In the event that the Group fails to identify suitable replacements for authorised signatories, technical directors and Authorized Persons in a timely manner and at reasonable cost, the Group's competitiveness may be impaired and performance could be adversely affected. To ensure that the Group is able to timely obtain and maintain all necessary registrations or licenses for its operations in Hong Kong, Mr. Lai Pak Wei and Mr. Chung Yuk Ming, Christopher, our executive Director and a member of the Group's senior management respectively, are responsible for keep track of the validity period of the registrations or licenses maintained and/or held by the Group and qualifications of the Group's Authorized Person/authorised signatory/technical director and arranging renewal when necessary in a timely manner.

An analysis of the Group's financial risk management (included market risk, credit risk, and liquidity risk) objectives and policies are provided in note 7 to the consolidated financial statements.

REPORT OF DIRECTORS

Environment Protection

The Group committed to contributing to the sustainability of the environment from its business activities. The Group established measures and created certain environmental framework to minimise and monitor the environmental impacts attributable to its operational. The Group implemented the green office practices such as re-deployment of office furniture as far as possible, encouraged use of recycled paper for printing and copying and reduced energy consumption by switching off idling lightings and electrical appliances. Moreover, the Group also established air pollution, noise and waste disposal control such as watering when necessary for any dusty materials before loading and unloading on site; works that create loud noise are to be carried out during day-time or non noise sensitive hours only; labelled bins to be provided to allow segregation of recyclable materials from other waste for transportation to landfills or public fill whenever possible.

Workplace quality

The Group believes that employees are the valuable assets and regards human resources as its corporate wealth. The Group intends to use its best effort to attract and retain appropriate and suitable personnel to serve the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing an attractive remuneration package. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary raises, bonuses and promotions based on the performance of each employee. The Group has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct, employees' rights and benefits.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 33 of this annual report.

Prior to the Listing, the Company declared total dividends in the amount of HK\$22.0 million to its then sole shareholders, during the year ended 31 December 2015 (2014: Nil).

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

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

REPORT OF DIRECTORS

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

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 76 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 25 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme (the "**Scheme**") is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules and is established to recognise and acknowledge the contribution of the Directors and other employees who have made valuable contribution to the Group. The Scheme of the Company was adopted on 16 September 2015 (the "**Adoption**"). There was no share option granted or agreed to be granted under the Scheme from the date of the Adoption to 31 December 2015.

The following is a summary of the principal terms of the Scheme but it does not form Part of, nor was it intended to be Part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

(a) Purpose

The Scheme is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

REPORT OF DIRECTORS

(b) The Participants of the Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisers, consultants and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(c) Maximum number of shares

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue, being 123,200,000 shares, unless the Company obtains a fresh approval.

(d) Maximum number of options to any one individual

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant.

(e) Price of Shares

The subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

(f) Time of exercise of Option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

REPORT OF DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2015, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to approximately HK\$32.3 million.

MAJOR CLIENTS AND SUPPLIERS

For the year ended 31 December 2015, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

— The largest customer	18.3%
— The total of the five largest customers	53.0%

For the year ended 31 December 2015, the percentage of cost of services attributable to the Group's major suppliers is set out below:

Cost of services

— The largest supplier	8.9%
— The total of the five largest suppliers	29.2%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers and major suppliers noted above.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Ng Kin Siu (<i>Chairman</i>)	(appointed on 19 March 2015)
Mr. Lai Pak Wei	(appointed on 15 May 2015)

Independent non-executive Directors

Mr. Chan Chun Hong	(appointed on 16 September 2015)
Mr. Chan Kai Nang	(appointed on 16 September 2015)
Mr. Lau Yiu Kit	(appointed on 16 September 2015)

Pursuant to Article 83 of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

REPORT OF DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors of the Group are set out on pages from 19 to 21 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the month of Listing and will continue thereafter until terminated in accordance with the terms of the agreement. Independent non-executive Directors are appointed for a term of three year initially and will continue thereafter unless terminated by either party giving at least three month's notice in writing.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than the statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, to which the Company, its holding company or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 13 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

The remuneration committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Share Option Scheme.

COMPETING AND CONFLICT 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 year ended 31 December 2015.

REPORT OF DIRECTORS

DISCLOSURE OF INTERESTS

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

As at 31 December 2015, interests or short positions of the Directors, chief executives of the Company in 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 (Note 1)	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	Number of associated corporation	Capacity/Nature	Name of Shares held/ interested in	Percentage of shareholding
Mr. Ng Kin Sin	Masterveyor	Beneficial owner	2	100%

Save as disclosed above, as at 31 December 2015, 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.

REPORT OF DIRECTORS

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

As at 31 December 2015, 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 (Note 1)	Interest in controlled corporation	924,000,000	Long	75%
Ms. Wong Chai Lin (Note 2)	Interest of spouse	924,000,000	Long	75%
Masterveyor (Note 1)	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 31 December 2015 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.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Messis Capital Limited, as at 31 December 2015, save for the compliance adviser agreement dated 22 September 2015 entered into between the Company and Messis Capital Limited, neither Messis Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2015, the Group has not entered into any connected transaction that are not exempt under Rule 20.31 of the GEM Listing Rules nor any continuing connected transaction that are not exempt under Rule 20.33 of the GEM Listing Rules.

REPORT OF DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float as required under the GEM Listing Rules.

AUDITOR

Deloitte Touche Tohmatsu was appointed by the Directors as the auditor of the Company. Deloitte Touche Tohmatsu will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 December 2015 have been audited by Deloitte Touche Tohmatsu.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the reporting period of the Group.

By Order of the Board

Ng Kin Siu

Chairman

Hong Kong, 22 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FDB HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of FDB Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 33 to 75, which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended 31 December 2015, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

22 March 2016

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	8	276,825	199,554
Cost of services		(228,665)	(160,490)
Gross profit		48,160	39,064
Other income	9	176	693
Other losses	10	(21)	(2,562)
Listing expenses		(10,094)	–
Administrative expenses		(17,019)	(12,359)
Finance costs	11	(1,366)	(1,622)
Profit before tax	12	19,836	23,214
Income tax expense	15	(4,519)	(4,094)
Profit and total comprehensive income for the year		15,317	19,120
Earnings per share, basic (HK cents)	16	1.4	1.8

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current asset			
Property, plant and equipment	17	2,590	1,903
Current assets			
Amounts due from customers for contract works	18	49,055	44,237
Trade and other receivables	19	60,323	55,413
Amounts due from related companies	20	–	3,697
Amount due from a director	21	–	4,054
Pledged bank deposit	22	3,500	2,048
Bank balances and cash	22	34,057	10,851
		146,935	120,300
Current liabilities			
Amounts due to customers for contract works	18	–	1,039
Trade and other payables	23	68,650	48,503
Advances from customers	23	10,220	14,357
Tax liabilities		3,498	6,558
Bank borrowings	24	–	10,004
		82,368	80,461
Net current assets		64,567	39,839
Total assets less current liabilities		67,157	41,742
Non-current liability			
Deferred tax liabilities	26	188	188
Net assets		66,969	41,554
Capital and reserves			
Share capital	25	12,320	1,000
Reserves		54,649	40,554
Total equity		66,969	41,554

The consolidated financial statements on pages 33 to 75 were approved and authorised for issue by the Board of Directors on 22 March 2016 and are signed on its behalf by:

MR. NG KIN SIU,
DIRECTOR

MR. LAI PAK WEI,
DIRECTOR

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital HK\$'000	Share premium HK\$'000 (Note)	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2014	1,000	–	–	21,434	22,434
Profit and total comprehensive income for the year	–	–	–	19,120	19,120
At 31 December 2014	1,000	–	–	40,554	41,554
Adjustments arising from the Group					
Reorganisation (Note)	(1,000)	–	1,000	–	–
Issue of ordinary shares (Note 25)	1,541	36,960	–	–	38,501
Capitalisation issue (Note 25)	10,779	(10,779)	–	–	–
Transaction costs attributable to issue of new ordinary shares	–	(4,741)	–	–	(4,741)
Deemed distribution to a shareholder (Note 29(d))	–	–	–	(1,662)	(1,662)
Dividends recognised as distribution (Note 14)	–	–	–	(22,000)	(22,000)
Profit and total comprehensive income for the year	–	–	–	15,317	15,317
At 31 December 2015	12,320	21,440	1,000	32,209	66,969

Note:

As part of the Group Reorganisation (as defined in Note 2), there are series of restructuring within FDB Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as 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 (“**Fruit Design**”), Harvest Building Consultancy Limited (“**Harvest Building**”), Win Lee Building Engineering Limited (“**Win Lee Building**”), Marvo Architecture Limited (“**Marvo Architecture**”), Solomon Consulting & Contracting Limited (“**Solomono**”), Sky Global Construction Limited (“**Sky Global**”) and Win Lee (Project Team B) Construction Limited (“**Win Lee (Project Team B)**”) was credited to other reserve.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	19,836	23,214
Adjustments for:		
Depreciation of property, plant and equipment	717	410
Impairment losses recognised on trade and retention receivables	–	2,074
Bad debts recovered	(85)	–
Finance costs	1,366	1,622
Net loss on write off of property, plant and equipment	10	488
Interest income	(8)	(22)
Operating cash flows before movements in working capital	21,836	27,786
Increase in amounts due from customers for contract works	(4,818)	(6,201)
Increase in trade and other receivables	(4,825)	(15,529)
(Decrease) increase in amounts due to customers for contract works	(1,039)	197
Increase in trade and other payables and advances from customers	16,010	6,724
Cash generated from operations	27,164	12,977
Income tax paid	(7,579)	(566)
NET CASH FROM OPERATING ACTIVITIES	19,585	12,411
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,414)	(1,299)
Advances to related parties	(822)	(1,532)
Repayments from related parties	4,219	15
Advance to a director	(23,347)	(8,320)
Repayment from a director	5,701	10,230
Interest income	8	22
Placement of pledged bank deposits	(3,500)	–
NET CASH USED IN INVESTING ACTIVITIES	(19,155)	(884)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
FINANCING ACTIVITIES		
Interest paid	(1,366)	(1,622)
Bank borrowings raised	–	11,821
Repayment of bank borrowings	(10,004)	(12,940)
Proceeds from issue of shares	38,501	–
Expenses on issue of shares	(4,741)	–
Distribution to a shareholder	(1,662)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	20,728	(2,741)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,158	8,786
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	12,899	4,113
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	34,057	12,899
Represented by		
Pledged bank deposit for bank overdrafts	–	2,048
Bank balances and cash	34,057	10,851
	37,557	12,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

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. 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 address of the registered office and principal place of business of the Company are disclosed in the corporation information section of the annual report.

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. REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

- (a) Masterveyor was incorporated on 24 February 2015 in the BVI with 50,000 authorised shares of USD1.00 each. One fully paid ordinary share representing the only issued share of Masterveyor was allotted and issued to Mr. Ng Kin Siu on 24 February 2015.
- (b) FDB & Associates Limited (“**FDB & Associates**”) was incorporated on 24 February 2015 in the BVI with 50,000 authorised shares of USD1.00 each. One fully paid ordinary share representing the only issued share of FDB & Associates was allotted and issued to Mr. Ng Kin Siu on 24 February 2015.
- (c) The Company was incorporated on 19 March 2015 in Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares. One nil-paid subscriber share representing the entire issued share capital of the Company was transferred to Mr. Ng Kin Siu on 19 March 2015, credited as fully paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2. REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- (d) On 9 March 2015, Harvest Building transferred one share in Win Lee Building Engineering (Macau) Limited, a company incorporated in Macau, representing 4% of the entire issued capital of the company to China PM (Holdings) at consideration of MOP1,000. The considerations were arrived at after arm's length negotiations between the parties, taking into account the then net asset value of Win Lee Building Engineering (Macau) Limited.
- (e) On 31 March 2015, Mr. Ng Kin Siu and Masterveyor entered into a first share swap agreement pursuant to which Mr. Ng Kin Siu transferred one share of the Company to Masterveyor and in consideration, one share in the share capital of Masterveyor was allotted and issued to Mr. Ng Kin Siu, credited as fully paid.
- (f) On 31 March 2015, FDB & Associates entered into a sale and purchase agreement with China PM (Holdings), pursuant to which FDB & Associates acquired the entire issued share capital of the operating subsidiaries, namely, Fruit Design, Marvo Architecture, Solomon, Sky Global, Win Lee Building, Win Lee (Project Team B) and Harvest Building from China PM (Holdings) at a nominal consideration of HK\$1.00 for each of the operating subsidiaries. In consideration of the sole ultimate beneficial owner of FDB & Associates and China PM (Holdings) was Mr. Ng Kin Siu at the time of the transfer, the Directors considered that the nominal consideration is fair and reasonable so far as the Company and its shareholders are concerned.
- (g) On 31 March 2015, Mr. Ng Kin Siu, Masterveyor and FDB & Associates entered into a second share swap agreement with the Company, pursuant to which Mr. Ng Kin Siu transferred one share in FDB & Associates, which represented the entire issued share capital of the FDB & Associates, to the Company and in consideration, one share in the share capital of the Company was allotted and issued to Masterveyor with the instruction of Mr. Ng Kin Siu, credited as fully paid.
- (h) On 24 April 2015, Mr. Ng Kin Siu entered into a sale and purchase agreement with China PM (Holdings), pursuant to which Mr. Ng Kin Siu acquired the entire issued share capital of Fruit Innovations Limited from China PM (Holdings), a company incorporated in Hong Kong with limited liability wholly owned by Mr. Ng Kin Siu, at a nominal consideration of HK\$1.00.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2. REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance ("**Companies Ordinance**").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Companies Ordinance and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or Listing Rules but not under the new Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Intangible Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies are set out below.

Basis of consolidations

The consolidated financial statements incorporate the financial statements of the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from construction contracts is recognised on the percentage of completion method, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Consultancy fee income and management fee income are recognised when the relevant services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probably will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income as directly in equity, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, amount due from a director, pledged bank deposit and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio passed the presentation date to its customers from provision of contracting business and project management and credit period ranging from 14 to 45 days offered to its customers from provision of building consultancy services, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Revenue and profit recognition of construction works

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Estimated construction revenue is determined with reference to the terms of the relevant contract. Construction cost which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated impairment of trade and retention receivables

Management estimates the recoverability of trade and retention receivables based on objective evidence. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amounts of trade and retention receivables of the Group was approximately HK\$56,097,000 (2014: HK\$53,254,000).

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged from prior years.

The capital structure of the Group consists of net debts, which includes bank borrowings disclosed in Note 24, net of cash and cash equivalents and equity, comprising paid in capital and reserves.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loans and receivables (including bank balances and cash)	96,346	76,004
Financial liabilities		
Amortised cost	27,798	42,257

7b. Financial risk management objectives and policies

The Group's major financial instruments include amount due from a director, amounts due from related companies, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

7. FINANCIAL INSTRUMENTS (CONTINUED)

7b. Financial risk management objectives and policies (Continued)

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and the Best Lending Rate arising from bank borrowings.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The Directors consider that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balances, pledged deposits and the Best Lending Rate on bank borrowings is minimal. Accordingly, no sensitivity analysis is prepared and presented.

Credit risk

At the end of respective reporting periods, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Directors have reviewed the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 December 2015 and 2014 on trade and retention receivables from the Group's five major customers amounting to HK\$16,683,000 and HK\$28,310,000 respectively and accounted for 30% and 53% of the Group's total trade and retention receivables. The major customers of the Group are certain reputable organisations. The Directors consider that the credit risk is limited in this regard.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

7. FINANCIAL INSTRUMENTS (CONTINUED)

7b. Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings, as appropriate.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liquidity table

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	Total undiscounted cash flows at 31.12.2015 HK\$'000	Total carrying value at 31.12.2015 HK\$'000
At 31 December 2015				
Trade and other payables	–	27,798	27,798	27,798

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	Total undiscounted cash flows at 31.12.2014 HK\$'000	Total carrying value at 31.12.2014 HK\$'000
At 31 December 2014				
Trade and other payables	–	32,253	32,253	32,253
Variable-rate bank borrowings	3.66	10,004	10,004	10,004
		42,257	42,257	42,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

7. FINANCIAL INSTRUMENTS (CONTINUED)

7b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table (Continued)

Bank borrowings with a repayment on demand clause are included in the “repayable on demand or less than 3 months” time band in the above maturity analysis. As at 31 December 2014, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK\$10,004,000. Taking into account the Group’s financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be repaid one to three years after the end of the years ended 31 December 2014 in accordance with the scheduled repayment dates set out in the loan agreements. Aggregate principal and interest cash outflows are set out below:

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1–2 years HK\$'000	3–5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 December 2014							
Bank borrowings — variable rate	3.66	2,725	6,765	442	258	10,190	10,004

7c. Fair value measurements of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost and recorded in the consolidated financial statements approximate their fair values.

8. REVENUE AND SEGMENT INFORMATION

Information reported to the Company’s executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

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

1. Contracting business and project management (“**Contracting service**”)
2. Provision of building consultancy services (“**Consultancy service**”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

8. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

For the year ended 31 December 2015

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

For the year ended 31 December 2014

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit from each segment before tax without allocation of other income, certain other losses, listing expenses, administration expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the chief executive decision maker for review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

8. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

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

Information about major customers

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

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

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

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

9. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Bank interest income	8	22
Reimbursement from main contractor (Note)	–	487
Bad debts recovered	85	–
Others	83	184
	176	693

Note: Reimbursement from main contractor represented amount subsequently agreed and received in relation to compensation paid to an individual subcontractor of the Group for injury in 2013.

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For the year ended 31 December 2015

10. OTHER LOSSES

	2015 HK\$'000	2014 HK\$'000
Impairment loss recognised on trade and retention receivables	–	2,074
Net loss on write off of property, plant and equipment	10	488
Net foreign exchange losses	11	–
	21	2,562

11. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	188	386
Bank overdrafts	7	72
Advances from customers wholly repayable within five years (Note 23(b))	1,171	1,164
	1,366	1,622

12. PROFIT BEFORE TAX

	2015 HK\$'000	2014 HK\$'000
Profit before tax has been arrived at after charging:		
Directors' emoluments (Note 13)	2,798	1,401
Salaries and other allowances	42,069	34,693
Retirement benefit scheme contributions, excluding those of directors	1,544	1,165
Total staff costs	46,411	37,259
Less: amounts included in cost of services	(40,365)	(31,955)
	6,046	5,304
Auditors' remuneration	780	303
Depreciation of property, plant and equipment	717	410
Operating lease rentals in respect of		
— Office premises	3,098	2,040
— Director's quarter (included in directors' emoluments)	900	525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

For the year ended 31 December 2015

	Fee HK\$'000	Salaries and other allowance HK\$'000	Discretionary bonus HK\$'000 (Note a)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors:					
Ng Kin Siu (chairman) (Note b)	–	1,500	–	5	1,505
Lai Pak Wei (Note c)	–	981	180	18	1,179
Independent non-executive directors:					
Chan Chun Hong (Note d)	38	–	–	–	38
Chan Kai Nang (Note d)	38	–	–	–	38
Lau Yiu Kit (Note d)	38	–	–	–	38
	114	2,481	180	23	2,798

For the year ended 31 December 2014

	Fee HK\$'000	Salaries and other allowance HK\$'000	Discretionary bonus HK\$'000 (Note a)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors:					
Ng Kin Siu (chairman) (Note b)	–	534	–	–	534
Lai Pak Wei (Note c)	–	670	180	17	867
	–	1,204	180	17	1,401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors (Continued)

Notes:

- (a) The discretionary bonus is determined with consideration of the performance for the years of the entities.
- (b) Mr. Ng Kin Siu was appointed as the executive directors of the Company on 19 March 2015 and he is also the chief executive of the Company and his emoluments disclosed above included those services rendered by him as the chief executive.
- (c) Mr. Lai Pak Wei was appointed as the executive directors of the Company on 15 May 2015.
- (d) Mr. Chan Chun Hong, Mr. Chan Kai Nang and Mr. Lau Yiu Kit were appointed as independent non-executive directors on 16 September 2015.

During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the years ended 31 December 2015 and 2014.

Employees

The five highest paid individuals of the Group included two directors (2014: one director), details of his emoluments are set out above. The emoluments of the remaining three (2014: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries and other allowances	2,733	2,531
Discretionary bonus	296	527
Retirement benefit scheme contributions	54	67
	3,083	3,125

The emoluments of the highest paid individuals fell within the following rank:

	2015	2014
HK\$ Nil-HK\$1,000,000	1	4
HK\$1,000,001 to HK\$1,500,000	2	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

14. DIVIDENDS

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

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

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

15. INCOME TAX EXPENSE

	2015 HK\$'000	2014 HK\$'000
Income tax		
Current year	4,923	4,072
Overprovision in prior years	(404)	(20)
	4,519	4,052
Deferred tax (Note 26)	–	42
Income tax expense	4,519	4,094

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

16. EARNINGS PER SHARE

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

	2015 HK\$'000	2014 HK\$'000
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	15,317	19,120

	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,117,238	1,078,000

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Office equipment HK\$'000	Total HK\$'000
COST					
As at 1 January 2014	1,209	284	596	652	2,741
Additions	478	181	–	640	1,299
Written off	(1,209)	(264)	–	(32)	(1,505)
As at 31 December 2014	478	201	596	1,260	2,535
Additions	477	158	–	779	1,414
Written off	(14)	–	–	–	(14)
As at 31 December 2015	941	359	596	2,039	3,935
DEPRECIATION					
As at 1 January 2014	905	101	88	145	1,239
Provided for the year	36	19	173	182	410
Eliminated on written off	(905)	(97)	–	(15)	(1,017)
As at 31 December 2014	36	23	261	312	632
Provided for the year	150	53	179	335	717
Eliminated on written off	(4)	–	–	–	(4)
As at 31 December 2015	182	76	440	647	1,345
CARRYING VALUE					
As at 31 December 2015	759	283	156	1,392	2,590
As at 31 December 2014	442	178	335	948	1,903

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Leasehold improvements	20% or over the lease term, whichever is shorter
Furniture and fixtures	20%
Motor vehicles	30%
Office equipment	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

19. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

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

Movement in the allowance for doubtful debts

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

20. AMOUNTS DUE FROM RELATED COMPANIES

	Balance at		Maximum amount outstanding during	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts due from related companies				
Fruit Innovations Limited	–	214	214	214
Shanghai Fruit Construction Limited	–	958	958	958
China PM (Holdings)	–	2,305	2,806	2,305
Win Lee Building Engineering (Macau) Limited	–	220	237	220
	–	3,697		

Notes:

- (a) All the amounts at 31 December 2014 were non trade-related, unsecured, interest-free and fully settled during the year.
- (b) A director of the Company was the beneficial shareholder and a director of the above related companies.

21. AMOUNT DUE FROM A DIRECTOR

Director	Balance at		Maximum amount outstanding during	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Ng Kin Siu	–	4,054	7,336	9,123

Amount due from a director was unsecured, interest-free and fully settled during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

22. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 December 2015, the pledged bank deposit of the Group was pledged to a bank for securing the guarantee line for issuing surety bonds (see Note 30). As at 31 December 2014, the pledged bank deposit of the Group was pledged to a bank for securing bank overdrafts (see Note 24). The bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The pledged bank deposit/bank balances carry interest at market rates which are as follows:

	2015	2014
Range of interest rate per annum:		
Pledged bank deposit	0.01%	0.40%
Bank balances	0.001% to 0.01%	0.001% to 0.01%

23. TRADE AND OTHER PAYABLES/ADVANCES FROM CUSTOMERS

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

Notes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

23. TRADE AND OTHER PAYABLES/ADVANCES FROM CUSTOMERS (CONTINUED)

The aged credit period on trade payables is 0 to 30 days.

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

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

24. BANK BORROWINGS

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

	2015 HK\$'000	2014 HK\$'000
Carrying amount of bank loans that are repayable on demand or within one year	–	10,004
Bank overdrafts	–	–
	–	10,004

As at 31 December 2014, the variable-rate bank borrowings were secured by the personal guarantee of HK\$14,000,000 from Mr. Ng Kin Siu and the guarantee of HK\$11,200,000 from the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme and carried interest at 1.5% per annum over the 3 months Hong Kong Interbank Offer Rate, 0.5% per annum below HK\$ prime rates and 1% per annum below HK\$ prime rates offered by respective banks. All guarantees in relation to the bank borrowings were released during the year ended 31 December 2015.

During the years ended 31 December 2014, bank overdrafts were secured by the personal guarantee of HK\$2,000,000 from Mr. Ng Kin Siu and a pledged bank deposit (see Note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

24. BANK BORROWINGS (CONTINUED)

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

	2015	2014
Variable-rate per annum:		
Bank borrowings	N/A	1.72% to 4.5%
Bank overdrafts	N/A	5%

25. SHARE CAPITAL

The Group

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

	2014 HK\$
Fruit Design	1
Harvest Building	1
Win Lee Building	1,000,000
Marvo Architecture	1
Solomono	1
Sky Global	1
Win Lee (Project Team B)	1
	1,000,006

	2014 HK\$'000
Shown in the consolidated financial statements	1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

25. SHARE CAPITAL (CONTINUED)

The Group (Continued)

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

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

Notes:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

26. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised by the Group and movements thereon:

	Accelerated tax depreciation HK\$'000
At 1 January 2014	146
Charged to consolidated statements of profit or loss	42
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At 31 December 2014 and 31 December 2015	188

27. OPERATING LEASE COMMITMENTS

The Group as lessee

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

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

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

28. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for its qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of 5% of relevant payroll costs monthly to the MPF Scheme, subject to a maximum amount of HK\$1,250 from 1 January 2014 to 31 May 2014 and HK\$1,500 from 1 June 2014 per month for each employee, which contribution is matched by employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

29. RELATED PARTY DISCLOSURES

(a) Balances

Details of balances with related parties are set out in Notes 20 and 21.

(b) 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 in Note 13.

(c) The surety bonds (Note 30) 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.

(d) The shares of the Company had been listed on GEM of the Stock Exchange since 30 September 2015. The total number of share involved is 308,000,000 (the "Placing Shares"). Among the Placing Shares of 308,000,000 shares, there are an aggregate of 154,000,000 shares offered by Masterveyor. Expenses of approximately HK\$1,662,000, which were directly attributable to the placing of these share, were borne by the Company and accounted as deemed distribution to Masterveyor.

30. SURETY BONDS AND CONTINGENT LIABILITY

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

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

31. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2015, dividends amounting to HK\$10,000,000 and HK\$12,000,000 declared by Fruit Design and the Company, respectively, were settled via current account with a director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

32. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the Company's share option scheme (the "**Scheme**") adopted on 16 September 2015 for the primary purpose of providing incentives to Directors, eligible employees, consultant or adviser of the Group, the directors, employees, consultant or adviser of the Group may, at the discretion of the directors, be granted options (the "**Options**") to subscribe for shares in the Company at a price determined by its directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares on the date of grant of the option.

Without prior approval from the Company's shareholders, the total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, and the number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

The Scheme will remain in force for a period of ten years from the date of its adoption. Options granted must be taken up not later than 7 days after the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option.

The exercisable period of an option, which shall not exceed 10 years from the date of grant, is determined by the Board of Directors of the Company at their discretion.

No options have been granted since its adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries	Place and date of incorporation/operation	Equity interest attributable to the Group		Issued and fully paid share capital	Principal activities
		At 31 December 2015	2014		
FDB & Associates	BVI/Hong Kong 25 February 2015	100%		N/A Ordinary share USD1	Investment holding
Fruit Design	Hong Kong 7 December 2006	100%		100% Ordinary shares HK\$1	Contracting business and provision of building consultancy services
Harvest Building	Hong Kong 11 July 2011	100%		100% Ordinary shares HK\$1	Provision of building consultancy services
Win Lee Building	Hong Kong 10 May 1999	100%		100% Ordinary shares HK\$1,000,000	Contracting business and project management mainly for property refurbishment and renovation
Marvo Architecture	Hong Kong 27 November 2013	100%		100% Ordinary shares HK\$1	Inactive
Solomono	Hong Kong 16 April 2014	100%		100% Ordinary shares HK\$1	Inactive
Sky Global	Hong Kong 25 April 2014	100%		100% Ordinary shares HK\$1	Contracting business and project management mainly for property refurbishment and renovation
Win Lee (Project Team B)	Hong Kong 14 April 2014	100%		100% Ordinary shares HK\$1	Inactive

Other than FDB & Associates which is wholly-owned and held directly by the Company, all other subsidiaries are indirectly held by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

34. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2015 HK\$'000
Non-current assets	
Investments in subsidiaries	–
Current assets	
Other receivables and prepayments	232
Amount due from a subsidiary	44,400
	44,632
Current liabilities	
Amount due to a subsidiary	–
Net current assets	44,632
Net assets	44,632
Capital and reserves	
Share capital (see Note 25)	12,320
Reserves	32,312
Total equity	44,632

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 22 March 2016 and are signed on its behalf by:

MR. NG KIN SIU,
DIRECTOR

MR. LAI PAK WEI,
DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

34. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

Movement in the Company's reserve

	Capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Issue of ordinary shares (Note 25)	1,541	36,960	–	38,501
Capitalisation issue (Note 25)	10,779	(10,779)	–	–
Transaction costs attributable to issue of new ordinary shares	–	(4,741)	–	(4,741)
Deemed distribution to a shareholder (Note 29(d))	–	–	(1,662)	(1,662)
Dividends recognised as distribution (Note 14)	–	–	(12,000)	(12,000)
Profit and total comprehensive income for the year	–	–	24,534	24,534
At 31 December 2015	12,320	21,440	10,872	44,632

FINANCIAL SUMMARY

For the three years ended 31 December 2013, 2014 and 2015

RESULTS

	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Revenue	191,961	199,554	276,825
Profit before taxation	13,679	23,214	19,836
Income tax expense	(2,391)	(4,094)	(4,519)
Profit and total comprehensive income for the year	11,288	19,120	15,317

ASSETS AND LIABILITIES

	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Total assets	95,237	122,203	149,525
Total liabilities	(72,803)	(80,649)	(82,556)
Net assets	22,434	41,554	66,969

FDB HOLDINGS LIMITED

豐展控股有限公司

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

(Stock Code 股份代號 : 8248)