

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in FDB Holdings Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or to the transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms of the Offer.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.



**Gentle Soar Limited**  
*(Incorporated in the British Virgin Islands with limited liability)*

**FDB Holdings Limited**  
**豐展控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1826)**

**COMPOSITE OFFER AND RESPONSE DOCUMENT  
RELATING TO THE MANDATORY UNCONDITIONAL CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
FOR AND ON BEHALF OF GENTLE SOAR LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
GENTLE SOAR LIMITED AND PARTIES ACTING IN CONCERT  
WITH IT) OF FDB HOLDINGS LIMITED**

**Financial Adviser to the Offeror**



**Independent Financial Adviser to the Independent Board Committee**



Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from GF Securities containing, among other things, the details of the terms and conditions of the Offer is set out on pages 6 to 13 of this Composite Document. A letter from the Board is set out on pages 14 to 18 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 19 to 20 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 21 to 36 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out on pages I-1 to I-4 in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offer must be received by the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Friday, 5 January 2018, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "Overseas Shareholders" in the letter from GF Securities contained in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

15 December 2017

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## EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate.

Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and commencement date of the Offer <sup>(Note 1)</sup> .....	Friday, 15 December 2017
Latest time and date for acceptance of the Offer <sup>(Note 2)</sup> .....	4:00 p.m. on Friday, 5 January 2018
Closing Date <sup>(Notes 2 and 3)</sup> .....	Friday, 5 January 2018
Announcement of the results of the Offer to be posted on the website of the Stock Exchange .....	not later than 7:00 p.m. on Friday, 5 January 2018
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer <sup>(Notes 3 and 4)</sup> .....	Tuesday, 16 January 2018

*Notes:*

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and are capable of acceptance on and from Friday, 15 December 2017 until the Closing Date. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “Right of withdrawal” in Appendix I to this Composite Document.
  
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 5 January 2018. The Offeror reserves the right to extend the Offer until such date as it may determine pursuant to the Takeovers Code. An announcement will be issued through the Stock Exchange website by 7:00 p.m. on Friday, 5 January 2018 stating whether the Offer has been revised or extended or has expired. In the event that the Offeror decides to extend the Offer, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 calendar days’ notice in writing will be given, before the extended Offer is closed, to those Shareholders who have not accepted the Offer.
  
3. If there is (i) a tropical cyclone warning signal number 8 or above, or (ii) a “black” rainstorm warning signal:
  - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

## EXPECTED TIMETABLE

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer will be posted to the accepting Shareholders by ordinary post at their own risk as soon as possible but in any event within seven Business Days following the date of receipt by the Registrar or by the company secretary of the Company (as the case may be) of the duly completed Form(s) of Acceptance and all the valid requisite documents.
5. The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

**All time and date contained in this Composite Document and accompanying Form(s) of Acceptance refer to Hong Kong times and dates.**

## DEFINITIONS

*In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:*

“acting in concert”	has the meaning as ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning as ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	5 January 2018, the date stated in this Composite Document as the first closing date of the Offer or any subsequent closing date as and may be announced by the Offeror and approved by the Executive
“Company”	FDB Holdings Limited (stock code: 1826), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	20 November 2017
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to all Shareholders in connection with the Offer in accordance with the Takeovers Code containing, among other things, the terms of the Offer, the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the terms of the Offer, the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer and the Form(s) of Acceptance
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

## DEFINITIONS

“Encumbrance(s)”	any claim, charge, mortgage, security, lien, pledge, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind, and “ <b>Encumber</b> ” shall be construed accordingly
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
“Gentle Soar”	Gentle Soar Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Gao
“GF Capital”	GF Capital (Hong Kong) Limited, a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO
“GF Securities”	GF Securities (Hong Kong) Brokerage Limited, a corporation licensed to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chan Chun Hong, Mr. Chan Kai Nang, Mr. Lau Yiu Kit and Dr. Wu Chun Wah, established to give a recommendation to the Independent Shareholders regarding the terms of the Offer
“Independent Financial Adviser” or “VBG Capital”	VBG Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Offer and in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer

## DEFINITIONS

“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 21 November 2017 jointly issued by the Company and the Offeror in relation to, among other things, the Sale and Purchase Agreement and the Offer
“Last Trading Day”	17 November 2017, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of the Joint Announcement
“Latest Practicable Date”	12 December 2017, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Gao”	Mr. Gao Yunhong (高雲紅), the sole shareholder and the sole director of Gentle Soar, or the Purchaser, or the Offeror
“Mr. Ng”	Mr. Ng Kin Siu (吳建韶), an executive Director, chairman of the Company, the sole shareholder of the Vendor and a controlling Shareholder immediately prior to Completion
“Offer”	the mandatory unconditional cash general offer being made by GF Securities for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror or parties acting in concert with it in accordance with the Takeovers Code
“Offeror”	Gentle Soar
“Offer Period”	the period from 21 November 2017, being the date of the Joint Announcement until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being HK\$0.544 per Share
“Offer Share(s)”	all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it when the Offer is made

## DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Purchaser”	Gentle Soar
“Registrar”	Tricor Investor Services Limited, the Hong Kong Branch Share Registrar of the Company, whose office is situated at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 21 May 2017, being the date falling six months preceding the date of the Offer Period up to and including the Latest Practicable Date
“Remaining Shares”	61,600,000 Shares held by the Vendor immediately after Completion
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 November 2017 and entered into between the Vendor, Mr. Ng and the Purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	862,400,000 Shares beneficially owned by the Vendor (prior to Completion) and sold by it to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time



## DEFINITIONS

“Vendor” Masterveyor Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the vendor under the Sale and Purchase Agreement and a controlling Shareholder immediately prior to Completion, which is beneficially and wholly owned by Mr. Ng

“%” per cent.

*Certain amounts and percentage figures included in this Composite Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain paragraphs and tables in this Composite Document may not be an arithmetic aggregation of the figures preceding them.*

LETTER FROM GF SECURITIES

**GF SECURITIES (HONG KONG) BROKERAGE LIMITED**

29/F–30/F, Li Po Chun Chambers,  
189 Des Voeux Road Central,  
Hong Kong



15 December 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
FOR AND ON BEHALF OF GENTLE SOAR LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY GENTLE SOAR LIMITED AND  
PARTIES ACTING IN CONCERT  
WITH IT) OF FDB HOLDINGS LIMITED**

**INTRODUCTION**

Reference is made to the Joint Announcement. As mentioned in the Joint Announcement, pursuant to the Sale and Purchase Agreement entered into by the Vendor, Mr. Ng and the Purchaser on 17 November 2017, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, being an aggregate of 862,400,000 Shares, representing 70.0% of the then entire issued share capital of the Company and 70.0% of the entire issued share capital of the Company as at the Latest Practicable Date, at a cash consideration of HK\$469,000,000, equivalent to approximately HK\$0.544 per Sale Share.

The Completion took place on 20 November 2017. The Offeror, its ultimate beneficial owner and their parties acting in concert became the owner of in aggregate 862,400,000 Shares representing 70.0% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by itself and its parties acting in concert.

This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offer, the information on the Offeror and the intentions of the Offeror in relation to the Group. Further details of the terms of the Offer and the procedures for accepting the Offer are set out in Appendix I to this Composite Document and in the Form(s) of Acceptance. Your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” and the appendices as contained in this Composite Document.

## LETTER FROM GF SECURITIES

### PRINCIPAL TERMS OF THE OFFER

GF Securities is making the Offer on behalf of the Offeror, subject to the terms set out in this Composite Document and in the Form(s) of Acceptance, on the following basis:

#### The Offer

**For every Share . . . . .HK\$0.544 in cash**

The Offer Price of HK\$0.544 per Offer Share under the Offer is approximately equal to but not lower than the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company has no outstanding warrants, derivatives, options, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

#### Comparisons of value

The Offer Price of HK\$0.544 per Share represents:

- (i) a premium of approximately 4.62% over the closing price of HK\$0.52 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 27.40% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.427 per Share;
- (iii) a premium of approximately 42.60% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.382 per Share;
- (iv) a discount of approximately 2.86% to the closing price of HK\$0.56 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a premium of approximately 643.56% over the audited consolidated net asset value of the Group of approximately HK\$0.073 per Share as at 31 December 2016 based on 1,232,000,000 Shares in issue as at the Latest Practicable Date; and
- (vi) a premium of approximately 663.80% over the unaudited consolidated net asset value of the Group of approximately HK\$0.071 per Share as at 30 June 2017 based on 1,232,000,000 Shares in issue as at the Latest Practicable Date.

#### Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.60 per Share on 24 November 2017 and 27 November 2017, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.295 per Share on 28 June 2017, 31 October 2017 and 1 November 2017.

## LETTER FROM GF SECURITIES

### VALUE OF THE OFFER

There are 1,232,000,000 Shares in issue as at the Latest Practicable Date. On the basis of the Offer Price of HK\$0.544 per Share and 1,232,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company would be valued at HK\$670,208,000. The number of Sale Shares under the Sale and Purchase Agreement is 862,400,000 and the aggregate amount paid by the Offeror for the Sale Shares upon Completion is HK\$469,000,000. The value of the Offer is HK\$201,062,400 on the basis of 369,600,000 Offer Shares (including the 61,600,000 Remaining Shares, in respect of which the Vendor has irrevocably undertaken not to accept).

### UNDERTAKING NOT TO ACCEPT THE OFFER AND NOT TO DISPOSE OF THE REMAINING SHARES

Immediately after Completion and as at the Latest Practicable Date, the Vendor continues to be the beneficial owner of the Remaining Shares. The Vendor has irrevocably undertaken to and covenanted with the Offeror that, in respect of the Remaining Shares, (i) it will not accept the Offer; and (ii) it will remain as the legal and beneficial owner of the Remaining Shares immediately after Completion up to and including the Closing Date.

### CONFIRMATION OF FINANCIAL RESOURCES AVAILABLE FOR THE OFFER

The Offeror intends to finance the consideration payable for the Offer using its internal resources and/or external financing from GF Securities. The Offeror has been granted a standby loan facility from GF Securities for financing, among others, the maximum consideration payable by the Offeror for the full acceptance of the Offer in respect of the 308,000,000 Offer Shares (not including the Remaining Shares). Pursuant to the arrangement of the standby loan facility, the Offeror has charged the Sale Shares and the Shares to be acquired pursuant to the Offer (if any) to GF Securities as collateral. The Shares charged in favour of GF Securities would not result in the transfer of voting rights. The Offeror confirms that the repayment of the interest on, repayment of or security for any liability (contingent or otherwise) will not depend on any significant extent on the business of the Company.

GF Capital has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer in respect of the 308,000,000 Offer Shares (not including the Remaining Shares).

### Compulsory Acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

### Effects of accepting the Offer

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

## LETTER FROM GF SECURITIES

By accepting the Offer, Shareholders will sell their Shares free from all Encumbrances and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date of posting of this Composite Document. Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all Encumbrances and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### **Hong Kong stamp duty**

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Shareholders, or (if higher) the market value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Shareholders who accept the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer (as the case may be).

### **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the date of which the duly completed acceptances of the Offer and the relevant documents of title of the Shares in respect of such acceptances are received by the Offeror to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

### **Taxation advice**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, its parties acting in concert, the Company, GF Capital, GF Securities and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## LETTER FROM GF SECURITIES

### Overseas holders of Shares

To the extent practicable and permissible under applicable laws and regulations, the Offeror intends to make available the Offer to all Independent Shareholders, including those who are resident outside Hong Kong. The making of the Offer to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. Overseas holders of Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

It is the sole responsibility of the overseas holders of Shares who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such overseas holders of Shares in respect of such jurisdictions).

### Acceptance and Settlement

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

### INFORMATION ON THE OFFEROR

Gentle Soar, or the Offeror, is an investment holding company incorporated in the British Virgin Islands and is wholly and ultimately owned by Mr. Gao. Each of the Offeror and Mr. Gao is a third party independent of, and not acting in concert with, the Vendor. Immediately prior to Completion, none of the Offeror or Mr. Gao owned any Shares. Apart from the Sale Shares, none of the Offeror or Mr. Gao owned any Shares as at the Latest Practicable Date.

Mr. Gao is the sole shareholder and sole director of the Offeror. Mr. Gao is an experienced business entrepreneur and is the founder of Dafy Group, which comprises Shenzhen Dafy Finance Holdings Co. Ltd. (“**Dafy Finance Holdings**”), a company principally engaged in provision of financial technology and related services based in Shenzhen, the PRC, and its subsidiaries. Mr. Gao also has experience in properties investment and development in the PRC.

### INFORMATION ON THE COMPANY

The Company was listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8248) on 30 September 2015, and then transferred to the Main Board of the Stock Exchange (stock code: 1826) on 10 July 2017.

## LETTER FROM GF SECURITIES

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.

Further information on the Group is set out in the "Letter from the Board" in this Composite Document. Financial information of the Group and general information of the Company are set out in Appendices II and IV to this Composite Document, respectively.

### FUTURE INTENTIONS OF THE OFFEROR

#### Operational Matters, Employees and Senior Management

It is the intention of the Offeror to continue the existing principal businesses of the Group. The Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group, including the feasibility of diversifying the income stream of the Group. In this regard, the Offeror may look into business and investment opportunities in different business areas and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. As at the Latest Practicable Date, the Offeror has not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to any disposal, termination or scaling-down of the Group's existing business, or any disposal, restructuring or re-deployment of the Group's assets.

Save for the Offeror's intention to nominate directors to the Board detailed in the paragraph headed "Proposed Change of Board Composition of the Company" below, the Offeror does not intend to introduce any major changes to the existing operating and management structure of the Group and intends to continue the employment of the existing employees of the Group.

#### Proposed Change of Board Composition of the Company

As at the Latest Practicable Date, the Board is currently made up of seven Directors, comprising three executive Directors, namely, Mr. Ng, Mr. Chung Yuk Ming Christopher and Mr. Ip Kong Ling, and four independent non-executive Directors, namely, Mr. Chan Chun Hong, Mr. Chan Kai Nang, Mr. Lau Yiu Kit and Dr. Wu Chun Wah.

It is expected that all executive Directors (except Mr. Ng) will resign from the Board with effect from a date no earlier than the Closing Date or at a date as permitted under the Takeovers Code. The Offeror intends to nominate Mr. Gao, Ms. Zhu Wenhui ("Ms. Zhu") and

## LETTER FROM GF SECURITIES

Mr. Qi Gang (“**Mr. Qi**”) as the new executive Directors with effect from a date no earlier than the date of the Composite Document or at a date as permitted under the Takeovers Code. The candidates of other new Directors to be nominated are yet to be determined.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made as and when appropriate.

The biography of Mr. Gao is set out in the paragraph headed “Information on the Offeror” above. The biographies of the other proposed executive Directors are set out below:

### *Ms. Zhu*

Ms. Zhu is a vice president of Dafy Finance Holdings and chairman of 雲智惠(北京)投資管理有限公司 (Yunzhahui (Beijing) Investment Management Limited). She has been principally involved in business development, branding strategic planning and team management of these companies. Ms. Zhu is presently receiving training in relation to 全球資產管理與大類資產配置 (worldwide portfolio management and assets allocation) from the PBC School of Finance of Tsinghua University in the PRC, and she completed the courses of Internet Finance and Wealth Management from the PBC School of Finance of Tsinghua University in 2015 and 2017, respectively. She obtained a Bachelor Degree in Marketing from Yanshan University in the PRC.

### *Mr. Qi*

Mr. Qi is a vice president of Dafy Finance Holdings. He is responsible for managing and implementing all financing related projects, and overseeing the business operation of such company. Mr. Qi has extensive experience in business management and structured financing for commercial properties in the PRC and the United States of America (“**U.S.**”). He used to work as an executive director at Ping An Securities Company Limited, an executive director at Morgan Stanley, a vice president at Barclays Capital Inc., and an associate at Goldman Sachs Group, Inc. He obtained a Master Degree in Statistics from New York University, U.S., a Master Degree in Finance from Boston College, U.S., and a Master Degree in Business Administration from Bowling Green State University, U.S..

### **Public float and maintenance of the Listing Status of the Company**

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.



## LETTER FROM GF SECURITIES

The Offeror intends the Company to remain listed on the Stock Exchange. Each of the director of the Offeror and the new Directors to be appointed to the Board has jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

### GENERAL

All documents and remittances to be sent to the Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Shareholders at their respective addresses as they appear in the register of members of the Company, and in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Company. None of the Offeror, its parties acting in concert, the Company, GF Capital, GF Securities, VBG Capital, the Registrar and any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

### ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser contained in this Composite Document, the accompanying Form(s) of Acceptance and the additional information set out in the appendices to, and which forms part of, this Composite Document.

Yours faithfully,  
For and on behalf of  
**GF Securities (Hong Kong) Brokerage Limited**  
**Danny Wan**  
*Managing Director*

LETTER FROM THE BOARD



**FDB Holdings Limited**  
**豐展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1826)**

*Executive Directors:*

NG Kin Siu (*Chairman*)  
CHUNG Yuk Ming Christopher  
IP Kong Ling

*Independent non-executive Directors:*

CHAN Chun Hong  
CHAN Kai Nang  
LAU Yiu Kit  
WU Chun Wah

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

6th Floor, The Sun's Group Centre  
200 Gloucester Road  
Wan Chai, Hong Kong

15 December 2017

*To the Independent Shareholders*

Dear Sirs or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
FOR AND ON BEHALF OF GENTLE SOAR LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY GENTLE SOAR LIMITED AND  
PARTIES ACTING IN CONCERT  
WITH IT) OF FDB HOLDINGS LIMITED**

**INTRODUCTION**

Reference is made to the Joint Announcement. As mentioned in the Joint Announcement, pursuant to the Sale and Purchase Agreement entered into by the Vendor, Mr. Ng and the Purchaser on 17 November 2017, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, being an aggregate of 862,400,000 Shares, representing 70.0% of the then entire issued share capital of the Company and 70.0% of the entire issued share capital of the Company as at the Latest Practicable Date, at a cash consideration of HK\$469,000,000, equivalent to approximately HK\$0.544 per Sale Share.

## LETTER FROM THE BOARD

The Completion took place on 20 November 2017. The Offeror, its ultimate beneficial owner and their parties acting in concert became the owner of in aggregate 862,400,000 Shares representing 70.0% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by itself and its parties acting in concert. GF Securities, on behalf of the Offeror, is making the Offer.

Details of the principal terms of the Offer, together with information relating to the Offeror and the intentions of the Offeror in relation to the Group are set out in the “Letter from GF Securities” contained in this Composite Document. Further details of the terms of the Offer and the procedures for accepting the Offer are set out in Appendix I to this Composite Document and in the Form(s) of Acceptance. Unless the context otherwise requires, terms used in the “Definition” section of this Composite Document shall have the same meanings when used in this letter.

Your attention is also drawn to the letter from the Independent Board Committee and the letter from the Independent Financial Adviser contained in this Composite Document.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all four independent non-executive Directors, namely Mr. Chan Chun Hong, Mr. Chan Kai Nang, Mr. Lau Yiu Kit and Dr. Wu Chun Wah, has been established by the Company to make recommendations to the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

VBG Capital has been appointed after approval by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer.

### THE OFFER

GF Securities is making the Offer on behalf of the Offeror, subject to the terms set out in this Composite Document and in the Form(s) of Acceptance, on the following basis:

#### The Offer

**For every Share . . . . .HK\$0.544 in cash**

The Offer Price of HK\$0.544 per Offer Share under the Offer is approximately equal to but not lower than the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, warrants, options and derivatives or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

## LETTER FROM THE BOARD

### INFORMATION ON THE COMPANY

The Company was listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8248) on 30 September 2015, and then transferred to the Main Board of the Stock Exchange (stock code: 1826) on 10 July 2017.

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.

The following table sets out a summary of certain audited financial information of the Group for the two years ended 31 December 2016 and unaudited financial information of the Group for the six months ended 30 June 2017:

	<b>For the year ended 31 December 2015 <i>HK\$'000</i> (Audited)</b>	<b>For the year ended 31 December 2016 <i>HK\$'000</i> (Audited)</b>	<b>For the six months ended 30 June 2017 <i>HK\$'000</i> (Unaudited)</b>
Revenue	276,825	395,781	268,364
Profit before tax	19,836	37,667	9,268
Profit after tax	15,317	31,174	7,467
	<b>As at 31 December 2015 <i>HK\$'000</i> (Audited)</b>	<b>As at 31 December 2016 <i>HK\$'000</i> (Audited)</b>	<b>As at 30 June 2017 <i>HK\$'000</i> (Unaudited)</b>
Consolidated net asset value attributable to owners of the Company	66,969	90,135	87,746

Your attention is drawn to the financial information of the Group set out in Appendix II to this Composite Document.

## LETTER FROM THE BOARD

### Shareholding Structure of the Company

The shareholding structure of the Company as at the Latest Practicable Date is as follows:

	<i>Number of Shares</i>	<i>% of issued Shares</i>
The Offeror and parties acting in concert with it	862,400,000	70
The Vendor	61,600,000	5
Other Shareholders	<u>308,000,000</u>	<u>25</u>
<b>Total</b>	<u><u>1,232,000,000</u></u>	<u><u>100</u></u>

### INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

Your attention is drawn to the sections headed “Information on the Offeror” and “Future Intentions of the Offeror” in the letter from GF Securities as set out in this Composite Document. The Board is aware of the intentions of the Offeror in respect of the Group, including the intention to nominate new Directors to the Company, and is willing to render reasonable cooperation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

### MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

As stated in the letter from GF Securities as set out in this Composite Document, the Offeror intends the Company to remain listed on Stock Exchange. Each of the director of the Offeror and the new Directors to be appointed to the Board has jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

## LETTER FROM THE BOARD

### ADVICE AND RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out in this Composite Document which contains the recommendation of the Independent Board Committee in respect of the Offer. Your attention is also drawn to the letter from the Independent Financial Adviser set out in this Composite Document, which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the Offer and the principal factors and reasons it has considered before arriving at its advice.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to, and which forms part of, this Composite Document. You are also recommended to read carefully this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,  
For and on behalf of the Board of  
**FDB Holdings Limited**  
**NG Kin Siu**  
*Chairman of the Board and Executive Director*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



**FDB Holdings Limited**  
**豐展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1826)**

15 December 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
FOR AND ON BEHALF OF GENTLE SOAR LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY GENTLE SOAR LIMITED AND  
PARTIES ACTING IN CONCERT  
WITH IT) OF FDB HOLDINGS LIMITED**

**INTRODUCTION**

We refer to the composite offer and response document dated 15 December 2017 issued jointly by the Offeror and the Company (the “**Composite Document**”) of which this letter forms part. Terms defined in the Composite Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer.

VBG Capital has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Offer.

We wish to draw your attention to the letter from GF Securities, the letter from the Board and the letter from the Independent Financial Adviser as set out in the Composite Document as well as the additional information set out in the Appendices to this Composite Document.

Your attention is also drawn to the sections headed “Information on the Offeror” and “Future Intentions of the Offeror” in the letter from GF Securities as set out in this Composite Document. The Independent Board Committee is aware of the intentions of the Offeror in

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

respect of the Group, including the intention to nominate new Directors to the Company and the intention to carry out a detailed review on the existing principal businesses and operations, and the financial position of the Group.

### RECOMMENDATION

Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

Independent Shareholders are reminded to carefully monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offer.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold your investment in the Shares is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Offer. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document.

Yours faithfully,  
For and on behalf of  
Independent Board Committee of  
**FDB Holdings Limited**

**CHAN Chun Hong**  
*Independent non-  
executive Director*

**CHAN Kai Nang**  
*Independent non-  
executive Director*

**LAU Yiu Kit**  
*Independent non-  
executive Director*

**WU Chun Wah**  
*Independent non-  
executive Director*



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.*



建泉融資有限公司  
VBG Capital Limited

18/F., Prosperity Tower  
39 Queen's Road Central  
Hong Kong

15 December 2017

*To: The independent board committee of FDB Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
FOR AND ON BEHALF OF GENTLE SOAR LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR  
AGREED TO BE ACQUIRED BY  
GENTLE SOAR LIMITED AND PARTIES ACTING IN CONCERT WITH IT) OF  
FDB HOLDINGS LIMITED**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer, details of which are contained in the Composite Document dated 15 December 2017 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

The Company was informed by the Vendor that on 17 November 2017 (after trading hours), the Vendor, Mr. Ng and the Purchaser entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, being an aggregate of 862,400,000 Shares, at the aggregate consideration of HK\$469,000,000 (equivalent to approximately HK\$0.544 per Sale Share). The Sale Shares represent 70% of the entire issued share capital of the Company as at the Latest Practicable Date. Completion of the Sale and Purchase Agreement took place on 20 November 2017.

Immediately prior to Completion, none of the Purchaser, its ultimate beneficial owner and their respective parties acting in concert owned any Shares or any other convertible securities, options, warrants or derivatives in the Company. Immediately following Completion and as at the Latest Practicable Date, the Purchaser, its ultimate beneficial owner and their respective parties acting in concert own 862,400,000 Shares, representing 70% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Purchaser, or the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Offeror, is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and its parties acting in concert.

An Independent Board Committee comprising Mr. Chan Chun Hong, Mr. Chan Kai Nang, Mr. Lau Yiu Kit and Dr. Wu Chun Wah (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of VBG Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, apart from the existing engagement in connection with the Offer, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or parties acting in concert with any of them. We consider ourselves independent to form our opinion in respect of the Offer.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the management of the Group. We have assumed that all information and representations that have been provided by the management of the Group, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company and/or its advisers, which have been provided to us. Our opinion is based on the management of the Group's representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Offeror and parties acting in concert with it) have been arrived at after due

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Group and the Vendor), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Group and the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The Composite Document, for which all Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Offeror, Mr. Gao and parties acting in concert with any of them), is in compliance with the Listing Rules. The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief: (i) the information contained in the Composite Document (other than the information relating to the Offeror, Mr. Gao and parties acting in concert with any of them) is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in the Composite Document misleading; and (iii) all opinions expressed in the Composite Document (other than those expressed by the Offeror) have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror, the Vendor, Mr. Gao, Mr. Ng or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter of advice).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

Should there be any material changes to the information affecting our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

**(1) Background and terms of the Offer**

On 17 November 2017 (after trading hours), the Vendor, Mr. Ng and the Purchaser entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, being an aggregate of 862,400,000 Shares, at the aggregate consideration of HK\$469,000,000 (equivalent to approximately HK\$0.544 per Sale Share). The Sale Shares represent 70% of the entire issued share capital of the Company as at the Latest Practicable Date. Completion of the Sale and Purchase Agreement took place on 20 November 2017.

Immediately prior to Completion, none of the Purchaser, its ultimate beneficial owner and their respective parties acting in concert owned any Shares or any other convertible securities, options, warrants or derivatives in the Company. Immediately following Completion and as at the Latest Practicable Date, the Purchaser, its ultimate beneficial owner and their respective parties acting in concert own 862,400,000 Shares, representing 70% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Purchaser, or the Offeror, is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and its parties acting in concert on the following basis:

**For each Share held ..... HK\$0.544 in cash**

As at the Latest Practicable Date, the Company had 1,232,000,000 Shares in issue, and had no other outstanding warrants, derivatives, options, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Immediately after Completion, the Vendor continues to be the beneficial owner of the Remaining Shares, being 61,600,000 Shares and representing 5% of the entire issued share capital of the Company as at the Latest Practicable Date. The Vendor has irrevocably undertaken to and covenanted with the Offeror that, in respect of the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Remaining Shares, (i) it will not accept the Offer; and (ii) it will remain as the legal and beneficial owner of the Remaining Shares immediately after Completion up to and including the Closing Date.

Principal terms of the Offer are summarised in the “Letter from GF Securities” of and Appendix I to the Composite Document.

### (2) Financial information on the Group

The Company was listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8248) on 30 September 2015, and then transferred to the Main Board of the Stock Exchange (stock code: 1826) on 10 July 2017.

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.

Set out below is a summary of the consolidated financial information on the Group for each of the two years ended 31 December 2016 as extracted from the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”), the six months ended 30 June 2017 and the six months ended 30 June 2016 as extracted from the interim report of the Company for the six months ended 30 June 2017 (the “**2017 Interim Report**”):

	For the six months ended 30 June 2017 (unaudited) <i>HK\$’000</i>	For the six months ended 30 June 2016 (unaudited) <i>HK\$’000</i>	For the year ended 31 December 2016 (audited) <i>HK\$’000</i>	For the year ended 31 December 2015 (audited) <i>HK\$’000</i>
Revenue	268,364	134,887	395,781	276,825
Profit and total comprehensive income	7,467	5,876	31,174	15,317

As depicted by the above table, the Group’s total revenue increased by approximately 43.0% from approximately HK\$276.8 million for the year ended 31 December 2015 to approximately HK\$395.8 million for the year ended 31 December 2016. As referred to in the 2016 Annual Report, the increase was mainly due to the rise in demand for services resulting from the increase in the number of consulting projects in 2016. The Group’s profitability also expanded from 2015 to 2016 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 while there were no such expenses for the year ended 31 December 2016;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) the increase in the administrative expenses incurred by the Group for the year ended 31 December 2016; and (iii) the increase in revenue and gross profit for the year ended 31 December 2016.

For the six months ended 30 June 2017, the Group's revenue increased by approximately 99.0% from approximately HK\$134.9 million for the six months ended 30 June 2016 to approximately HK\$268.4 million. As referred to in the 2017 Interim Report, the increase was mainly due to the combined effect of (i) the increase in number of contracting projects with larger contract sum for the six months ended 30 June 2017; and (ii) the rise in revenue for consulting projects resulting from the increase in the number of consulting projects with larger contract sum awarded for the six months ended 30 June 2017. Owing to the increase in revenue and gross profit, the Group's profitability also expanded for the six months ended 30 June 2017 as compared to the corresponding period in the prior year.

### **(3) Industry overview**

According to the latest statistics released by the Census and Statistics Department of Hong Kong ("CSD") in September 2017, the total gross value of general trades construction works at locations other than sites remained relatively stable at around HK\$82,000 million from 2014 to 2016; whereas according to the latest statistics released by the CSD in November 2017, the total architectural, surveying and engineering design and consultancy fees fluctuated from approximately HK\$2,717 million in 2013 to approximately HK\$2,183 million in 2014, then to approximately HK\$2,425 million in 2015 and to approximately HK\$1,883 million in 2016. With the above being the case, we noted that there has been no material expansion in the relevant market demand of the construction sector. As extracted from the 2017 Policy Address of the Chief Executive of Hong Kong, for the construction sector, the Belt and Road Initiative has brought visions while the Guangdong-Hong Kong-Macao Bay Area Initiative has generated concrete opportunities and made it easier to achieve results. The PRC and Hong Kong signed an Agreement on Economic and Technical Co-operation under the Closer Economic Partnership Agreement on 28 June 2017, which expressly supports Hong Kong's participation in the development of pilot Free Trade Zones. The government will capitalise on the new opportunities and continue to assist the construction and related professional services sectors in their business development in the PRC, and will continue to discuss with the PRC various issues such as mutual recognition of professional qualifications, rationalisation of the work of "professionals" and "practitioners", and promote the "Hong Kong management model" already adopted in Qianhai, the PRC to other Free Trade Zones. The construction industry has been facing the challenges of high construction costs and labour shortage in recent years. Thus, the government is proactively promoting the adoption of technology and innovative construction methods to improve productivity and cost-effectiveness.

As of November 2017, there were 726 general building contractors registered under the Buildings Department of Hong Kong to carry out building works or street works other than specialised works and minor works as required by the Buildings Ordinance, compared to the total number of 682 as of July 2015. On the other hand, there is no

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

formal restriction for entry to the contracting business in Hong Kong. Foreign and local contractors are treated alike, and they are allowed to tender local public-sector projects. Given the above, competition tends to be intense in the construction sector.

The construction work carried out by the Group requires the engagement of various types of workers including but not limited to concreter, bricklayer, bar bender and fixer and general welder. According to the statistics released by the CSD, the average daily wages of the aforesaid worker types has increased significantly in the range of approximately 25% to 48% from August 2013 to August 2017. As compared to the increase in average wages, the fluctuation of construction material costs has been less significant during the same said period under review.

Moreover, in accordance with the 2018 Human Resources Projection Report published by the Labour and Welfare Bureau of Hong Kong (“LWB”), owing to the government’s investment on infrastructure, there has been increasing demand for construction workers and it is forecasted that the manpower demand for the construction industry and for construction, surveying and engineering services related to real estate and construction will be 315,190 and 25,800 by 2018, respectively. With the commencement of major infrastructure projects before 2018, the LWB expected that construction workers would be in consistent shortage. With reference also to the Forecast of Manpower Situation of Skilled Construction Workers released in December 2016 by the Construction Industry Council of Hong Kong (CIC), it is estimated that the additional skilled workers required per year will be approximately 10,000 to 15,000 in the next four years. With reference to another survey conducted by the Hong Kong Construction Association in April 2017, the shortage rate of construction workers was approximately 5.5%. The aforesaid forecasted increase in manpower demand and labour shortage are likely to fuel the increasing trend of the average workers’ wages and create challenges for the construction industry.

Based on the above results of our independent research, we are of the view that while the Group’s financial performance has been satisfactory in recent years, there has been no material expansion in the relevant market demand of the construction sector, and there are certain factors affecting the construction industry in Hong Kong, such as (i) the intense market competition; (ii) the continuously rising construction costs; and (iii) the labour shortage, which would exert pressure on the Group’s business, thereby creating uncertainty on the future prospects of the Group.

#### **(4) Information on the Offeror**

Set out below is the information on the Offeror as extracted from the “Letter from GF Securities” of the Composite Document:

Gentle Soar, the Offeror, is an investment holding company incorporated in the British Virgin Islands and is wholly and ultimately owned by Mr. Gao. Each of the Offeror and Mr. Gao is a third party independent of, and not acting in concert with, the Vendor. Immediately prior to Completion, none of the Offeror or Mr. Gao owned any Shares. Apart from the Sale Shares, none of the Offeror or Mr. Gao owned any Shares as at the Latest Practicable Date.

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Mr. Gao is the sole shareholder and sole director of the Offeror. Mr. Gao is an experienced business entrepreneur and is the founder of Dafy Group, which comprises Shenzhen Dafy Finance Holdings Co. Ltd., a company principally engaged in provision of financial technology and related services based in Shenzhen, the PRC, and its subsidiaries. Mr. Gao also has experience in properties investment and development in the PRC.

### (5) Intention of the Offeror in relation to the Group

The following information is extracted from the “Letter from GF Securities” of the Composite Document:

#### *Operational matters, employees and senior management*

It is the intention of the Offeror to continue the existing principal businesses of the Group. The Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development and will explore other business opportunities for the Group, including the feasibility of diversifying the income stream of the Group. In this regard, the Offeror may look into business and investment opportunities in different business areas and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, the Offeror had not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to any disposal, termination or scaling down of the Group’s existing business, or any disposal, restructuring or re-deployment of the Group’s assets.

Save for the Offeror’s intention to nominate Directors to the Board and as detailed in the paragraph below, the Offeror does not intend to introduce any major changes to the existing operating and management structure of the Group and intends to continue the employment of the existing employees of the Group.

#### *Proposed change of Board composition*

The Board is currently made up of seven Directors, comprising three executive Directors, namely, Mr. Ng, Mr. Chung Yuk Ming Christopher and Mr. Ip Kong Ling, and four independent non-executive Directors, namely, Mr. Chan Chun Hong, Mr. Chan Kai Nang, Mr. Lau Yiu Kit and Dr. Wu Chun Wah. It is expected that all executive Directors (except Mr. Ng) will resign from the Board with effect from a date no earlier than the Closing Date or at a date as permitted under the Takeovers Code. The Offeror intends to nominate Mr. Gao, Ms. Zhu Wenhui (“**Ms. Zhu**”) and Mr. Qi Gang (“**Mr. Qi**”) as the new executive Directors with effect from a date no earlier than the date of the Composite Document or at a date as permitted under the Takeovers Code. The candidates of other new Directors to be nominated are yet to be determined.



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The biography of Mr. Gao is set out under the sub-section headed “Information on the Offeror” of this letter of advice. As for the respective biography of Ms. Zhu and Mr. Qi, please refer to the “Letter from GF Securities” of the Composite Document.

### **(6) Maintaining the listing status of the Company**

The Offeror intends the Company to remain listed on the Stock Exchange. Each of the director of the Offeror and the new Directors to be appointed to the Board has jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose.

### **(7) The Offer Price**

The Offer Price of HK\$0.544 per Share represents:

- (a) a discount of approximately 2.86% to the closing price of HK\$0.56 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a premium of approximately 4.62% over the closing price of HK\$0.52 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 27.40% over the average closing price of approximately HK\$0.427 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 42.60% over the average closing price of approximately HK\$0.382 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 643.56% over the audited net asset value per Share of approximately HK\$0.073 based on the Company’s audited net asset value of approximately HK\$90,135,000 as at 31 December 2016 and 1,232,000,000 Shares in issue as at the Latest Practicable Date; and
- (f) a premium of approximately 663.80% over the unaudited net asset value per Share of approximately HK\$0.071 based on the Company’s unaudited net asset value of approximately HK\$87,746,000 as at 30 June 2017 and 1,232,000,000 Shares in issue as at the Latest Practicable Date.

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### *Historical price performance of the Shares*

The highest and lowest closing prices and the average daily closing price of the Shares as quoted on the Stock Exchange in each month during the period commencing from 1 November 2016 up to and including the Latest Practicable Date (the “**Review Period**”) are shown as follows:

Month	Highest closing price (HK\$)	Lowest closing price (HK\$)	Average daily closing price (HK\$)	No. of trading days in each month
<i>2016</i>				
November	0.250	0.239	0.244	22
December	0.245	0.230	0.239	20
<i>2017</i>				
January	0.285	0.236	0.251	19
February	0.355	0.285	0.315	20
March	0.350	0.290	0.327	23
April	0.340	0.305	0.324	17
May	0.355	0.315	0.332	20
June	0.365	0.295	0.339	22
July	0.445	0.320	0.385	21
August	0.400	0.340	0.362	22
September	0.430	0.305	0.356	21
October	0.370	0.295	0.342	20
1 November to 17 November (i.e. the Last Trading Day)	0.520	0.295	0.366	13
18 November to 30 November (Note)	0.600	0.540	0.577	7
December (up to and including the Latest Practicable Date)	0.560	0.550	0.558	8

*Source: the Stock Exchange web-site (www.hkex.com.hk)*

*Note:* Trading in the Shares was halted from 20 November 2017 to 21 November 2017 (both dates inclusive) pending the release of the Joint Announcement.

As illustrated by the above table, the Offer Price was above the historical closing prices of the Shares, which ranged from HK\$0.230 to HK\$0.520 per Share, for the period from 1 November 2016 to the Last Trading Day (the “**Historical Period**”). After the publication of the Joint Announcement and up till the Latest Practicable Date, the closing prices of the Shares surged to the highest of HK\$0.600 per Share on 24 November 2017 and 27 November 2017. As confirmed by the Directors, the Company was not aware of any events which would have led to such

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surge in Share price save for the announcement of the Offer. The Directors are thus of the view that the aforesaid surge in Share price after the publication of the Joint Announcement may serve as a proof for the positive market perception towards the Offer.

### *Historical trading liquidity of the Shares*

The number of trading days, the average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to (i) the total number of issued Shares held by the public as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the Latest Practicable Date during the Review Period are tabulated as below:

Month	No. of trading days in each month	Average daily trading volume (the "Average Volume") <i>Number of Shares</i>	Approximate % of the Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date <i>(Note 2)</i>	Approximate % of the Average Volume to total number of issued Shares as at the Latest Practicable Date <i>(Note 3)</i>
			%	%
<i>2016</i>				
November	22	1,519,091	0.49	0.12
December	20	433,500	0.14	0.04
<i>2017</i>				
January	19	2,282,105	0.74	0.19
February	20	2,558,000	0.83	0.21
March	23	2,021,661	0.66	0.16
April	17	727,059	0.24	0.06
May	20	1,400,000	0.45	0.11
June	22	3,125,000	1.01	0.25
July	21	7,708,095	2.50	0.63
August	22	1,179,091	0.38	0.10
September	21	1,477,143	0.48	0.12
October	20	1,628,000	0.53	0.13
1 November to 17 November (i.e. the Last Trading Day)	13	10,572,308	3.43	0.86
18 November to 30 November ( <i>Note 1</i> )	7	33,477,400	10.87	2.72

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Month	No. of trading days in each month	Average daily trading volume (the "Average Volume") <i>Number of Shares</i>	Approximate % of the Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date <i>(Note 2)</i>	Approximate % of the Average Volume to total number of issued Shares as at the Latest Practicable Date <i>(Note 3)</i>
December (up to and including the Latest Practicable Date)	8	3,681,250	1.20	0.30

*Source: the Stock Exchange web-site (www.hkex.com.hk)*

*Notes:*

1. Trading in the Shares was halted from 20 November 2017 to 21 November 2017 (both dates inclusive) pending the release of the Joint Announcement.
2. Based on 308,000,000 Shares held by the public as at the Latest Practicable Date.
3. Based on 1,232,000,000 Shares in issue as at the Latest Practicable Date.

We noted from the above table that trading in the Shares had been very thin during the Review Period, especially during the Historical Period. Given that the Shares are highly illiquid, the disposal of large block of Shares held by the Shareholders in the open market would likely to trigger price slump of the Shares.

For the above reason, there is no guarantee that the surge in Share price after the publication of the Joint Announcement as highlighted under the sub-section headed "Historical price performance of the Shares" of this letter of advice will sustain and the Independent Shareholders will be able to realise their investments in the Shares (especially those with relatively sizeable shareholdings) at a price higher than the Offer Price. We, therefore, consider that the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

Nonetheless, if any Independent Shareholders who would like to realise their investments in the Shares are able to identify potential purchaser(s) to acquire for their Shares at a price higher than the Offer Price, those Independent Shareholders may consider not accepting the Offer but selling their Shares to such potential purchaser(s), as they wish to do so and as they think fit having regard to their own circumstances, in case the net proceeds from the sale of their Shares to such potential purchaser(s) would exceed the net amount receivable under the Offer.

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Furthermore, those Independent Shareholders who, after reading through the Composite Document and this letter of advice, in particular the financial information on the Group, the information on the Offeror and the future intentions of the Offeror in relation to the Company, are optimistic about the future prospects of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares. However, in view of that (i) as illustrated under the subsection headed “Industry overview” of this letter of advice, there are certain factors affecting the construction industry in Hong Kong which would exert pressure on the Group’s business; (ii) although Mr. Gao, Ms. Zhu and Mr. Qi are experienced entrepreneurs, their past experience may not be directly related to the construction industry in Hong Kong; (iii) it is expected that all executive Directors (except Mr. Ng) will resign from the Board; and (iv) the Offeror will, following completion of the Offer, conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development and will explore other business opportunities for the Group, including the feasibility of diversifying the income stream of the Group, we consider that the future prospects of the Group after the Offer may be uncertain. At the same time, it is expected that Mr. Ng, the existing executive Director and chairman of the Board, will remain in office after the Closing Date. In addition, save for the Offeror’s intention to nominate new Directors to the Board as mentioned above, the Offeror does not intend to introduce any major changes to the existing operating and management structure of the Group and intends to continue the employment of the existing employees of the Group. Accordingly, the Independent Shareholders should carefully consider the relevant risks and uncertainties based on their risk preference and tolerance level.

### *Comparison with other comparable companies*

To further assess the fairness and reasonableness of the Offer Price, we have researched for Hong Kong listed companies with size of market capitalisation being comparable to the Company, i.e. between HK\$200 million and HK\$800 million, and are engaged in similar lines of business as the Company (for details, please refer to the below table). There are six comparable listed companies which met our selection criteria (the “**Comparable Companies**”) and we consider those Comparable Companies to be fair, representative and exhaustive samples. Nevertheless, it should be noted that the operations and prospects of the Comparable Companies are not the same as the Company and we have not conducted any in-depth investigation into the businesses, operations and prospects of the Comparable Companies.

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The following table sets out (a) the price to book ratio (“P/B”) and price to earnings ratio (“P/E”) of the Comparable Companies based on their closing price as at the Latest Practicable Date and their latest published financial information; and (b) the implied P/B and P/E of the Company based on the Offer Price and its latest published financial information:

Company name (Stock code)	Principal business	P/B (times)	P/E (times)	Market capitalisation based on closing price of shares as at the Latest Practicable Date (HK\$ million)
Thelloy Development Group Limited (1546)	A Hong Kong-based investment holding company principally engaged in the provision of property construction services	3.28	16.35	408
IBI Group Holdings Limited (1547)	A Hong Kong-based independent building contractor	2.15	24.69	316
Shun Wo Group Holdings Limited (1591)	A contractor of foundation works in Hong Kong	2.56	20.20	404
Milestone Builder Holdings Limited (1667)	An investment holding company principally involved in the construction business in Hong Kong	2.27	41.74	340
Ching Lee Holdings Limited (3728)	Principally engaged in the provision of construction and consultancy works and project management services in Hong Kong	4.34	16.08	410
Super Strong Holdings Limited (8262)	Operates as a contractor in the Hong Kong construction industry	2.13	55.41	328
	<b>Maximum</b>	<b>4.34</b>	<b>55.41</b>	
	<b>Minimum</b>	<b>2.13</b>	<b>16.08</b>	
	<b>Mean</b>	<b>2.79</b>	<b>29.08</b>	
	<b>Median</b>	<b>2.42</b>	<b>22.44</b>	
<b>The Company</b>	<b>A Hong Kong-based investment holding company principally engaged in the provision of contracting and consultancy services related to construction engineering</b>	<b>7.64</b>	<b>21.76</b>	<b>690</b>

Source: the Stock Exchange web-site ([www.hkex.com.hk](http://www.hkex.com.hk))

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As shown by the above table, the Comparable Companies were trading at P/B ranging from approximately 2.13 times to approximately 4.34 times. The implied P/B of the Company (based on the Offer Price) of approximately 7.64 times is hence above the said market range and is better than the normal market practice. With regard to P/E, the Comparable Companies were trading at P/E ranging from approximately 16.08 times to approximately 55.41 times. The implied P/E of the Company (based on the Offer Price) of approximately 21.76 times is hence within the said market range and follows the normal market practice. In this relation, we also noted that the P/E of Super Strong Holdings Limited (stock code: 8262) is relatively higher than those of the other Comparable Companies. As such, we consider using the median P/E of the Comparable Companies for comparison purpose would be more meaningful and the implied P/E of the Company (based on the Offer Price) is just slightly below the median P/E of the Comparable Companies.

### RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

- (i) as illustrated under the sub-section headed “Industry overview” of this letter of advice, there are certain factors affecting the construction industry in Hong Kong which would exert pressure on the Group’s business, thereby creating uncertainty on the future prospects of the Group;
- (ii) the Offer Price was above the historical closing prices of the Shares during the Historical Period;
- (iii) the disposal of large block of Shares held by the Shareholders in the open market may trigger price slump of the Shares as a result of the thin trading volume of the Shares;
- (iv) the implied P/B of the Company (based on the Offer Price) is above the market P/B range of the Comparable Companies and hence is better than normal market practice;
- (v) the implied P/E of the Company (based on the Offer Price) is within the market P/E range and is just slightly below the median P/E of the Comparable Companies, hence follows the market practice,

we consider that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

**However, we would also like to remind the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sales exceed the net amount receivable under the Offer.**

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the intentions of the Offeror in relation to the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer. Further terms and conditions of the Offer are set out in the “Letter from GF Securities” of and Appendix I to the Composite Document.

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As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,  
For and on behalf of  
**VBG Capital Limited**  
**Doris Sing**  
*Director*



**1. PROCEDURES FOR ACCEPTANCE OF THE OFFER**

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "**FDB Holdings Limited — Offer**" in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**FDB Holdings Limited — Offer**" the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**FDB Holdings Limited — Offer**" the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC to accept the Offer on your behalf on or before the deadline set out by HKSCC. In order to meet the deadline set by HKSCC, you should check with your licensed securities dealer/registered institution in securities/custodian bank

for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your Investor Participant Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System no later than the deadline set out by HKSCC.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**FDB Holdings Limited — Offer**” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to the Offeror and/or GF Securities or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**FDB Holdings Limited — Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (f) You have to insert the total number of Shares for which the Offer is accepted on the Form of Acceptance.
  - (i) If no number is specified or, the total number of Shares specified is greater than the number of Shares tendered, as supported by the Share certificate(s), transfer receipt(s) and/or any other documents of title (and/or satisfactory indemnity or indemnities required in respect thereof), you are deemed to have accepted the Offer in respect of the Shares as shall be equal to the number of the Shares tendered by you, as supported by the Share certificate(s), transfer receipt(s) and/or any other documents of title; and

- (ii) if the number specified in the Form of Acceptance is smaller than the number of Shares tendered, as supported by the Share certificate(s), transfer receipt(s) and/or any other documents of title, you are deemed to have accepted the Offer in respect of the Shares as shall be equal to the number of the Shares specified in the Form of Acceptance.
- (g) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with Note 1 to Rule 30.2 of the Takeovers Code), and the Registrar has recorded that the acceptance and any relevant documents required, under paragraph (h) below have been so received.
- (h) Acceptance of the Offer may not be counted as valid unless the Form of Acceptance is duly completed and signed and is:
  - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph under this paragraph (h)); or
  - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (i) No acknowledgement of receipt of any Form(s) of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

**2. SETTLEMENT**

- (a) If you accept the Offer, settlement of the consideration, less seller's ad valorem stamp duty, will be made by cheque as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of the duly completed Form of Acceptance together with all the valid requisite documents from the Independent Shareholders accepting the Offer in compliance with Note 1 of Rule 30.2 of the Takeovers Code. Each cheque will be despatched by ordinary post to the address specified on the relevant Independent Shareholder's Form of Acceptance at his/her/its own risk.
- (b) No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.
- (c) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) The Offer is made on 15 December 2017, namely the date of despatch of this Composite Document, and are capable of acceptance on and from this date.
- (b) Unless the Offer has previously been revised or extended with the consent of the Executive, all Form(s) of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the respective Forms of Acceptance and the Offer will be closed on the Closing Date.
- (c) If the Offer is extended, the announcement of such extension will state the next closing date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Independent Shareholders before the Offer is closed. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (d) If the Closing Date is extended, any references in this Composite Document and the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

**4. ANNOUNCEMENTS**

- (a) By 6:00 p.m. on 5 January 2018, being the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offer has been revised, extended or closed.

The announcement will state the total number of Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

The announcement will also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold. The announcement will also specify the percentages of the issued share capital of the Company and the percentages of voting rights represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and satisfy the acceptance conditions set out in paragraph 1 of this Appendix and which have been received by the Registrar or the Company (as the case may be) no later than 4:00 p.m. on 5 January 2018, being the Closing Date and the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

**5. NOMINEE REGISTRATION**

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

**6. RIGHT OF WITHDRAWAL**

- (i) Acceptance of the Offer tendered by the Independent Shareholders or by their respective agent(s) on their behalf shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (ii) below.
- (ii) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcements” in this Appendix above, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Forms of Acceptance to the relevant Independent Shareholder(s).

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn. By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

**7. OVERSEAS SHAREHOLDERS**

The Offer is made available to all the Independent Shareholders, including the Overseas Shareholders. The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

**8. STAMP DUTY**

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer (or part thereof) at a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the Shareholders, or if higher, the market value of the Shares subject to such acceptance, will be deducted from the amount payable to those relevant Shareholders who accept the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

**9. TAX IMPLICATIONS**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, GF Capital, GF Securities and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

**10. GENERAL**

- (i) All communications, notices, Form(s) of Acceptance, share certificates, title document(s), transfer receipt(s) and/or any other document(s) of title and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Company, GF Capital, GF Securities and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer, accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (ii) The provisions set out in the accompanying Form(s) of Acceptance form part of the terms of the Offer.
- (iii) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (iv) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

- (v) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person or persons has accepted the Offer.
- (vi) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company:
  - (a) that such Offer Shares acquired under the Offer are sold by the Shareholders free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto on the Closing Date or subsequently becoming attached to them, including, without limitation, in the case of the Shares, the rights to receive all future dividends and/or other distributions declared, paid or made, if any, on or after the Closing Date; and
  - (b) that if such Shareholder accepting the Offer is an Overseas Shareholder, he/she has observed the laws of all relevant territories, obtained all requisite governmental, exchange control or other consents, complied with all requisite formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him/her in connection with such acceptance in any territory, that he/she has not taken or omitted to take any action which will or may result in the Offeror, the Company, GF Capital, GF Securities or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or his/her acceptance thereof, and is permitted under all applicable laws to accept the Offer and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.
- (vii) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (viii) Reference to the Offer in this Composite Document and in the Form(s) of Acceptance shall include any extension or revision thereof.



## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017, which is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the unaudited consolidated financial statements of the Group as set forth in the interim report of the Company for the six months ended 30 June 2017. The auditor's reports issued by Deloitte Touche Tohmatsu in respect of the Group's audited consolidated financial statements for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 did not contain any qualifications.

	For the year ended 31 December 2014 <i>HK\$'000</i> (Audited)	For the year ended 31 December 2015 <i>HK\$'000</i> (Audited)	For the year ended 31 December 2016 <i>HK\$'000</i> (Audited)	For the six months ended 30 June 2017 <i>HK\$'000</i> (Unaudited)
Turnover	199,554	276,825	395,781	268,364
Net profit before taxation	23,214	19,836	37,667	9,268
Income tax expense	4,094	4,519	6,493	1,801
Net profit after taxation	19,120	15,317	31,174	7,467
Net profit attributable to				
Shareholders	19,120	15,317	31,174	7,467
Amount absorbed by dividends	—	22,000	8,008	9,856
Earnings per Share ( <i>HK Cents</i> )	1.8	1.4	2.5	0.6
Dividends per Share ( <i>HK Cents</i> )	—	0.65	0.8	—

During the years ended 31 December 2014, 2015 and 2016 and during the six months ended 30 June 2017, the Group incurred listing expenses of nil, approximately HK\$10.1 million, nil and nil, respectively. The listing on the Growth Enterprise Market of the Stock Exchange took place on 30 September 2015. Save as aforesaid, there were no items which were exceptional because of size, nature or incidence in respect of the consolidated financial results of the Group for each of the aforesaid period.

## 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2016

The following is the full text of the audited consolidated financial statements of the Group for the year ended 31 December 2016 as extracted from the annual report of the Company for the year ended 31 December 2016.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2016*

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Revenue	6	395,781	276,825
Cost of services		<u>(329,300)</u>	<u>(228,665)</u>
Gross profit		66,481	48,160
Other income	7	38	176
Other losses	8	(326)	(21)
Listing expenses		—	(10,094)
Administrative expenses		(27,913)	(17,019)
Finance costs	9	<u>(613)</u>	<u>(1,366)</u>
Profit before tax	10	37,667	19,836
Income tax expense	13	<u>(6,493)</u>	<u>(4,519)</u>
Profit and total comprehensive income for the year		<u><u>31,174</u></u>	<u><u>15,317</u></u>
Earnings per share, basic ( <i>HK cents</i> )	14	<u><u>2.5</u></u>	<u><u>1.4</u></u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>Non-current asset</b>			
Property, plant and equipment	15	<u>3,378</u>	<u>2,590</u>
<b>Current assets</b>			
Amounts due from customers for contract works	16	84,897	49,055
Trade and other receivables	17	72,244	60,323
Tax recoverable		99	—
Pledged bank deposits	18	18,424	3,500
Bank balances and cash	18	<u>48,987</u>	<u>34,057</u>
		<u>224,651</u>	<u>146,935</u>
<b>Current liabilities</b>			
Trade and other payables	19	120,722	68,650
Advances from customers	19	10,509	10,220
Tax liabilities		1,951	3,498
Bank borrowings	20	<u>4,424</u>	<u>—</u>
		<u>137,606</u>	<u>82,368</u>
<b>Net current assets</b>		<u>87,045</u>	<u>64,567</u>
<b>Total assets less current liabilities</b>		<u>90,423</u>	<u>67,157</u>
<b>Non-current liability</b>			
Deferred tax liabilities	21	<u>288</u>	<u>188</u>
<b>Net assets</b>		<u><u>90,135</u></u>	<u><u>66,969</u></u>
<b>Capital and reserves</b>			
Share capital	22	12,320	12,320
Reserves		<u>77,815</u>	<u>54,649</u>
<b>Total equity</b>		<u><u>90,135</u></u>	<u><u>66,969</u></u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note a)	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2015	1,000	—	—	40,554	41,554
Adjustments arising from the Group					
Reorganisation (Note a)	(1,000)	—	1,000	—	—
Issue of ordinary shares (Note 22)	1,541	36,960	—	—	38,501
Capitalisation issue (Note 22)	10,779	(10,779)	—	—	—
Transaction costs attributable to issue of new ordinary shares	—	(4,741)	—	—	(4,741)
Deemed distribution to a shareholder (Note b)	—	—	—	(1,662)	(1,662)
Dividends recognised as distribution (Note 12)	—	—	—	(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
Dividends recognised as distribution (Note 12)	—	—	—	(8,008)	(8,008)
Profit and total comprehensive income for the year	—	—	—	31,174	31,174
At 31 December 2016	<u>12,320</u>	<u>21,440</u>	<u>1,000</u>	<u>55,375</u>	<u>90,135</u>

## Notes:

- (a) 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.
- (b) 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. The total number of shares 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 Holdings Limited (“**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.

**CONSOLIDATED STATEMENTS OF CASH FLOWS***For the year ended 31 December 2016*

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	37,667	19,836
Adjustments for:		
Depreciation of property, plant and equipment	1,005	717
Finance costs	613	1,366
Impairment losses recognised on trade receivables	322	—
Interest income	(26)	(8)
Bad debts recovered	—	(85)
Net loss on write off of property, plant and equipment	—	10
	<hr/>	<hr/>
Operating cash flows before movements in working capital	39,581	21,836
Increase in amounts due from customers for contract works	(35,842)	(4,818)
Increase in trade and other receivables	(12,243)	(4,825)
Decrease in amounts due to customers for contract works	—	(1,039)
Increase in trade and other payables and advance from customers	52,361	16,010
	<hr/>	<hr/>
Cash generated from operations	43,857	27,164
Income tax paid	(8,039)	(7,579)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>35,818</b>	<b>19,585</b>
<b>INVESTING ACTIVITIES</b>		
Placement of pledged bank deposits	(14,924)	(3,500)
Purchase of property, plant and equipment	(1,793)	(1,414)
Interest income	26	8
Advances to related parties	—	(822)
Repayments from related parties	—	4,219
Advance to a director	—	(23,347)
Repayment from a director	—	5,701
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(16,691)</b>	<b>(19,155)</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS***For the year ended 31 December 2016*

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>FINANCING ACTIVITIES</b>		
Bank borrowings raised	44,727	—
Repayment of bank borrowings	(40,303)	(10,004)
Dividend paid	(8,008)	—
Interest paid	(613)	(1,366)
Proceeds from issue of shares	—	38,501
Expenses on issue of shares	—	(4,741)
Distribution to a shareholder	—	(1,662)
	<u>          </u>	<u>          </u>
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<u>(4,197)</u>	<u>20,728</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	14,930	21,158
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<u>34,057</u>	<u>12,899</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		
represented by bank balances and cash	<u><u>48,987</u></u>	<u><u>34,057</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2016*

**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 GEM of the Stock Exchange since 30 September 2015. Its parent is 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**

To rationalise the corporate structure in preparation for the proposed 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**”).

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.

Details of the Group Reorganisation are set out in Note 2 to section A of the Accountants’ Report of the Company included in Appendix I to the Company’s prospectus dated 23 September 2015.

Upon the completion of the Group Reorganisation on 31 March 2015, the Company became the holding company of the companies now comprising the Group. 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 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 2015 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 since 1 January 2015, or since their respective dates of incorporation, where this is a shorter period.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### New and amendments to HKFRSs issued but not yet effective

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017.

#### 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.



### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### HKFRS 15 Revenue from Contracts with Customers (Continued)

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

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

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

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

#### HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### HKFRS 16 Leases (Continued)

As at 31 December 2016, the Group has non-cancellable operating lease commitments of approximately HK\$5,668,000 as disclosed in Note 25. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

The directors of the Company do not anticipate that the application of other new and amendments to HKFRSs will have a material impact on the Group’s consolidated financial statements.

### 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 consolidated financial statements have been prepared on the historical cost basis. 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 these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, 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 *Impairment of 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.

The principal accounting policies are set out below.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and 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 statement of profit or loss and other comprehensive income from the date the Group gains control 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 statement 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 is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

The Group's policy for the recognition of revenue from construction services is described in the accounting policy for construction contracts below.

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

**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Revenue recognition (Continued)**

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 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. 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

**Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)****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 statement 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 statement of financial position and the corresponding tax bases 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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.

**Property, plant and equipment**

Property, plant and equipment are stated in the consolidated statement 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 assets 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.

**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Equity-settled share-based payment transactions**

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

**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 debt instrument 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, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (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.

**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.

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.

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 past the average credit period 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. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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 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.

*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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities at amortised cost*

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

**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial instruments (Continued)***Financial liabilities and equity instruments (Continued)**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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Impairment on tangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets 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 following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Revenue and profit recognition of contracting service and amounts due from customers for contract works**

The Group recognises contract revenue and profit of contracting service and amounts due from customers for contract works according to the Group's management's estimation of the total outcome of the contracting service contracts as well as the percentage of completion of contracting service which is measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. 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.

Management is also required to exercise significant judgement in their assessment of the completeness and accuracy of forecast costs to complete and the ability to deliver contracts within forecast timescales.

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 have significant impact on revenue and profit recognised and the amounts due from customers for contract works.

### **Estimated impairment of trade receivables**

In determining the recoverability of trade receivables, the management considers any changes in the creditability of its customers and assesses the recoverable amount of each individual receivable at the end of the reporting period 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, or being revised downward due to changes in facts and circumstances, a material impairment loss/further impairment loss may arise.

As at 31 December 2016, the carrying amounts of trade receivables of the Group was approximately HK\$54,847,000 (net of allowance for doubtful debts of HK\$322,000) (2015: carrying amount of HK\$44,273,000, net of allowance for doubtful debts of nil).

## 6. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), 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").

**6. 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 2016**

	<b>Contracting service HK\$'000</b>	<b>Consultancy service HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue	<u>333,372</u>	<u>62,409</u>	<u>395,781</u>
Segment profit	<u>43,077*</u>	<u>23,082</u>	66,159
Unallocated income			38
Unallocated expenses			<u>(28,530)</u>
Profit before tax			<u>37,667</u>

\* Impairment losses on trade receivables of HK\$322,000, which were included in other losses in the consolidated statement of profit or loss and other comprehensive income, were allocated to the contracting service segment.

**For the year ended 31 December 2015**

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

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 CODM for the purposes of resources allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

**Geographical information**

The Group principally operates in Hong Kong (country of domicile of major operating subsidiaries). Over 98% (2015: 100%) of the Group's revenue from external customers is attributed to the group entities' countries of domicile (i.e. Hong Kong). All of the Group's non-current assets are located in Hong Kong for both years.

**6. REVENUE AND SEGMENT INFORMATION (Continued)****Information about major customers**

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

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Customer 1	81,851	N/A <sup>1</sup>
Customer 2	48,351	37,981
Customer 3	45,650	N/A <sup>1</sup>
Customer 4	N/A <sup>1</sup>	50,583
Customer 5	N/A <sup>1</sup>	31,526

<sup>1</sup> 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 for both years.

**7. OTHER INCOME**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Bank interest income	26	8
Bad debts recovered	—	85
Others	12	83
	<u>38</u>	<u>176</u>

**8. OTHER LOSSES**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Impairment losses recognised on trade receivables	322	—
Net foreign exchange losses	4	11
Net loss on write off of property, plant and equipment	—	10
	<u>326</u>	<u>21</u>

## 9. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	356	188
Bank overdrafts	23	7
Advances from customers wholly repayable within five years ( <i>Note 19(b)</i> )	234	1,171
	<u>613</u>	<u>1,366</u>

## 10. PROFIT BEFORE TAX

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Directors' emoluments ( <i>Note 11</i> )	6,764	2,798
Salaries and other allowances	62,302	42,069
Retirement benefit scheme contributions, excluding those of directors	2,095	1,544
	<u>71,161</u>	<u>46,411</u>
Total staff costs	71,161	46,411
Less: amounts included in cost of services	<u>(55,981)</u>	<u>(40,365)</u>
	<u>15,180</u>	<u>6,046</u>
Auditors' remuneration	980	780
Depreciation of property, plant and equipment	1,005	717
Operating lease rentals in respect of		
— Office premises	3,383	3,098
— Director's quarter (included in directors' emoluments)	720	900
	<u>720</u>	<u>900</u>

## 11. 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 2016*

	Fees <i>HK\$'000</i>	Salaries and other allowances <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i> <i>(Note a)</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Executive directors:</b>					
Ng Kin Siu ( <i>chairman</i> ) ( <i>Note b</i> )	—	3,300	825	18	4,143
Lai Pak Wei ( <i>Note c</i> )	—	1,240	305	18	1,563
Chung Yuk Ming, Christopher ( <i>Note d</i> )	—	500	100	8	608
<b>Independent non-executive directors:</b>					
Chan Chun Hong ( <i>Note e</i> )	150	—	—	—	150
Chan Kai Nang ( <i>Note e</i> )	150	—	—	—	150
Lau Yiu Kit ( <i>Note e</i> )	150	—	—	—	150
	<u>450</u>	<u>5,040</u>	<u>1,230</u>	<u>44</u>	<u>6,764</u>

*For the year ended 31 December 2015*

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

*Notes:*

- (a) The discretionary bonus is determined with consideration of the performance for the years of the entities.

**11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)****Directors (Continued)**

*Notes: (Continued)*

- (b) Mr. Ng Kin Siu was appointed as the executive director 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 director of the Company on 15 May 2015.
- (d) Mr. Chung Yuk Ming, Christopher, is the project director of the Group and he was appointed as the executive director of the Company on 9 August 2016. His emoluments disclosed above only included emoluments as executive director for the period from 9 August 2016 to 31 December 2016.
- (e) Mr. Chan Chun Hong, Mr. Chan Kai Nang and Mr. Lau Yiu Kit were appointed as independent non-executive directors of the Company on 16 September 2015.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

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 during the current and prior years.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the current and prior years.

**Employees**

The five highest paid employees of the Group during the year included three directors (2015: two directors), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2015: three) highest paid employees who are neither a director nor chief executive of the Company and the remuneration of Mr. Chung Yuk Ming, Christopher for the period from 1 January 2016 to 8 August 2016 as the project director of the Group are as follows:

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other allowances	3,094	2,733
Discretionary bonus	655	296
Retirement benefit scheme contributions	47	54
	<u>3,796</u>	<u>3,083</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	<b>2016</b>	<b>2015</b>
	<i>No. of employees</i>	<i>No. of employees</i>
HK\$ Nil to HK\$1,000,000	Nil	1
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	<u>1</u>	<u>Nil</u>

## 12. DIVIDENDS

	2016 HK\$'000	2015 HK\$'000
Dividends recognised as distribution during the year:		
2015 Final — HK0.65 cents per share (2014: nil)	8,008	—
2015 dividend ( <i>Note</i> )	—	10,000
2015 special ( <i>Note</i> )	—	12,000
	<u>8,008</u>	<u>22,000</u>

*Note:* Fruit Design and the Company declared and paid the dividend and special dividend of HK\$10,000,000 and HK\$12,000,000, respectively, during the year ended 31 December 2015. The rates of dividend and the number of shares ranking for dividend are not presented as such information is not considered meaningful for the purpose of these consolidated financial statements.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2016 of HK0.80 cents (2015: final dividend in respect of the year ended 31 December 2015 of HK0.65 cents) per ordinary share, in an aggregate amount of HK\$9,856,000 (2015: HK\$8,008,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## 13. INCOME TAX EXPENSE

	2016 HK\$'000	2015 HK\$'000
Income tax		
Current year	6,463	4,923
Overprovision in prior years	(70)	(404)
	<u>6,393</u>	<u>4,519</u>
Deferred tax ( <i>Note 21</i> )	100	—
Income tax expense	<u>6,493</u>	<u>4,519</u>

The Group is subject to Hong Kong Profits 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 statement of profit or loss and other comprehensive income as follows:

	2016 HK\$'000	2015 HK\$'000
Profit before tax	<u>37,667</u>	<u>19,836</u>
Tax charge at Hong Kong Profits Tax Rate of 16.5%	6,215	3,272
Tax effect of expenses not deductible for tax purpose	254	1,731
Overprovision in respect of prior years	(70)	(404)
Others	94	(80)
Tax expense for the year	<u>6,493</u>	<u>4,519</u>

**14. EARNINGS PER SHARE**

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

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	<u>31,174</u>	<u>15,317</u>
	<b>2016</b> <i>'000</i>	<b>2015</b> <i>'000</i>
<b>Number of shares</b>		
Number of ordinary shares (2015: weighted average number of ordinary shares) for the purpose of basic earnings per share	<u>1,232,000</u>	<u>1,117,238</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2015 has been determined on the assumption that the Group Reorganisation and the capitalisation issue had been effective on 1 January 2015.

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

**15. PROPERTY, PLANT AND EQUIPMENT**

	<b>Leasehold improvements</b> <i>HK\$'000</i>	<b>Furniture and fixtures</b> <i>HK\$'000</i>	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Office equipment</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>COST</b>					
As at 1 January 2015	478	201	596	1,260	2,535
Additions	477	158	—	779	1,414
Written off	<u>(14)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14)</u>
As at 31 December 2015	941	359	596	2,039	3,935
Additions	<u>228</u>	<u>30</u>	<u>757</u>	<u>778</u>	<u>1,793</u>
As at 31 December 2016	<u>1,169</u>	<u>389</u>	<u>1,353</u>	<u>2,817</u>	<u>5,728</u>
<b>DEPRECIATION</b>					
As at 1 January 2015	36	23	261	312	632
Provided for the year	150	53	179	335	717
Eliminated on written off	<u>(4)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4)</u>
As at 31 December 2015	182	76	440	647	1,345
Provided for the year	<u>222</u>	<u>74</u>	<u>209</u>	<u>500</u>	<u>1,005</u>
As at 31 December 2016	<u>404</u>	<u>150</u>	<u>649</u>	<u>1,147</u>	<u>2,350</u>
<b>CARRYING VALUE</b>					
As at 31 December 2016	<u>765</u>	<u>239</u>	<u>704</u>	<u>1,670</u>	<u>3,378</u>
As at 31 December 2015	<u>759</u>	<u>283</u>	<u>156</u>	<u>1,392</u>	<u>2,590</u>



**15. PROPERTY, PLANT AND EQUIPMENT (Continued)**

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%

**16. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	710,686	427,291
Less: progress billings	<u>(625,789)</u>	<u>(378,236)</u>
	<u>84,897</u>	<u>49,055</u>
Analysed for reporting purposes as:		
Amounts due from customers for contract works	<u>84,897</u>	<u>49,055</u>

Included in amounts due from customers for contract works are retention held by customers for contract works in relation to incomplete projects amounted to approximately HK\$20,598,000 and HK\$9,194,000 as at 31 December 2016 and 2015, respectively, which were expected to be recovered or settled in more than twelve months from the end of corresponding reporting periods.

**17. TRADE AND OTHER RECEIVABLES**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Trade receivables	55,169	44,273
Retention receivables	9,475	12,115
Less: allowance for doubtful debts	<u>(613)</u>	<u>(291)</u>
	<u>64,031</u>	<u>56,097</u>
Other receivables, deposits and prepayments		
— Prepayment	5,420	1,534
— Sundry deposits	1,936	2,601
— Temporary payment	847	79
— Other receivables	<u>10</u>	<u>12</u>
	<u>8,213</u>	<u>4,226</u>
	<u>72,244</u>	<u>60,323</u>

*Note:* All retention money in relation to completed projects as at 31 December 2016 were expected to be recovered or settled within twelve months from the end of the reporting period.

**17. TRADE AND OTHER RECEIVABLES (Continued)**

The Group allows average credit period ranging from 0 to 45 days to its customers. The following is an aged analysis of the Group's trade receivables net of allowance for doubtful debts presented based on certificate/invoice dates.

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Trade receivables:		
1-30 days	39,511	26,553
31-60 days	6,628	9,312
61-90 days	664	790
91-180 days	3,032	2,210
Over 180 days	<u>5,012</u>	<u>5,408</u>
	<u>54,847</u>	<u>44,273</u>

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK\$33,592,000 (2015: HK\$32,534,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Overdue:		
1-30 days	24,502	15,418
31-60 days	1,196	9,030
Over 60 days	<u>7,894</u>	<u>8,086</u>
	<u>33,592</u>	<u>32,534</u>

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

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

**Movement in the allowance for doubtful debts**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
At beginning of year	291	2,365
Impairment losses recognised	322	—
Amounts written off as uncollectible	—	(1,989)
Amounts recovered during the year	<u>—</u>	<u>(85)</u>
Balance at end of year	<u>613</u>	<u>291</u>

**18. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH**

As at 31 December 2016, deposits amounting to HK\$12,024,000 (2015: nil) and HK\$6,400,000 (2015: HK\$3,500,000) have been pledged to banks to secure banking facilities granted to the Group and guarantee line for issuing surety bonds (Note 24), respectively. 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:

	2016	2015
Range of interest rates per annum:		
Pledged bank deposits	N/A to 0.119%	0.01%
Bank balances	<u>0.001% to 0.02%</u>	<u>0.001% to 0.01%</u>

**19. TRADE AND OTHER PAYABLES/ADVANCES FROM CUSTOMERS**

	2016 HK\$'000	2015 HK\$'000
Trade payables	24,430	17,632
Retention payables (Note a)	13,225	10,166
Accrued subcontracting charges and other operating expenses	75,155	40,122
Deposits from customers	<u>7,912</u>	<u>730</u>
	120,722	68,650
Advances from customers (Note b)	<u>10,509</u>	<u>10,220</u>
	<u>131,231</u>	<u>78,870</u>

*Notes:*

- (a) Approximately HK\$6,412,000 and HK\$6,195,000 as at 31 December 2016 and 2015 respectively were aged more than twelve months from the end of the reporting periods. All retention payables as at 31 December 2016 were expected to be paid or settled within twelve months from the end of the corresponding reporting period.
- (b) Advances from customers are unsecured and will be utilised to set off progress billings. Included in the balance, approximately HK\$3,000,000 (2015: HK\$10,220,000) carry interest at a rate of 3% (2015: ranging from 7% to 8%) and the remaining balance is interest-free.

The 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:

	2016 HK\$'000	2015 HK\$'000
Trade payables:		
1–30 days	15,624	5,568
31–60 days	2,067	3,084
61–90 days	550	2,089
Over 90 days	<u>6,189</u>	<u>6,891</u>
	<u>24,430</u>	<u>17,632</u>

**20. BANK BORROWINGS**

The variable-rate bank borrowings are repayable as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Carrying amount of bank loans that are repayable on demand or within one year (shown under current liabilities)	<u>4,424</u>	<u>—</u>
Analysed as:		
Secured	2,000	—
Unsecured	<u>2,424</u>	<u>—</u>
	<u>4,424</u>	<u>—</u>

As at 31 December 2016, the Group entered into various borrowings with the banks, mainly to finance its business operations. Such borrowings had been secured by the pledged bank deposits (Note 18).

As at 31 December 2016, the Group's variable-rate bank borrowings are all denominated in HK\$ and carry interest at rates ranging from HK\$ prime rate minus 3% to HK\$ prime rate plus 0.5% per annum.

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

	<b>2016</b>	<b>2015</b>
Variable-rate per annum:		
Bank borrowings	<u>2.25%-5.50%</u>	<u>N/A</u>

**21. DEFERRED TAX LIABILITIES**

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

	<b>Accelerated tax depreciation</b> <i>HK\$'000</i>
At 1 January 2015 and 31 December 2015	188
Charged to consolidated statement of profit or loss (Note 13)	<u>100</u>
At 31 December 2016	<u>288</u>

**22. SHARE CAPITAL**

	<b>Number of Shares</b>	<b>Amount</b> <i>HK\$'000</i>
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)	<u>3,962,000,000</u>	<u>39,620</u>
At 31 December 2015 and 2016	<u>4,000,000,000</u>	<u>40,000</u>

## 22. SHARE CAPITAL (Continued)

	Number of Shares	Amount HK\$'000
Issued and fully paid:		
1 share allotted and issued on the date of incorporation ( <i>Note a</i> )	1	—
Issue of share on 31 March 2015 pursuant to the Group Reorganisation ( <i>Note a</i> )	1	—
Issue of shares on 16 September 2015 ( <i>Note c</i> )	99,998	1
Issue of share on 30 September 2015 ( <i>Note d</i> )	154,000,000	1,540
Capitalisation issue ( <i>Note e</i> )	<u>1,077,900,000</u>	<u>10,779</u>
At 31 December 2015 and 2016	<u><u>1,232,000,000</u></u>	<u><u>12,320</u></u>

*Notes:*

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

## 23. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (“**MPF 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\$1,500 per month for each employee, which contribution is matched by employees.

**24. 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 and secured by pledged bank deposits (Note 18). In addition, the Group provided a counter-indemnity to the financial institutions that issue such surety bonds.

As at 31 December 2016, the outstanding amount of surety bonds of the Group was approximately HK\$11,600,000 (2015: HK\$3,473,000).

**25. 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:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Within one year	4,020	2,936
In the second to fifth year inclusive	<u>1,648</u>	<u>336</u>
	<u><u>5,668</u></u>	<u><u>3,272</u></u>

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

**26. 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 20, net of cash and cash equivalents and equity, comprising paid in capital and reserves.

**27. FINANCIAL INSTRUMENTS****27a. Categories of financial instruments**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>Financial assets</b>		
Loans and receivables (including bank balances and cash)	<u>134,235</u>	<u>96,346</u>
<b>Financial liabilities</b>		
Amortised cost	<u>42,079</u>	<u>27,798</u>

**27b. Financial risk management objectives and policies**

The Group's major financial instruments include 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 management manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**27. FINANCIAL INSTRUMENTS (Continued)****27b. 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 variable-rate bank balances, pledged bank deposits and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and pledged bank deposits and Hong Kong Interbank Offer Rate ("HIBOR") and HK\$ prime 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 of the Company consider that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balances and pledged bank deposits and the HIBOR and HK\$ prime rate on bank borrowings is minimal. Accordingly, no sensitivity analysis is prepared and presented.

*Credit risk*

As at 31 December 2016, 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 represents the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liability in relation to financial guarantee issued by the Group as disclosed in Note 24.

In order to minimise the credit risk, the management of the Group has 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 Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 December 2016 and 2015 on trade and retention receivables from the Group's five major customers amounting to HK\$23,897,000 and HK\$16,683,000 respectively and accounted for 37% and 30% of the Group's total trade and retention receivables. The major customers of the Group are certain reputable organisations. The directors of the Company 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.

*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. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

## 27. FINANCIAL INSTRUMENTS (Continued)

## 27b. Financial risk management objectives and policies (Continued)

*Liquidity risk (Continued)**Liquidity table*

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying value HK\$'000
<b>At 31 December 2016</b>				
Trade and other payables	—	37,655	37,655	37,655
Variable-rate bank borrowings	2.58	4,424	4,424	4,424
Financial guarantee contract (Note)	—	11,600	11,600	—
		<u>53,679</u>	<u>53,679</u>	<u>42,079</u>
	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying value HK\$'000
<b>At 31 December 2015</b>				
Trade and other payables	—	27,798	27,798	27,798
Financial guarantee contract (Note)	—	3,473	3,473	—
		<u>31,271</u>	<u>31,271</u>	<u>27,798</u>

*Note:* 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 (Note 24). The amount included above for financial guarantee contract represented the amount of counter-indemnity the Group provided to the financial institutions that issue such surety bonds.

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 2016, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK\$4,428,000. Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid within one year after the end of the reporting period 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	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
<b>At 31 December 2016</b>					
Bank borrowings — variable rate	2.58	3,816	612	4,428	4,424
		<u>3,816</u>	<u>612</u>	<u>4,428</u>	<u>4,424</u>



**27. FINANCIAL INSTRUMENTS (Continued)****27c. 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.

**28. RELATED PARTY DISCLOSURES**

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group entered into the following material transactions with related parties:

**(a) Compensation of key management personnel**

The Directors are identified as key management members of the Company, and their compensation during the year were set out in Note 11.

- (b) During the year ended 31 December 2015, the surety bonds were 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 securities were released on 15 September 2015.

**29. 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.

**30. 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.

## 31. 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 2016	2015		
FDB & Associates	BVI/Hong Kong 25 February 2015	100%	100%	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	Inactive*
Win Lee (Project Team B)	Hong Kong 14 April 2014	100%	100%	Ordinary shares HK\$1	Inactive

\* Sky Global was engaged in contracting business and project management mainly for property refurbishment and renovation in 2015. It became inactive in 2016.

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

## 32. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2016 HK\$'000	2015 HK\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	—	—
<b>Current assets</b>		
Other receivables and prepayments	233	233
Amount due from a subsidiaries	46,821	44,400
	<u>47,054</u>	<u>44,632</u>
<b>Current liabilities</b>		
Amount due to a subsidiary	—	—
<b>Net current assets</b>	<u>47,054</u>	<u>44,632</u>
<b>Net assets</b>	<u>47,054</u>	<u>44,632</u>
<b>Capital and reserves</b>		
Share capital (Note 22)	12,320	12,320
Reserves	34,734	32,312
<b>Total equity</b>	<u>47,054</u>	<u>44,632</u>

**Movement in the Company's reserve**

	Share Capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Issue of ordinary shares (Note 22)	1,541	36,960	—	38,501
Capitalisation issue (Note 22)	10,779	(10,779)	—	—
Transaction costs attributable to issue of new ordinary shares	—	(4,741)	—	(4,741)
Deemed distribution to a shareholder	—	—	(1,662)	(1,662)
Dividends recognised as distribution (Note 12)	—	—	(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
Dividends recognised as distribution (Note 12)	—	—	(8,008)	(8,008)
Profit and total comprehensive income for the year	—	—	10,430	10,430
At 31 December 2016	<u>12,320</u>	<u>21,440</u>	<u>13,294</u>	<u>47,054</u>

### 3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2017

The following is the full text of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 as extracted from the interim report of the Company for the six months ended 30 June 2017.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2017*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	268,364	134,887
Cost of services		<u>(244,136)</u>	<u>(114,536)</u>
Gross profit		24,228	20,351
Other income	5	181	13
Administrative expenses		(15,032)	(12,713)
Finance costs	6	<u>(109)</u>	<u>(304)</u>
Profit before tax	7	9,268	7,347
Income tax expense	8	<u>(1,801)</u>	<u>(1,471)</u>
Profit and total comprehensive income for the period		<u><u>7,467</u></u>	<u><u>5,876</u></u>
Earnings per share, basic ( <i>HK cents</i> )	10	<u><u>0.6</u></u>	<u><u>0.5</u></u>

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

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
<b>Non-current asset</b>			
Property, plant and equipment		<u>3,196</u>	<u>3,378</u>
<b>Current assets</b>			
Amounts due from customers for contract works		103,813	84,897
Trade and other receivables	11	99,416	72,244
Tax recoverable		99	99
Pledged bank deposits		27,475	18,424
Bank balances and cash		<u>18,789</u>	<u>48,987</u>
		<u>249,592</u>	<u>224,651</u>
<b>Current liabilities</b>			
Trade and other payables	13	133,934	120,722
Advances from customers		1,233	10,509
Tax liabilities		3,752	1,951
Bank borrowings	12	<u>25,835</u>	<u>4,424</u>
		<u>164,754</u>	<u>137,606</u>
<b>Net current assets</b>		<u>84,838</u>	<u>87,045</u>
<b>Total assets less current liabilities</b>		<u>88,034</u>	<u>90,423</u>
<b>Non-current liability</b>			
Deferred tax liabilities		<u>288</u>	<u>288</u>
<b>Net assets</b>		<u><u>87,746</u></u>	<u><u>90,135</u></u>
<b>Capital and reserves</b>			
Share capital	14	12,320	12,320
Reserves		<u>75,426</u>	<u>77,815</u>
<b>Total equity</b>		<u><u>87,746</u></u>	<u><u>90,135</u></u>

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

*For the six months ended 30 June 2017*

	<b>Share capital</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Other reserve</b> <i>HK\$'000</i>	<b>Retained earnings</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2017 (audited)	12,320	21,440	1,000	55,375	90,135
Profit and total comprehensive income for the period	—	—	—	7,467	7,467
Dividend ( <i>Note 9</i> )	—	—	—	(9,856)	(9,856)
At 30 June 2017 (unaudited)	<u>12,320</u>	<u>21,440</u>	<u>1,000</u>	<u>52,986</u>	<u>87,746</u>
At 1 January 2016 (audited)	12,320	21,440	1,000	32,209	66,969
Profit and total comprehensive income for the period	—	—	—	5,876	5,876
Dividend	—	—	—	(8,008)	(8,008)
At 30 June 2016 (unaudited)	<u>12,320</u>	<u>21,440</u>	<u>1,000</u>	<u>30,077</u>	<u>64,837</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2017*

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> (Unaudited)	<b>2016</b> <i>HK\$'000</i> (Unaudited)
Net cash used in operating activities	<u>(32,235)</u>	<u>(5,726)</u>
Net cash used in investing activities	<u>(9,408)</u>	<u>(12,480)</u>
Net cash generated from financing activities	<u>11,445</u>	<u>5,113</u>
<b>Net decrease in cash and cash equivalent</b>	(30,198)	(13,093)
<b>Cash and cash equivalents at beginning of the period</b>	<u>48,987</u>	<u>34,057</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>18,789</u></u>	<u><u>20,964</u></u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

### 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 March 2015. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is located at 6/F, The Sun's Group Centre, 200 Gloucester Road, Wan Chai, Hong Kong. The shares of the Company have been listed on the Growth Enterprise Market ("**GEM**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 September 2015 (the "**Listing**"). The share of the Company has been transferred from GEM to the Main Board of the Stock Exchange ("**Main Board**") on 10 July 2017 (the "**Transfer of Listing**"). Its parent is Masterveyor Holdings Limited ("**Masterveyor**"), a private company incorporated in the British Virgin Islands ("**BVI**"). Its ultimate controlling party is Mr. Ng Kin Siu, who is also the Chairman and Executive Director of the Company.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in provision of building consultancy services, contracting business and project management.

The consolidated financial statements are presented in Hong Kong Dollar ("**HK\$**"), which is the same as the functional currency of the Company and its subsidiaries. All values are rounded to the nearest thousand except when otherwise stated.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Main Board Listing Rules**") or Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") (which was applicable during the Relevant Period prior to the Transfer of Listing).

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2016.

In current period, HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. There have been no significant changes to the accounting policies applied in these financial statements for the period presented as a result of these developments.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention. The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgements in the process of applying the Group's accounting policies.

The unaudited condensed consolidated financial statements have not been audited or reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.



**3. REVENUE**

Revenue represents the fair value of amounts received and receivable for services rendered by the Group to outside customers, less discount. Information reported to the Company's executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

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

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

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> (Unaudited)	<b>2016</b> <i>HK\$'000</i> (Unaudited)
Contracting services	238,825	109,080
Consulting services	<u>29,539</u>	<u>25,807</u>
	<u><u>268,364</u></u>	<u><u>134,887</u></u>

**4. REVENUE AND SEGMENT INFORMATION**

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

	<b>Contracting services</b> <i>HK\$'000</i> (Unaudited)	<b>Consulting services</b> <i>HK\$'000</i> (Unaudited)	<b>Total</b> <i>HK\$'000</i> (Unaudited)
<b>For the six months ended 30 June 2017</b>			
<b>Revenue</b>			
Segment revenue	<u>238,825</u>	<u>29,539</u>	<u>268,364</u>
Segment profit	<u>18,904</u>	<u>5,324</u>	24,228
Unallocated income			181
Unallocated expenses			<u>(15,141)</u>
Profit before tax			9,268
Income tax expense			<u>(1,801)</u>
Profit for the period			<u><u>7,467</u></u>

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	<b>Contracting services</b> <i>HK\$'000</i> (Unaudited)	<b>Consulting services</b> <i>HK\$'000</i> (Unaudited)	<b>Total</b> <i>HK\$'000</i> (Unaudited)
<b>For the six months ended 30 June 2016</b>			
<b>Revenue</b>			
Segment revenue	<u>109,080</u>	<u>25,807</u>	<u>134,887</u>
Segment profit	<u>14,002</u>	<u>6,349</u>	20,351
Unallocated income			13
Unallocated expenses			<u>(13,017)</u>
Profit before tax			7,347
Income tax expense			<u>(1,471)</u>
Profit for the period			<u><u>5,876</u></u>

## 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> (Unaudited)	<b>2016</b> <i>HK\$'000</i> (Unaudited)
Bank interest income	10	13
Others	<u>171</u>	<u>—</u>
	<u><u>181</u></u>	<u><u>13</u></u>

## 6. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> (Unaudited)	<b>2016</b> <i>HK\$'000</i> (Unaudited)
Interest on:		
Bank borrowing wholly repayable within five years	78	62
Bank overdraft	5	8
Advances from customers wholly repayable within five years	<u>26</u>	<u>234</u>
	<u><u>109</u></u>	<u><u>304</u></u>

## 7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Profit before tax has been arrived at after charging:		
Directors' emoluments	3,180	3,253
Salaries and other allowances	39,437	24,445
Retirement benefit scheme contributions, excluding those of directors	<u>1,390</u>	<u>882</u>
Total staff costs	44,007	28,580
Less: amounts included in cost of services	<u>(36,350)</u>	<u>(22,637)</u>
	<u>7,657</u>	<u>5,943</u>
Depreciation of property, plant and equipment	549	458
Operating lease rentals in respect of		
— Office premises	1,867	1,618
— Director's quarter (included in directors' emoluments)	<u>360</u>	<u>360</u>

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Hong Kong profit tax	<u>1,801</u>	<u>1,471</u>

The Group is subject to Hong Kong profit tax at a rate of 16.5% on the estimated assessable profits for the reporting periods.

## 9. INTERIM DIVIDEND

On 28 April 2017, it is approved the payment of a final dividend of HK\$9,856,000 (HK0.8 cents per ordinary share) to the Company's shareholders whose names appear on the register of members of the Company on 16 May 2017. The aforementioned dividends are paid on 26 May 2017.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017.

**10. EARNINGS PER SHARE**

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

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> (Unaudited)	<b>2016</b> <i>HK\$'000</i> (Unaudited)
<b>Earnings:</b>		
Earnings for the purpose of calculating basic earnings per share	<u>7,467</u>	<u>5,876</u>
<b>Number of shares:</b>		
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,232,000</u>	<u>1,232,000</u>
<b>Earnings per share, basic (HK cents):</b>	<u>0.6</u>	<u>0.5</u>

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

**11. TRADE AND OTHER RECEIVABLES**

	<b>30 June</b> <b>2017</b> <i>HK\$'000</i> (Unaudited)	<b>31 December</b> <b>2016</b> <i>HK\$'000</i> (Audited)
	Trade receivables	71,647
Retention receivables ( <i>Note</i> )	16,619	9,475
Less: allowance for doubtful debts	<u>(613)</u>	<u>(613)</u>
	<u>87,653</u>	<u>64,031</u>
Other receivables, deposits and prepayments		
— Prepayment	8,772	5,420
— Sundry deposits	2,124	1,936
— Temporary payment	867	847
— Other receivables	<u>—</u>	<u>10</u>
	<u>11,763</u>	<u>8,213</u>
	<u>99,416</u>	<u>72,244</u>

*Note:* All retention money in relation to completed projects as at 30 June 2017 were expected to be recovered or settled within twelve months from the end of the reporting period.

**11. TRADE AND OTHER RECEIVABLES (CONTINUED)**

The Group allows average credit period normally ranging from 0 to 45 days to its customers. The following is an aged analysis of the Group's trade receivables net of allowance for doubtful debts presented based on certificate/invoice dates.

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables:		
1–30 days	41,645	39,511
31–60 days	7,341	6,628
61–90 days	3,532	664
91–180 days	12,130	3,032
Over 180 days	<u>6,999</u>	<u>5,012</u>
	<u><u>71,647</u></u>	<u><u>54,847</u></u>

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK\$44,125,000 and HK\$33,592,000 at 30 June 2017 and 31 December 2016 respectively which are past due as at the reporting date for which the Group has not provided for impairment loss. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Overdue:		
1–30 days	21,358	24,502
31–60 days	2,571	1,196
Over 60 days	<u>20,196</u>	<u>7,894</u>
	<u><u>44,125</u></u>	<u><u>33,592</u></u>

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

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
At beginning of period/year	613	291
Impairment losses recognised	<u>—</u>	<u>322</u>
Balance at end of the period/year	<u><u>613</u></u>	<u><u>613</u></u>

**12. BANK BORROWINGS**

The variable-rate bank borrowings are repayable as follows:

	<b>30 June 2017</b> <i>HK\$'000</i> (Unaudited)	<b>31 December 2016</b> <i>HK\$'000</i> (Audited)
Carrying amount of bank loans that are repayable on demand or within one year (shown under current liabilities)	<u>25,835</u>	<u>4,424</u>
Analysed as:		
Secured	25,835	2,000
Unsecured	<u>—</u>	<u>2,424</u>
	<u><u>25,835</u></u>	<u><u>4,424</u></u>

*Notes:*

As at 30 June 2017, the Group entered into various borrowings with the banks, mainly to finance its business operations. Such borrowings had been secured by the pledged bank deposits.

As at 30 June 2017, the Group's variable-rate bank borrowings are all denominated in HK\$ and carry interest at rates ranging from HIBOR plus 1.8% to HK\$ prime rate minus 1.5% per annum.

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

	<b>30 June 2017</b>	<b>31 December 2016</b>
Variable-rate per annum:		
Bank borrowings	<u>2.22%–3.75%</u>	<u>2.25%–5.50%</u>

**13. TRADE AND OTHER PAYABLES/ADVANCES FROM CUSTOMERS**

	<b>30 June 2017</b> <i>HK\$'000</i> (Unaudited)	<b>31 December 2016</b> <i>HK\$'000</i> (Audited)
Trade payables	31,530	24,430
Retention payables ( <i>Note a</i> )	18,986	13,225
Accrued subcontracting charges and other operating expenses	79,914	75,155
Other payables and deposit from customers	<u>3,504</u>	<u>7,912</u>
	133,934	120,722
Advances from customers ( <i>Note b</i> )	<u>1,233</u>	<u>10,509</u>
	<u><u>135,167</u></u>	<u><u>131,231</u></u>

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

Notes:

- (a) Approximately HK\$6,139,000 and HK\$6,412,000 as at 30 June 2017 and 31 December 2016 respectively were aged more than twelve months from the end of the reporting periods. All retention payables as at 30 June 2017 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 and will be utilised to set off progress billings. The amount of approximately HK\$1,233,000 is interest-free (2016: approximately HK\$3,000,000 carry interest at a rate of 3% and the remaining balance is interest-free).

The credit period granted by the suppliers and subcontractors on trade payables is normally 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:

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables:		
1–30 days	25,800	15,624
31–60 days	1,216	2,067
61–90 days	1,493	550
Over 90 days	<u>3,021</u>	<u>6,189</u>
	<u>31,530</u>	<u>24,430</u>

**14. SHARE CAPITAL**

	<b>Number of Shares</b>	<b>Amount <i>HK\$'000</i></b>
Ordinary shares of HK\$0.01 each		
Authorised:		
On date of incorporation on 19 March 2015 ( <i>Note a</i> )	38,000,000	380
Increase on 16 September 2015 ( <i>Note b</i> )	<u>3,962,000,000</u>	<u>39,620</u>
As at 31 December 2016 and 30 June 2017	<u>4,000,000,000</u>	<u>40,000</u>
Issued and fully paid:		
1 share allotted and issued on the date of Incorporation ( <i>Note a</i> )	1	—
Issue of share on 31 March 2015 pursuant to the Reorganisation ( <i>Note a</i> )	1	—
Issue of shares on 16 September 2015 ( <i>Note c</i> )	99,998	1
Issue of shares on 30 September 2015 ( <i>Note d</i> )	154,000,000	1,540
Capitalisation issue ( <i>Note e</i> )	<u>1,077,900,000</u>	<u>10,779</u>
As at 31 December 2016 and 30 June 2017	<u>1,232,000,000</u>	<u>12,320</u>

**14. SHARE CAPITAL (CONTINUED)**

*Notes:*

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

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

- (b) Pursuant to the written resolutions passed by the sole shareholder on 16 September 2015, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares to HK\$40,000,000 divided into 4,000,000,000 ordinary shares by the creation of additional 3,962,000,000 new ordinary shares which shall, when issued, rank pari passu in all respects with the existing issued ordinary shares.
- (c) On 16 September 2015, the Company issued and allotted a further 99,998 share of HK\$0.01 each to Masterveyor.
- (d) On 30 September 2015, the Company placed 154,000,000 new share at HK\$0.25 per share for a total gross proceeds of approximately HK\$38,500,000 (the “**Placing**”).
- (e) Pursuant to the written resolutions passed by the sole shareholder of the Company on 21 September 2015, after the share premium account of the Company being credited as a result of the Placing of the Company’s shares, the directors were authorised to capitalise the amount of HK\$10,779,000 from the share premium account of the Company and to apply such amount as to pay up in full at par a total 1,077,900,000 ordinary shares of HK\$0.01 each for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 16 September 2015 in proportion to their then existing shareholdings in the Company.

**15. OPERATING LEASE COMMITMENTS****The Group as lessee**

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

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Audited)
Within one year	3,365	4,020
In the second to fifth year inclusive	<u>158</u>	<u>1,648</u>
	<u><u>3,523</u></u>	<u><u>5,668</u></u>

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



**16. RELATED PARTY DISCLOSURES****(a) Compensation of key management personnel**

The Directors are identified as key management members of the Company, and their compensation during the periods were set out as below.

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits	3,153	3,235
Contributions to defined contribution retirement plan	<u>27</u>	<u>18</u>
	<u><u>3,180</u></u>	<u><u>3,253</u></u>

#### 4. INDEBTEDNESS

As at the close of business on 31 October 2017, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Composite Document, apart from intra-group liabilities, unsecured and unguaranteed bank borrowings of HK\$45,781,000 and normal trade and other payables, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

#### 5. MATERIAL CHANGE

The Directors confirm that that save and except for the below, there was no material change in the financial or trading position or outlook of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) as a result of the combined effect of increase in the number of contracting projects with larger contract sum and increase in revenue for consulting projects, the Group's revenue increased by approximately 88% for the ten months ended 31 October 2017 as compared to the ten months ended 31 October 2016, leading to a corresponding increase in the Group's cost of services during the same period under review;
- (ii) the Group recorded a decrease in bank balances and cash by approximately 54% as at 31 October 2017 as compared to 31 December 2016 largely as a result of the additional working capital required to pay for the increase in the Group's cost of services; and
- (iii) the Group recorded an increase in bank borrowings by more than sevenfold as at 31 October 2017 as compared to 31 December 2016 largely as a result of the additional working capital required to pay for the increase in the Group's cost of services. Due to such increase in bank borrowings, the amount of pledged bank deposit of the Group as at 31 October 2017 increased by approximately 95% as compared to 31 December 2016.

**1.    RESPONSIBILITY STATEMENT**

The sole director of the Offeror, Mr. Gao, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Group and the Vendor) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group and the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any of the statements in this Composite Document misleading.

**2.    MARKET PRICES**

The table below shows the closing prices per Share on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

<b>Date</b>	<b>Closing price</b> <i>HK\$</i>
31 May 2017	0.33
30 June 2017	0.365
31 July 2017	0.41
31 August 2017	0.34
29 September 2017	0.37
31 October 2017	0.295
17 November 2017 (Last Trading Day)	0.52
30 November 2017	0.58
12 December 2017 (Latest Practicable Date)	0.56

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.60 per Share on 24 November 2017 and 27 November 2017; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.295 per Share on 28 June 2017, 31 October 2017 and 1 November 2017, respectively.

**3.    INTERESTS IN THE SECURITIES OF THE COMPANY**

(a) As at the Latest Practicable Date:

- (i) save for the Sale Shares, none of the Offeror or Mr. Gao was interested in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;

- (ii) save for the Sale Shares, none of the parties acting in concert with the Offeror owned or controlled any Shares, warrants, options, derivatives or securities carrying conversion or subscription rights into Shares.
- (b) As at the Latest Practicable Date, save for the irrevocable undertaking from the Vendor in respect of the non-acceptance of the Offer, the Offeror, Mr. Gao and parties acting in concert with any of them had not received any irrevocable commitment to accept or reject the Offer.
- (c) The Offeror, Mr. Gao and parties acting in concert with it had not borrowed or lent any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares during the Relevant Period.

#### **4. DEALINGS**

Save for the acquisition of the Sale Shares and the share charge executed pursuant to the standby loan facility granted by GF Securities in favour of the Offeror, none of the Offeror, Mr. Gao and parties acting in concert with any of them had dealt for value in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares during the Relevant Period.

#### **5. OTHER ARRANGEMENT IN RELATION TO THE OFFER**

- (a) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders of the Company on the other hand, having any connection with or dependence upon the Offer.
- (c) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror was a party which relates to circumstances in which it might or might not invoke or seek to invoke a condition to the Offer.
- (d) The Offeror has been granted a standby loan facility from GF Securities for financing, among others, the maximum consideration payable by the Offeror for the full acceptance of the Offer in respect of the 308,000,000 Offer Shares (not including the Remaining Shares). Pursuant to the arrangement of the standby loan facility, the Offeror has agreed to charge the Sale Shares and the Shares to be acquired pursuant to the Offer (if any) to GF Securities as collateral. As at the Latest Practicable Date, save for the above, the Offeror had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Offer to any other persons.

- (e) save for (i) the irrevocable undertaking from the Vendor in respect of the non-disposal of the Remaining Shares and the non-acceptance of the Offer; (ii) the standby loan facility granted to the Offeror by GF Securities; and (iii) the charge by the Offeror of the Sale Shares and the Shares to be acquired pursuant to the Offer (if any) to GF Securities, as at the Latest Practicable Date, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer.

## **6. QUALIFICATIONS AND CONSENT OF EXPERTS**

The following are the qualifications of GF Capital and GF Securities who have given opinions or advice which are contained or referred in this Composite Document:

<b>Name</b>	<b>Qualification</b>
GF Capital	a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror in respect of the Offer
GF Securities	a corporation licensed to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO

Each of GF Capital and GF Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and references to its name, in the form and context in which they respectively appear.

## **7. GENERAL**

- (a) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (b) Mr. Gao is the sole director and sole beneficial shareholder of the Offeror and his correspondence address is 30/F, China Merchants Tower, No.1166 Wanghai Road, Shekou District, Shenzhen City, Guangdong Province, the PRC.
- (c) The principal place of business of each of GF Capital and GF Securities is at 29/F–30/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.
- (d) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.

## **1.    RESPONSIBILITY STATEMENT**

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that relating to the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

## **2.    SHARE CAPITAL OF THE COMPANY**

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

<i>Authorised Share Capital:</i>	<i>HK\$</i>
<u>4,000,000,000</u> Shares	<u>40,000,000</u>
<i>Issued and Fully Paid-up Share Capital:</i>	
<u>1,232,000,000</u> Shares	<u>12,320,000</u>

The total number of issued Shares as at the end of the last financial year of the Company (being 31 December 2016) was 1,232,000,000 Shares.

All of the existing issued Shares currently in issue rank *pari passu* in all respects with each other, including all rights in respect of dividends, voting and interest in capital.

As at the Latest Practicable Date, the Company has no outstanding warrants, derivatives, share options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company has not entered into any agreement for the issue of any Shares or any warrants, derivatives, share options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

## **3.    INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

### **(a)    Interests and short positions of the Directors and chief executives in the Company and its associated corporations**

As at the Latest Practicable Date, save for the Remaining Shares held by the Vendor which is wholly and beneficially owned by Mr. Ng, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

**(b) Disclosure of interests of substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name	Capacity/ Nature of interest	Number of Shares held	Percentage to issued share capital of the Company (%)
The Offeror	Beneficial owner	862,400,000	70.0
Mr. Gao ( <i>Notes 1</i> )	Interest in controlled corporation	862,400,000	70.0
The Vendor	Beneficial owner	61,600,000	5.0
Mr. Ng ( <i>Note 2</i> )	Interest in controlled corporation	61,600,000	5.0
Wong Chai Lin ( <i>Note 3</i> )	Interest of spouse	61,600,000	5.0

*Notes:*

- (1) Mr. Gao is the beneficial owner of the Offeror and is deemed, or taken to be, interested in all the Shares in which the Offeror is interested for the purposes of the SFO.
- (2) Mr. Ng is the beneficial owner of the Vendor and is deemed, or taken to be, interested in all the Shares in which the Vendor is interested for the purposes of the SFO.
- (3) Ms. Wong Chai Lin is the spouse of Mr. Ng and is deemed, or taken to be, interested in all the Shares in which Mr. Ng is interested for the purposes of the SFO.

Save as disclosed herein, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

- (c) As at the Latest Practicable Date, save for the irrevocable undertakings from the Vendor in respect of the non-acceptance of the Offer, there were no persons who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares who had, prior to the posting of this Composite Document, irrevocably committed themselves to accept or reject the Offer.
- (d) As at the Latest Practicable Date, none of the subsidiaries of the Company or any pension funds of the Group nor any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (e) As at the Latest Practicable Date, no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (f) As at the Latest Practicable Date, no Shares or any convertible securities, warrants, options or derivatives in respect of any Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.
- (g) As at the Latest Practicable Date, neither the Company nor any of the Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

#### **4. OTHER DISCLOSURES**

- (a) As at the Latest Practicable Date, neither the Offeror, Mr. Gao or parties acting in concert with any of them had any arrangement with any other person of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.
- (b) As at the Latest Practicable Date, neither the Company nor any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code had any arrangement with any other person of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.
- (c) As at the Latest Practicable Date, neither the Company nor any of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.
- (d) As at the Latest Practicable Date, there were no material contracts entered into by the Offeror in which any of the Directors has a material personal interest.



**5.    DEALINGS IN THE SHARES**

(a)    During the Relevant Period:

- (i)    Save for the Sale Shares, none of the Directors had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (ii)    Neither the Company nor any of the Directors had dealt for value in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror; and
- (iii)    No person who had any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any parties acting in concert with it had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(b)    During the period from the commencement of the Offer Period to the Latest Practicable Date:

- (i)    None of the subsidiaries of the Company or any pension funds of the Group nor any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders) had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (ii)    No persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (iii)    No fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

**6.    DIRECTORS’ SERVICE CONTRACTS**

The Company has entered into a service contract or letter of appointment with the following Directors (i) which was entered into/amended within six months before the commencement of the Offer Period or (ii) for a fixed term of more than 12 months irrespective of notice period (in which case, the appointment shall be subject to the provision for retirement by rotation in the articles of association of the Company).

- Mr. Ng Kin Siu (吳建韶) has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from 30 September 2015 and renewable automatically until terminated by either party giving not less than three months' notice in writing, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. Under the service contract, Mr. Ng shall be entitled to an annual salary of HK\$3,300,000 and a management bonus as may be decided by the Board.
- Mr. Chung Yuk Ming Christopher (鍾育明) has entered into a service contract with the Company to act as an executive Director for a term of one year commencing from 9 August 2016 and renewable automatically until terminated by either party giving not less than three months' notice in writing, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. Under the service contract, Mr. Chung shall be entitled to an annual salary of HK\$1,200,000 and a management bonus as may be decided by the Board.
- Mr. Ip Kong Ling (葉江凌) has not entered into any service contract with the Company. His appointment has no fixed term and is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. Mr. Ip does not receive any director's fee from the Company other than the corresponding emoluments (including salary, performance bonus and benefits) received pursuant to his specific management position in the Company. Mr. Ip's remuneration will be determined by the Board with reference to his duties and responsibilities with the Group, the prevailing market rate and the remuneration policy of the Company.
- Mr. Chan Chun Hong (陳駿康) has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of three years commencing from 30 September 2015 subject to termination by either party giving three months' written notice and retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. Under the letter of appointment, Mr. Chan Chun Hong shall be entitled to an annual salary of HK\$150,000. The letter of appointment of Mr. Chan Chun Hong with the Company does not contain any variable amount of remuneration.
- Mr. Chan Kai Nang (陳啟能) has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of three years commencing from 30 September 2015 subject to termination by either party giving three months' written notice and retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. Under the letter of appointment, Mr. Chan Kai Nang shall be entitled to an annual salary of HK\$150,000. The letter of appointment of Mr. Chan Kai Nang with the Company does not contain any variable amount of remuneration.

- Mr. Lau Yiu Kit (劉耀傑) has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of three years commencing from 30 September 2015 subject to termination by either party giving three months' written notice and retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. Under the letter of appointment, Mr. Lau shall be entitled to an annual salary of HK\$150,000. The letter of appointment of Mr. Lau with the Company does not contain any variable amount of remuneration.
  
- Dr. Wu Chun Wah (鄔鎮華) has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of three years commencing from 3 November 2017 subject to termination by either party giving three months' written notice and retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. Under the letter of appointment, Dr. Wu shall be entitled to an annual salary of HK\$150,000. The letter of appointment of Dr. Wu with the Company does not contain any variable amount of remuneration.
  
- Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) has been entered into or amended within six months before the Offer Period, (ii) is a continuous contract with a notice period of 12 months or more, or (iii) is a fixed term contract with more than 12 months to run irrespective of the notice period.

## **7. MATERIAL CONTRACTS**

During the period within the two years before the commencement of the Offer Period and up to the Latest Practicable Date, the Group did not enter into any material contract (not being contracts entered into in the ordinary course of business).

## **8. QUALIFICATIONS AND CONSENT OF EXPERTS**

The following are the qualifications of the expert who was engaged by the Company and has been named in this Composite Document and has given opinion and letter contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
VBG Capital	a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities

VBG Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, VBG Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, VBG Capital did not have, directly or indirectly, any interest in any assets which had since 31 December 2016 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## **9. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or arbitration of material importance known to the Directors to be pending or threatened by or against any member of the Group.

## **10. MISCELLANEOUS**

- (a) None of the Directors will be or has been given any benefit (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offer.
- (b) There is no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (c) There is no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer and the consequences of its doing so.
- (d) There is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any parties acting in concert with it, on the one hand, and any Directors, recent Directors, Shareholders or recent Shareholders, on the other hand, having any connection with or dependence upon the Offer.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the 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; (ii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (iii) on the website of the Company ([www.fdbhk.com](http://www.fdbhk.com)) from the date of this Composite Document onwards for so long as the Offer remains open for acceptance:

- (a) the memorandum of association and articles of association of the Company;
- (b) the memorandum of association and articles of association of the Offeror;
- (c) the annual reports of the Company for each of the two financial years ended 31 December 2015 and 31 December 2016;
- (d) the interim report of the Company for the six months ended 30 June 2017;
- (e) the letter from GF Securities, the text of which is set out in this Composite Document;
- (f) the letter from the Board, the text of which is set out in this Composite Document;
- (g) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (h) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (i) the written consents referred to in the paragraph headed "Qualifications and Consent of Experts" in each of Appendices III and IV; and
- (j) the letters of appointment referred to in the paragraph headed "Directors' Service Contracts" in Appendix IV.