

THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Share Offer, 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 all your shares in Fraser Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser or the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Share Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and Form 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 Form of Acceptance.

FRASER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8366)

United Financial Holdings Group Limited

聯合金融控股集團有限公司

(Incorporated in Hong Kong with limited liability)

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF
UNITED FINANCIAL HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN
THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
UNITED FINANCIAL HOLDINGS GROUP LIMITED AND
THE PARTIES ACTING IN CONCERT WITH IT)**

Financial Adviser to the Offeror



英皇融資有限公司
Emperor Capital Limited

Independent Financial Adviser to the Independent Board Committee



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

A letter from Emperor Capital containing, among other things, details of the terms of the Share Offer is set out on pages 5 to 15 of this Composite Document. A letter from the Board is set out on pages 16 to 20 of this Composite Document. A letter from the Independent Board Committee containing its advice on the Share Offer to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages IFA-1 to IFA-21 of this Composite Document.

The procedures for acceptance and settlement of the Share Offer and other related information are set out on pages I-1 to I-8 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Share Offer should be received by the Registrar by not later than 4:00 p.m. on Thursday, 22 June 2017 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

Persons (including, without limitation, custodians, nominees and trustees) who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "6. Overseas Shareholders" of Appendix I to this Composite Document before taking any actions. It is the responsibility of each Overseas Shareholder wishing to accept the Share 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, regulatory and/or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Share Offer.

The Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.fraserholdings.com as long as the Share Offer remains open.

* *For identification purposes only*

1 June 2017

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the website of the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, Shareholders and prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and further announcement(s) will be made in the event of any changes when appropriate. Unless otherwise specified, all time and date in this Composite Document refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of this Composite Document and the Form of Acceptance (<i>Note 1</i>).....	Thursday, 1 June 2017
Share Offer open for acceptance (<i>Note 1</i>).....	Thursday, 1 June 2017
Latest time and date for acceptance of the Share Offer (<i>Note 2</i>).....	4:00 p.m. on Thursday, 22 June 2017
Closing Date of the Share Offer (<i>Note 2</i>).....	Thursday, 22 June 2017
Announcement of the results of the Share Offer as at the Closing Date to be posted on the website of the Stock Exchange (<i>Note 2</i>).....	Not later than 7:00 p.m. on Thursday, 22 June 2017
Latest date for posting of remittance for the amounts due under the Share Offer in respect of valid acceptances received under the Share Offer (<i>Note 3</i>)	Monday, 3 July 2017

Note 1: The Share Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Share Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed “4. Right of Withdrawal” in Appendix I to this Composite Document.

Note 2: In accordance with the Takeovers Code, the Share 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 for acceptance of the Share Offer is 4:00 p.m. on Thursday, 22 June 2017. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange no later than 7:00 p.m. on Thursday, 22 June 2017 as to whether the Share Offer has been revised, extended or expired. In the event that the Offeror decides to revise or extend the Share Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Share Offer is closed to those Shareholders who have not accepted the Share Offer.

Note 3: Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in respect of acceptances of the Share Offer) payable for the Offer Shares under the Share 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 of the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

EXPECTED TIMETABLE

Note 4: If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

- (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 Share Offer, the latest time for acceptance of the Share Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;
- (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 Share Offer, the latest time for acceptance of the Share Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for the acceptance of the Share Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:

“Acquired Shares”	the 1,080,000,000 Shares, representing 75% of the total number of Shares in issue, held by the Offeror as at the date of the Joint Announcement;
“acting in concert”	has the meaning ascribed to it in the Takeovers Code;
“associate”	has the meaning ascribed to it in the Takeovers Code;
“Board”	the board of Directors;
“Business Day(s)”	a day on which the Stock Exchange is open for transaction of business;
“CCASS”	the Central Clearing and Settlement System;
“Closing Date”	22 June 2017, being the closing date of the Share Offer, or if the Share Offer is extended, any subsequent closing date of the Share Offer as extended and announced jointly by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code;
“Company”	Fraser Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the GEM (stock code: 8366);
“Completion”	completion of the SPA;
“Composite Document”	this composite offer and response document dated 1 June 2017;
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Director(s)”	director(s) of the Company;
“Emperor Capital”	Emperor Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror in respect of the Share Offer;
“Emperor Securities”	Emperor Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities;

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Facility”	a loan facility of up to HK\$260,000,000 granted by Emperor Securities to the Offeror;
“Facility Agreement”	the loan agreement dated 5 May 2017 entered into by the Offeror as the borrower and Emperor Securities as the lender relating to the granting of the Facility;
“Form of Acceptance”	the form of acceptance in respect of the Share Offer accompanying this Composite Document;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“Guarantors”	Mr. Yu and Ms. Wong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee” or “IBC”	an independent committee of the Board comprising of Mr. Cheung Kin Keung Martin as non-executive Director and , Mr. Law Yiu Sing, Mr. Wong Kwok Chuen and Mr. Wong Law Fai who are independent non-executive Directors who have no direct or indirect interest in the Share Offer, established for the purpose of advising and giving a recommendation to the Independent Shareholders in respect of the Share Offer and in particular as to whether the terms of the Share Offer is fair and reasonable and as to acceptance of the Share Offer;
“Independent Financial Adviser” or “Zhaobangji International”	Zhaobangji International Capital Limited, being the independent financial adviser to the Independent Board Committee in respect of the Share Offer;
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it;
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 11 May 2017;
“Last Trading Day”	5 May 2017, being the last trading day of the Shares before the publication of the Joint Announcement;

DEFINITIONS

“Latest Practicable Date”	29 May 2017, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document;
“Mr. Yu”	Mr. Yu Shek Man Ringo (余錫萬先生), 90% shareholder of National Honour and the spouse of Ms. Wong;
“Mr. Zhou”	Mr. Zhou Ying (周穎先生), the sole shareholder of Century Investment Holdings Limited which is the sole shareholder of the Offeror;
“Ms. Wong”	Ms. Wong So Wah (黃素華女士), 10% shareholder of National Honour and the spouse of Mr. Yu;
“National Honour”	National Honour Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 90% by Mr. Yu and 10% by Ms. Wong;
“Offeror”	United Financial Holdings Group Limited 聯合金融控股集團有限公司, a company incorporated in Hong Kong with limited liability, which is wholly-owned by Century Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the sole shareholder of which is Mr. Zhou;
“Offer Period”	has the meaning given to it in the Takeovers Code, being the period commencing on 11 May 2017 and ending on the Closing Date;
“Offer Price”	the price of HK\$0.25 per Offer Share payable by the Offeror to the Independent Shareholders for each Offer Share accepted under the Share Offer;
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it;
“Operating Subsidiaries”	the subsidiaries of the Company, including True Sincere Group Limited 正誠集團有限公司, Strong Move Global Limited 堅進環球有限公司, Magic City Developments Limited, Fraser Construction Company Limited 科正建築有限公司 and Tubo Technology Construction Company Limited 天保建設有限公司;
“Overseas Shareholders”	the Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong;

DEFINITIONS

“PRC”	The People’s Republic of China, for the purpose of this Composite Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong located at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Relevant Period”	the period commencing on 11 November 2016, being the date falling six months preceding 11 May 2017, being the date of the Joint Announcement, up to and including the Latest Practicable Date;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Offer”	the unconditional mandatory cash offer made by Emperor Capital on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code;
“Shareholders”	holders of the Shares;
“Shares”	the ordinary shares of HK\$0.01 each in the capital of the Company;
“SPA”	the sale and purchase agreement dated 5 May 2017 entered into among National Honour as vendor, the Offeror as purchaser and Mr. Yu and Ms. Wong as guarantors in relation to the acquisition of 1,080,000,000 Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholders”	has the meaning ascribed to it under the GEM Listing Rules or the SFO (as the case may be);
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Warrantors”	collectively, National Honour and the Guarantors; and
“%”	per cent.



英皇融資有限公司
Emperor Capital Limited

28/F, Emperor Group Centre,
288 Hennessy Road,
Wanchai, Hong Kong

1 June 2017

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF
UNITED FINANCIAL HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN
THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
UNITED FINANCIAL HOLDINGS GROUP LIMITED AND
THE PARTIES ACTING IN CONCERT WITH IT)**

(I) INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the SPA and the Share Offer. On 5 May 2017, the Offeror as purchaser entered into the SPA with National Honour as vendor and Mr. Yu and Ms. Wong as guarantors, pursuant to which the Offeror agreed to acquire and National Honour agreed to sell 1,080,000,000 Shares, representing 75% equity interest in the Company as at the Latest Practicable Date, for a consideration of HK\$270,000,000, equivalent to HK\$0.25 per Acquired Share.

Other than the consideration under the SPA, no other consideration, compensation or benefits in whatever form have been provided by the Offeror or its concert parties to National Honour or its concert parties.

There is no special deal (under Rule 25 of the Takeovers Code) between the Offeror and its concert parties on one hand and National Honour and its concert parties on the other hand.

Specific undertakings set out in the SPA

Provided that (i) the Company will not exercise its power to remove Mr. Yu and/or Ms. Wong from the directorship of the Operating Subsidiaries and (ii) Mr. Yu and Ms. Wong, collectively, have control over the board of directors of the Operating Subsidiaries (such proviso is not applicable where Mr. Yu or Ms. Wong tenders his/her resignation

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voluntarily, or where they have lost control over the board of directors of the Operating Subsidiaries due to any other reasons not attributable to the Offeror and/or the Company), each of Warrantors jointly and severally, unconditionally and irrevocably, undertake to the Offeror, amongst other things, that:

- (a) the consolidated net asset value (the “NAV”) of the Operating Subsidiaries shall not be less than HK\$20,000,000 as at the date of the SPA;
- (b) the NAV shall be:

The relevant date	Audited NAV
(i) 30 April 2018	Not less than HK\$20,000,000
(ii) 30 April 2019	Not less than HK\$20,000,000

- (c) in the event that the NAV is less than HK\$20,000,000 on the relevant date(s) as mentioned in (a), (b)(i) or (b)(ii) above, National Honour shall pay to the Offeror such amount in cash as calculated pursuant to the formula below on 30 June 2017 (for non-fulfillment of (a) above) and 15 August of the relevant year (for non-fulfillment of (b)(i) or (b)(ii) above):

$$A = B - C$$

Where:

- A: the amount to be paid by National Honour to the Offeror for non-fulfillment of the NAV guarantee as mentioned in (a), (b)(i) or (b)(ii) above;
- B: the guaranteed amount of the NAV as mentioned in (a), (b)(i) or (b)(ii) above; if the Warrantors have made the compensation pursuant to this section for the non-fulfillment of (a) or (b)(i) above, an amount equal to such compensation shall be deducted from the guaranteed amount of the NAV for the next relevant date;
- C: the NAV as at the date of the SPA (for (a)), 30 April 2018 (for (b)(i)) or 30 April 2019 (for (b)(ii)).

The aforementioned guarantee mechanism is based on the NAV of the Operating Subsidiaries instead of the NAV of the Group, because the Company is merely a holding company of the Group and has no substantial operation other than the operations under the Operating Subsidiaries. As at 31 January 2017, the unaudited net asset values of the Group was HK\$83.9 millions while the unaudited net asset values of the Operating Subsidiaries was HK\$50.7 millions.

The NAV will be determined based on the audited accounts of the Operating Subsidiaries, which will be available after the auditors complete the annual audit of the Operating Subsidiaries. For the avoidance of doubt, the parties to the SPA confirm that

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the NAV on the date of the SPA is referred to the NAV of the Operating Subsidiaries shown in the audited accounts of the Operating Subsidiaries for the year ended 30 April 2017.

As at the Latest Practicable Date, the NAV on the date of the SPA has not been determined.

The Offeror and Mr. Zhou confirm that there are no arrangements of any kind offered to National Honour, Mr. Yu or Ms. Wong for their remaining as directors of the Operating Subsidiaries. Mr. Yu and Ms. Wong will continue to be employed under the existing service contracts entered into on 15 October 2015 with the Company. There is no other understanding, arrangement with Mr. Yu and Ms. Wong relating to their employment as directors of the Operating Subsidiaries.

Immediately upon the Completion which took place on 5 May 2017, the Offeror acquired 50% or more of the voting rights of the Company and has therefore incurred an obligation to make an unconditional mandatory offer under the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter forms part of this Composite Document and sets out, among other things, details of the Share Offer, information on the Offeror and its intention in relation to the Group. Further details on the terms and the procedures for acceptances of the Share Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and the appendices as set out in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Share Offer.

(II) THE SHARE OFFER

The Share Offer

As at the Latest Practicable Date, there are 1,440,000,000 Shares in issue. Save for the 1,440,000,000 issued Shares, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

LETTER FROM EMPEROR CAPITAL

The Share Offer is being made by Emperor Capital for and on behalf of the Offeror on the terms to be set out in this Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.25 in cash

The Offer Price of HK\$0.25 per Offer Share under the Share Offer is the same as the purchase price per Acquired Share paid by the Offeror in the SPA. The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, claims, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date of despatch of this Composite Document.

Comparison of Value

The Offer Price of HK\$0.25 per Offer Share represents:

1. a discount of approximately 36.71% to the closing price of HK\$0.395 per Share quoted on the Stock Exchange on the Latest Practicable Date;
2. a discount of approximately 7.41% to the last trading price of HK\$0.27 per Share as quoted on the Stock Exchange immediately before trading in the Shares was halted on 5 May 2017 and being the Last Trading Day;
3. a discount of approximately 6.72% to the average closing price of HK\$0.268 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
4. a discount of approximately 5.37% to the average closing price of HK\$0.2642 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
5. a premium of approximately 12.87% to the average closing price of HK\$0.2215 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day; and
6. a premium of approximately 354.55% to the audited consolidated net assets value attributable to the Shareholders of approximately HK\$0.055 per Share as at 30 April 2016, the date to which the latest audited consolidated financial results of the Company were made up.

LETTER FROM EMPEROR CAPITAL

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:

Date	Closing price HK\$
30 November 2016	0.155
30 December 2016	0.150
27 January 2017	0.165
28 February 2017	0.206
31 March 2017	0.206
28 April 2017	0.255
5 May 2017 (being the Last Trading Day)	0.270
29 May 2017 (being the Latest Practicable Date)	0.395

Highest and Lowest Share Prices

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange was HK\$0.450 per Share on 18 May 2017 and HK\$0.135 per Share on 21 December 2016, respectively.

Value of the Share Offer

On the basis of 1,440,000,000 Shares in issue, of which the Offeror holds 1,080,000,000 Shares, as at the Latest Practicable Date, the Share Offer based on the Offer Price will be valued at approximately HK\$90,000,000.

Financial Resources Available to the Offeror

The Offeror has paid the consideration under the SPA from its own resources and by the Facility. The Offeror intends to fund the consideration payable under the Share Offer in full by the Facility. Emperor Capital, being the financial adviser to the Offeror in respect of the Share Offer, is satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Share Offer.

Pursuant to the arrangement of the Facility, amongst others, the Offeror has pledged all the Acquired Shares and the Shares to be acquired by the Offeror under the Share Offer (if any) in favour of Emperor Securities, and such arrangement will not result in a change of the voting rights of the Company before the enforcement of the relevant charge. At as the Latest Practicable Date, Emperor Securities and the Offeror are not aware of any circumstances which may lead to enforcement of the relevant charge. The collateralised Shares shall be released to the Offeror immediately upon full repayment of all the outstanding amounts of the Facility and the interest thereon.

LETTER FROM EMPEROR CAPITAL

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the Facility will depend to any significant extent on the business of the Company.

Compulsory Acquisition

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

Effects of Accepting the Share Offer

By accepting the Share Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive all dividends and other distributions, if any, declared, paid or made on or after the date of despatch of this Composite Document. The making of the Share Offer to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Independent Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

Acceptance of the Share Offer would be irrevocable and would not be capable of being withdrawn, subject to the provision of the Takeovers Code.

Settlement

Settlement of the consideration for the Offer Shares will be made in cash as soon as possible but in any event within seven Business Days of the date on which the relevant documents of title in respect of such acceptances are received by or on behalf of the Offeror to render each such acceptance complete and valid.

Hong Kong Stamp Duty

Seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer is calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer.

Taxation Advice

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 Share Offer. None of the Offeror, parties acting in concert with it, the Company, Emperor Capital, Emperor Securities and (as the case may be) their respective ultimate

LETTER FROM EMPEROR CAPITAL

beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer.

Overseas Shareholders

The availability of the Share 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 Share 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 Share 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).

Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

(III) INFORMATION OF THE GROUP

Information on the Group is set out in the section headed “Information of the Group” in the “Letter from the Board” and Appendix III as contained in this Composite Document.

(IV) INFORMATION OF THE OFFEROR

The Offeror was incorporated in Hong Kong with limited liability. The Offeror is the beneficial owner of 1,080,000,000 Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the Offeror is wholly-owned by Century Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability. The principal business of Century Investment Holdings Limited is investment holding and its sole shareholder is Mr. Zhou. Therefore, Mr. Zhou is the ultimate beneficial owner of the Offeror.

Mr. Zhou, aged 35, has been working in the financial investment industry and has invested in or managed various PRC companies involved in various fields, including equity investment, assets management, films and entertainment and cultural education. In 2014, Mr. Zhou founded Zhejiang United Small-and-medium-sized Enterprises Holdings Group Company Limited* (浙江聯合中小企業控股集團有限公司), which is principally engaged in provision of consultation services for company management (e.g. providing the financing plans for the small-and-medium-sized enterprises and advising on the transaction plan/structure for the mergers and acquisitions of the companies), and has been acting as the chairman of the board of directors till present.

LETTER FROM EMPEROR CAPITAL

Mr. Zhou was awarded Asia Financial Brands Top 10 Outstanding Figures (亞洲金融品牌十大傑出人物) in 2016, China Outstanding Enterprise Manager* (中國優秀誠信企業家) in 2014, 2016 China Yangtze River Delta Top 10 New Youth Businessmen* (2016年度中國長三角十大新銳青商), 2015 Zheshang Figures of Creativity* (2015浙商創新人物), 2015 Top 10 Leaders of Zhejiang Financial Investment* (2015年度浙江金融投資十大領軍人物) and the 13th session of Hangzhou Top 10 Outstanding Young Persons* (第十三屆杭州十大傑出青年).

Mr. Zhou is the vice-president of the Zhejiang International Finance Society (浙江省國際金融學會副會長), the president of the Zheshang National Council Presidium* (浙商全國理事會主席團主席), the committee member of the Hangzhou City Committee of the China Minzhu Jianguo Association* (中國民主建國會杭州市委員會委員) and the vice-president of the Entrepreneur Association of the Hangzhou City Committee of the China Minzhu Jianguo Association* (中國民主建國會杭州市委員會企業家聯誼會副會長).

Immediately prior to the entering into the SPA, the Offeror and parties acting in concert with it did not hold any securities of the Company and were third parties independent of the Company and its connected persons.

(V) PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Share Offer.

If the public float of the Company falls below 25% following the close of the Share Offer, the Offeror and the Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Share Offer to ensure that a sufficient public float exists for the Shares, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. As at the Latest Practicable Date, no such measure has been in place. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

The Stock Exchange has stated that if, upon closing of the Share 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) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

(VI) INTENTIONS OF THE OFFEROR

It is the Offeror's intention to acquire a majority interest in the Company pursuant to the SPA and the Share Offer. The intention of the Offeror is that the Company's existing principal activities will be maintained and the Offeror will assist the Company in reviewing its business and operations and seek for new opportunities to enhance and strengthen the business of the Group.

LETTER FROM EMPEROR CAPITAL

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the change(s) to the composition of the Board as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, if the Offeror deems necessary or appropriate to the Group's businesses and operation to increase the value of the Group, there is a possibility that the Offeror may change its intention or plan in the future, subject to full compliance with the relevant rules and regulations. As at the Latest Practicable Date, there is no understanding, discussion, arrangement or agreement in regard of the intention or plan of the Offeror in the future.

(VII) PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. Yu Shek Man Ringo and Ms. Wong So Wah as executive Directors, Mr. Cheung Kin Keung Martin as non-executive Director and Mr. Law Yiu Sing, Mr. Wong Kwok Chuen and Mr. Wong Law Fai as independent non-executive Directors.

The Offeror intends to nominate the new Directors who will hold office in the Company with effect from the earliest time permitted under the Takeovers Code or such later time as the Offeror thinks fit. As at the Latest Practicable Date, the Offeror has not identified any potential new Directors to be nominated to the Company.

(VIII) ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the details regarding further terms and conditions of the Share Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

(IX) DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code) of the Offeror and the Company are hereby reminded to disclose their dealing in any securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7

LETTER FROM EMPEROR CAPITAL

day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

(X) GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the GEM Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

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

To accept the Share Offer, Independent Shareholders should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon. The Form of Acceptance forms part of the terms of the Share Offer. The duly completed Form(s) of Acceptance 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) must be sent by post or by hand to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Fraser Holdings Limited — Share Offer" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror may announce with the consent of the Executive in accordance with the Takeovers Code.

No acknowledgement of receipt of any Form(s) of Acceptance, together with (in respect of the Share Offer) 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) will be given.

Attention of the Overseas Shareholders is drawn to paragraph headed "6. Overseas Shareholders" of Appendix I to this Composite Document.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Forms of Acceptance completed, returned and received by the Registrar. None

LETTER FROM EMPEROR CAPITAL

of the Offeror, the Company, Emperor Capital, Emperor Securities, the Independent Financial Adviser, the Registrar nor any of their respective directors, officers, professional advisers, associates, agents or any other parties involved in the Share Offer accepts any liabilities for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

(XI) ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Share Offer.

Yours faithfully,
For and on behalf of
Emperor Capital Limited
Louisa Choi
Director

LETTER FROM THE BOARD

Fraser Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8366)

Executive Directors:

Mr. Yu Shek Man Ringo

(Chairman and Chief executive officer)

Ms. Wong So Wah

Non-executive Director:

Mr. Cheung Kin Keung Martin

Independent non-executive Directors:

Mr. Law Yiu Sing

Mr. Wong Kwok Chuen

Mr. Wong Law Fai

Registered Office:

Clifton House

75 Fort Street

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

1 June 2017

To the Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF THE UNITED FINANCIAL HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN
THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
UNITED FINANCIAL HOLDINGS GROUP LIMITED AND
THE PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the SPA and the Share Offer. On 5 May 2017, the Offeror as purchaser entered into the SPA with National Honour as vendor and Mr. Yu and Ms. Wong as guarantors, pursuant to which the Offeror agreed to acquire and National Honour agreed to sell 1,080,000,000 Shares, representing 75% equity interest in the Company as at the Latest Practicable Date, for a consideration of HK\$270,000,000, equivalent to HK\$0.25 per Acquired Share.

Immediately upon the Completion which took place on 5 May 2017, the Offeror acquired 50% or more of the voting rights of the Company and has therefore incurred an obligation to make an unconditional mandatory offer under the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

LETTER FROM THE BOARD

Further details of the Share Offer, including the terms and the procedures of acceptances of the Share Offer are set out in the “Letter from Emperor Capital” and Appendix I to this Composite Document of which this letter forms part, and in the accompanying Form of Acceptance. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Share Offer, the recommendation of the Independent Board Committee to the Independent Shareholders and the “Letter from the Independent Financial Adviser” to the Independent Board Committee in relation to the Share Offer.

THE SHARE OFFER

As at the Latest Practicable Date, there were 1,440,000,000 Shares in issue. The Company has no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of any options, warrants or securities convertible or exchangeable into Shares.

The Offer Price of HK\$0.25 per Offer Share is the same as the price per Acquired Shares paid by the Offeror to National Honour under the SPA. As stated in the “Letter from Emperor Capital”, as the Offeror holds 1,080,000,000 Shares as at the Latest Practicable Date, 360,000,000 Shares are subject to the Share Offer and the total consideration of the Share Offer would be HK\$90,000,000 based on the Offer Price.

Principal Terms of the Share Offer

As disclosed in the “Letter from Emperor Capital”, Emperor Capital, for and on behalf of the Offeror, is making the Share Offer on the terms set out in this Composite Document in accordance with Rule 26.1 of the Takeovers Code on the following basis:

For each Offer Share HK\$0.25 in cash

The Share 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.

The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, claims, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date of despatch of this Composite Document. Acceptance of the Share Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all liens, claims, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive all dividends and other distributions, if any, declared, paid or made on or after the date of despatch of this Composite Document. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

LETTER FROM THE BOARD

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

INFORMATION ON THE COMPANY

The Company was incorporated in the Cayman Islands with limited liability and its Shares are listed on the GEM since 2 November 2015. The Company is an investment holding company and its subsidiaries are principally engaged in undertaking slope works, foundation works and other general building works for improving or maintaining the stability of slopes and/or retaining walls in Hong Kong.

The following table is a summary of certain audited financial information of the Group for the two financial years ended 30 April 2015 and 30 April 2016 respectively:

	Year ended 30 April	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	180,602	157,346
Gross profit	18,053	20,766
Profit before income taxation	9,473	14,601
Profit and total comprehensive income for the year	7,190	11,431
Net assets	79,129	43,082

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (a) immediately before Completion and (b) immediately after Completion and as at the Latest Practicable Date:

	Immediately before		Immediately after	
	Completion		Completion and as at the	
	<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
The National Honour (<i>Note</i>)	1,080,000,000	75	—	—
The Offeror	—	—	1,080,000,000	75
Public Shareholders	<u>360,000,000</u>	<u>25</u>	<u>360,000,000</u>	<u>25</u>
Total	<u><u>1,440,000,000</u></u>	<u><u>100</u></u>	<u><u>1,440,000,000</u></u>	<u><u>100</u></u>

Note: National Honour is owned as to 90% by Mr. Yu and 10% by Ms. Wong. Mr. Yu is the spouse of Ms. Wong. By virtue of the SFO, they are deemed to be interested in the shares held by National Honour.

LETTER FROM THE BOARD

INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

Your attention is drawn to the sections headed “(IV) Information on the Offeror” and “(VI) Intentions of the Offeror” in the “Letter from Emperor Capital” as set out in this Composite Document. The Board is aware of the intentions of the Offeror in respect of the Company and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) with the Offeror about any disposal/termination/scaling-down of the current business of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Share Offer.

In the event that after the completion of the Share Offer, the public float of the Company falls below 25%, the directors of the Company at the relevant time and of the Offeror will take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Share Offer to ensure that sufficient public float exists for the Shares. As at the Latest Practicable Date, no such measure has been in place.

If, upon closing of the Share 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) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange may exercise its discretion to suspend trading in the Shares. In this connection, it should be noted that upon the close of the Share Offer, there may be insufficient public float for the Shares, and there is a possibility for trading in the Shares be suspended until sufficient level of public float is attained.

RECOMMENDATION

The Independent Board Committee has been established to make recommendations to the Independent Shareholders as to whether the Share Offer is fair and reasonable and as to acceptance of the Share Offer. Your attention is drawn to the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as set out in this Composite Document containing their advice and recommendation to the Independent Shareholders and the Independent Board Committee respectively in respect of the Share Offer.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Share Offer.

Yours faithfully,
On behalf of the Board
Fraser Holdings Limited
Yu Shek Man Ringo
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Fraser Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8366)

1 June 2017

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF THE UNITED FINANCIAL HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN
THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
UNITED FINANCIAL HOLDINGS GROUP LIMITED AND
THE PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 1 June 2017 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Share Offer and to advise you (i.e. Independent Shareholders) as to whether or not the terms of the Share Offer are fair and reasonable and to make recommendations in respect of acceptance of the Share Offer or not. Zhaobangji International has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to make recommendation to us in respect of the terms of Share Offer and, in particular, whether the Share Offer is fair and reasonable and to make recommendations in respect of the acceptance of the Share Offer or not. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” on pages IFA-1 to IFA-21 of this Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Emperor Capital” and the additional information set out in the appendices to this Composite Document.

Taking into account the terms of the Share Offer and the independent advice and recommendations from Zhaobangji International, we consider that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Share Offer. Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” set out in this Composite Document.

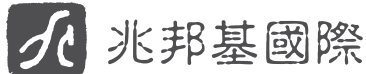
LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Yours faithfully,
For and on behalf of
the Independent Board Committee
Fraser Holdings Limited
Mr. Wong Kwok Chuen **Mr. Wong Law Fai**
Independent Non-executive Directors
Cheung Kin Keung Martin
Non-executive Director

Mr. Law Yiu Sing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Zhaobangji International Capital Limited to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Composite Document.



兆邦基國際融資有限公司
Zhaobangji International Capital Limited
香港干諾道中168-200號信德中心招商局大廈19樓01及17室
Unit 1 & 17, 19/F, China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central, Hong Kong
Tel: (852) 3793 8999 Fax: (852) 3793 8900

1 June 2017

To the Independent Board Committee

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF THE OFFEROR TO ACQUIRE
ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED
OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND THE PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Share Offer, details of which are set out in the letter from the Board (“**Letter from the Board**”) contained in this composite offer and response document of the Company dated 1 June 2017 issued to the Independent Shareholders (the “**Composite Document**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this Composite Document, unless otherwise specified.

Reference is made to the Joint Announcement of the Company and the Offeror dated 11 May 2017 in relation to (a) the SPA entered into amongst the Offeror and National Honour pursuant to which the Offeror has agreed to purchase, and National Honour has agreed to sell the Acquired Shares, being an aggregate of 1,080,000,000 Shares for a total consideration of HK\$270,000,000; and (b) the unconditional mandatory cash offer by Emperor Capital on behalf of the Offeror to acquire all the issued shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) and resumption of trading.

Completion of the SPA took place on 5 May 2017. Immediately after the Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (the “**Concerted Parties**”) were interested in a total of 1,080,000,000 Shares, representing 75% of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the entire issued share capital of the Company. Other than the consideration under the SPA, no other consideration, compensation or benefits in whatever form have been provided by the Offeror or its Concerted Parties to National Honour and its concert parties.

Pursuant to Rule 26.1 of the Takeovers Code, as a result of Completion, the Offeror acquired 50% or more of the voting rights of the Company and has therefore incurred an obligation to make an unconditional mandatory offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and its Concerted Parties). As at the Latest Practicable Date, there are 1,440,000,000 Shares in issue. Save for the 1,440,000,000 issued Shares, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Share Offer will be made by Emperor Capital for and on behalf of the Offeror.

The Independent Board Committee which comprises the non-executive Director, Mr. Cheung Kin Keung Martin and all the independent non-executive Directors, namely, Mr. Law Yiu Sing, Mr. Wong Kwok Chuen and Mr. Wong Law Fai has been established to advise the Independent Shareholders as to whether the Share Offer is fair and reasonable and as to acceptance of the Share Offer. At the Latest Practicable date, no member of the Independent Board Committee has any direct or indirect interest in the Share Offer.

We, Zhaobangji International, have been approved and appointed by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Share Offer.

In the past two years, we have not provided any other services to the Company. As at the Latest Practicable Date, we did not have any relationship with or interest in the Group or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. As such, we consider that we are independent pursuant to Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in this Composite Document, the annual report of the Company for the year ended 30 April 2016 (the “**2016 Annual Report**”), the interim report of the Company for the six months ended 31 October 2016 (the “**2016 Interim Report**”), the 3rd quarterly report of the Company for the nine months ended 31 January 2017 (the “**2016 Third Quarterly Report**”) and the information and representations as provided to us by the Directors and the management of the Company. We have assumed that all information and representations that have been provided by the Directors and the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete in all

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

material respects and not misleading or deceptive 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 and the management of the Company in this Composite Document were reasonably made after due enquiries and careful consideration.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and its Concerted Parties, the terms of the Share Offer and the intentions of the Offeror in relation to the Company), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) 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 statements in this Composite Document misleading. We consider that we have been provided with, and we have reviewed, the currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Share Offer, and to justify reliance on the accuracy of the information contained in this Composite Document so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, carried out any independent verification of the information provided by the Company, nor have we conducted any independent investigation into the business or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have not considered the tax implications, if any, on the Independent Shareholders of their acceptance or non-acceptance of the Share Offer since these are particular to their own individual circumstances. Independent Shareholders should consider their own tax position with regard to the Share Offer and, if any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

I. Background and financial information of the Group

(a) Business of the Group

The Company is an investment holding company and its subsidiaries are principally engaged in undertaking slope works, foundation works and other general building works for improving or maintaining the stability of slopes and/or retaining walls in Hong Kong. Slope works generally refer to landslide preventive and remedial

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

works for improving or maintaining the stability of slopes and/or retaining walls. Foundation works are generally concerned with the construction of foundations. General building works mainly include the general construction of buildings.

(b) Financial information of the Group

Set out below is a summary of the audited financial information of the Group for the two financial years ended 30 April 2015 and 30 April 2016 as extracted from the 2016 Annual Report and the unaudited financial information of the Group (i) as at 31 October 2016 and (ii) for the nine months ended 31 January 2016 and 2017 as extracted from the 2016 Interim Report and the 2016 Third Quarterly Report, respectively.

Financial highlights of the Group

	For the year ended 30 April 2016	For the year ended 30 April 2015	For the nine months ended 31 January 2017	For the nine months ended 31 January 2016
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	180,602	157,346	98,876	143,002
Profit and total comprehensive income for the year/period	7,190	11,431	4,824	7,723
		As at 30 April 2016	As at 30 April 2015	As at 31 October 2016
		(Audited)	(Audited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		417	683	31,388
Current assets		114,015	74,241	75,163
Current liabilities		35,230	31,842	22,486
Non-current liabilities		73	—	61
Net current assets		78,785	42,399	52,677
Net assets		79,129	43,082	84,004

For the year ended 30 April 2016

For the year ended 30 April 2016, the Group recorded revenue of approximately HK\$180.6 million, representing an increase of approximately 14.8% as compared to approximately HK\$157.3 million for the year ended 30 April 2015. Based on the 2016 Annual Report, we understand such growth was mainly attributable to a higher amount of revenue from the Civil Engineering

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and Development Department of the Government of Hong Kong SAR (the “CEDD”)’s slope work derived based on the Group’s actual works progress under the relevant contracts as certified by CEDD/its agent and an increase in number of foundation projects undertaken by the Group during the year ended 30 April 2016.

For the year ended 30 April 2016, the Group recorded profit and total comprehensive income for the year of approximately HK\$7.2 million, representing a decrease of approximately 36.8% as compared to approximately HK\$11.4 million for the year ended 30 April 2015. We noted that such reduction in profit for the year was mainly due to (i) the recent slower approval progress of infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong, which resulted in certain delays in works orders under the Group’s ongoing slope works contracts; (ii) the fact that some of the relatively sizeable tender bids previously submitted by the Group turned out to be not successful; (iii) a decrease in the Group’s other income including rental income from the lease of machinery and gain on disposal of plant and equipment; and (iv) an increase in the Group’s staff cost as a result of an increase in the number of Directors and other employees.

As at 30 April 2016, the Group’s net current assets amounted to approximately HK\$78.8 million, representing an increase of approximately 85.8% as compared to the Group’s net current assets of approximately HK\$42.4 million as at 30 April 2015. The significant increase in net current assets of the Company as at 30 April 2016 as compared to the previous year was due to the increase in the cash and bank balances and pledged time deposits as a result of the net proceeds amounted to approximately HK\$31.3 million arising from the listing of the Company in November 2015. As at 30 April 2016, the net assets of the Group amounted to approximately HK\$79.1 million, representing an increase of approximately 83.5% as compared to the net assets of the Group of approximately HK\$43.1 million as at 30 April 2015. The net asset value per Share as at 30 April 2016 amounted to approximately HK\$0.055 (based on the number of issued Shares as at 30 April 2016 of 1,440,000,000 Shares).

As at 31 October 2016

As at 31 October 2016, the Group’s net current assets amounted to approximately HK\$52.7 million, representing a decrease of approximately 33.1% as compared to the Group’s net current assets of approximately HK\$78.8 million as at 30 April 2016.

As at 31 October 2016, the net assets of the Group amounted to approximately HK\$84.0 million, representing an increase of approximately 6.2% as compared to the net assets of the Group of approximately HK\$79.1 million as at 30 April 2016. The net asset value per Share as at 31 October 2016 amounted to approximately HK\$0.058 (based on the number of issued

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Shares as at 31 October 2016 of 1,440,000,000 Shares), representing an increase of approximately 5.5% from the net asset value per Share of approximately HK\$0.055 as at 30 April 2016 (based on the number of issued Shares as at 30 April 2016 of 1,440,000,000 Shares).

For the nine months ended 31 January 2017

For the nine months ended 31 January 2017, the Group recorded revenue of approximately HK\$98.9 million, representing a decrease of approximately 30.8% as compared to approximately HK\$143.0 million for the nine months ended 31 January 2016. Regarding the 2016 Third Quarterly Report, the decrease in revenue is mainly due to the combined effect of the decrease in the average revenue recognised per project and a lower amount of revenue from CEDD's slope works projects for the nine months ended 31 January 2017.

For the nine months ended 31 January 2017, the Group recorded profit and total comprehensive income for the period of approximately HK\$4.8 million, representing a decrease of approximately 37.7% as compared to approximately HK\$7.7 million for the nine months ended 31 January 2016. We noted from the 2016 Third Quarterly Report that such decrease in profit for the period were mainly due to the decrease in revenue and gross profit. The decrease in gross profit is mainly attributable to the increased cost per project as a result of the tougher competitive conditions and challenging operating environment.

(c) Prospect and outlook of the Group

As disclosed in the 2016 Interim Report, the management of the Group is of the view that the business environment for the construction market will continue to remain challenging and that competition has become more intense. Upon further discussion with management of the Company, we were given to understand that the principal operating activities of the Group, being the contractor principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong, were influenced by the recent slow approval progress of infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong. The slow approval progress could result in potential delays in public infrastructure projects and hence possible postponement, or even decrease in the availability, of related slope works projects in Hong Kong, which could indirectly influence the Group's revenue outlook. As mentioned in both 2016 Interim Report and 2016 Annual Report, the Group has also been facing tougher competitive conditions and challenging operating environment resulting from increasing costs of operation including costs of construction labours and thus subcontracting charges as well as the recent instability of the global economy.

However, as described in the 2016 Third Quarterly Report, the management of the Group believes that the Hong Kong Government's continue increase in major construction and infrastructure projects in Hong Kong will increase the demand for slope works because of the continued implementation of the "Ten Major Infrastructure Projects" and the fact that slope works are directly related to public

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safety. The Hong Kong Observatory has predicted a higher than average rainfall for the coming year, which increases the risk of landslides and the Hong Kong Government forecasted a higher financial provision for conducting major mitigation measures to reduce the landslide risk at slopes. The management indicated that, based on the above, they are cautiously optimistic about the slope work industry in Hong Kong.

Having considered management's view that despite of the increase in demand for slope works because of the "Ten Major Infrastructure Projects" and the higher than average rainfall for the coming year as predicted by the Hong Kong Observatory, there are uncertainties faced by the Company such as (i) the slowdown in the approval progress of infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong which resulted in a smaller number of funding proposals for public work projects to be passed; (ii) the challenging operating environment resulting from the increased costs of operation; (iii) the recent instability of the global economy and (iv) the Group's deteriorating financial results. We consider that the Company's prospects and outlook would be subject to uncertainties and challenges from competitors in the future.

II. Specific undertakings under the SPA

Specific undertakings

Provided that (i) the Company will not exercise its power to remove Mr. Yu and/or Ms. Wong from the directorship of the Operating Subsidiaries and (ii) Mr. Yu and Ms. Wong, collectively, have control over the board of directors of the Operating Subsidiaries (such proviso is not applicable where Mr. Yu or Ms. Wong tenders his/her resignation voluntarily, or where they have lost control over the board of directors of the Operating Subsidiaries due to any other reasons not attributable to the Offeror and/or the Company), each of Warrantors jointly and severally, unconditionally and irrevocably, undertake to the Offeror, amongst other things, that:

- (a) consolidated net asset value (the "NAV") of the Operating Subsidiaries shall not be less than HK\$20,000,000 as at the date of the SPA;
- (b) the NAV shall be:

The relevant date	Audited NAV
(i) 30 April 2018	Not less than HK\$20,000,000
(ii) 30 April 2019	Not less than HK\$20,000,000

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- (c) In the event that the NAV is less than HK\$20,000,000 on the relevant date(s) as mentioned in (a), (b)(i) or (b)(ii) above, National Honour shall pay to the Offeror such amount in cash as calculated pursuant to the formula below on 30 June 2017 (for non-fulfilment of (a) above) and 15 August of the relevant year (for non-fulfilment of (b)(i) or (b)(ii) above):

$$A = B - C$$

Where:

- A: the amount to be paid by National Honour to the Offeror for non-fulfillment of the NAV guarantee as mentioned in (a), (b)(i) or (b)(ii) above;
- B: the guaranteed amount of the NAV as mentioned in (a), (b)(i) or (b)(ii) above; if the Warrantors have made the compensation pursuant to this section for the non-fulfilment of (a) or (b)(i) above, an amount equal to such compensation shall be deducted from the guaranteed amount of the NAV for the next relevant date;
- C: the NAV as at the date of the SPA (for (a)), 30 April 2018 (for (b)(i)) or 30 April 2019 (for (b)(ii)).

The aforementioned guarantee mechanism is based on the NAV of the Operating Subsidiaries instead of the NAV of the Group, because the Company is merely a holding company of the Group and has no substantial operation other than the operations under the Operating Subsidiaries. As at 31 January 2017, the unaudited net asset value of the Group amounted to approximately HK\$83.9 million while the unaudited net asset value of the Operating Subsidiaries amounted to approximately HK\$50.7 million.

The NAV will be determined based on the audited accounts of the Operating Subsidiaries, which will be available after the auditors complete the annual audit of the Operating Subsidiaries. For the avoidance of doubt, the parties to the SPA confirm that the NAV on the date of the SPA is referred to the NAV of the Operating Subsidiaries shown in the audited accounts of the Operating Subsidiaries for the year ended 30 April 2017.

As at the Latest Practicable Date, the NAV on the date of the SPA has not been determined.

The Offeror and Mr. Zhou confirm that there are no arrangements of any kind offered to National Honour, Mr. Yu or Ms. Wong for their remaining as directors of the Operating Subsidiaries. Mr. Yu and Ms. Wong will continue to be employed under the existing service contracts entered into on 15 October 2015 with the Company. There is no other understanding, arrangement with Mr. Yu and Ms. Wong relating to their employment as directors of the Operating Subsidiaries.

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Given that (i) the specific undertakings under the SPA are only applied to National Honour but could not be extended to all other Independent Shareholders; and (ii) the non-fulfilment of specific undertakings might only bring a deduction in the consideration under the SPA which equivalent to a downward effect on the selling price per Acquired Share, there will be no effect on the Offer Price.

III. Information of the Offeror and the Offeror's intention in respect of the Group

(a) Information of the Offeror

As disclosed in the "Letter from Emperor Capital" in this Composite Document, the Offeror was incorporated in Hong Kong with limited liability. The Offeror is the beneficial owner of 1,080,000,000 Shares as at the date of the Joint Announcement. As at the Latest Practicable Date, the Offeror is wholly-owned by Century Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability. The principal business of Century Investment Holdings Limited is investment holding and its sole shareholder is Mr. Zhou. Therefore, Mr. Zhou is the ultimate beneficial owner of the Offeror.

Mr. Zhou, aged 35, has been working in the financial investment industry and has invested in or managed various PRC companies involved in various fields, including equity investment, assets management, films and entertainment and cultural education. In 2014, Mr. Zhou founded Zhejiang United Small-and-medium-sized Enterprises Holdings Group Company Limited* (浙江聯合中小企業控股集團有限公司), which is principally engaged in provision of consultation services for company management (e.g. providing the financing plans for the small-and-medium sized enterprises and advising on the transaction plan/structure for the mergers and acquisitions of the companies), and has been acting as the chairman of the board of directors till present.

Mr. Zhou was awarded Asia Financial Brands Top 10 Outstanding Figures (亞洲金融品牌十大傑出人物) in 2016, China Outstanding Enterprise Manager* (中國優秀誠信企業家) in 2014, 2016 China Yangtze River Delta Top 10 New Youth Businessmen* (2016年度中國長三角十大新銳青商), 2015 Zheshang Figures of Creativity* (2015浙商創新人物), 2015 Top 10 Leaders of Zhejiang Financial Investment* (2015年度浙江金融投資十大領軍人物) and the 13th session of Hangzhou Top 10 Outstanding Young Persons* (第十三屆杭州十大傑出青年).

Mr. Zhou is the vice-president of the Zhejiang International Finance Society (浙江省國際金融學會副會長), the president of the Zheshang National Council Presidium* (浙商全國理事會主席團主席), the committee member of the Hangzhou City Committee of the China Minzhu Jianguo Association* (中國民主建國會杭州市委員會委員) and the vice-president of the Entrepreneur Association of the Hangzhou City Committee of the China Minzhu Jianguo Association* (中國民主建國會杭州市委員會企業家聯誼會副會長).

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Immediately prior to the entering into the SPA, the Offeror and its Concerted Parties did not hold any securities of the Company and were third parties independent of the Company and its connected persons.

(b) The Offeror's intention in respect of the Group

As disclosed in the "Letter from Emperor Capital" in this Composite Document, it is the Offeror's intention to acquire a majority interest in the Company pursuant to the SPA and the Share Offer. The intention of the Offeror is that the Company's existing principal activities will be maintained and the Offeror will assist the Company in reviewing its business and operations and seek for new opportunities to enhance and strengthen the business of the Group.

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the change(s) to the composition of the Board as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, if the Offeror deems necessary or appropriate to the Group's businesses and operation to increase the value of the Group, there is a possibility that the Offeror may change its intention or plan in the future, subject to full compliance with the relevant rules and regulations. As at the Latest Practicable Date, there is no understanding, discussion, arrangement or agreement in regard of the intention or plan of the Offeror in the future.

(c) Proposed change to the Board composition of the Group

As disclosed in the "Letter from Emperor Capital" in this Composite Document, the Board is currently made up of six directors, namely Mr. Yu Shek Man Ringo and Ms. Wong So Wah as executive Directors, Mr. Cheung Kin Keung Martin as non-executive Director and Mr. Law Yiu Sing, Mr. Wong Kwok Chuen and Mr. Wong Law Fai as independent non-executive Directors.

The Offeror intends to nominate new Directors who will hold office in the Company with effect from the earliest time permitted under the Takeovers Code or such later time as the Offeror thinks fit. As at the Latest Practicable Date, the Group has not identified any potential new Directors to be nominated to the Company.

Having considered (i) the Offeror does not intend to introduce any major changes to the existing contractor businesses which include undertaking slope works, foundation works and other general building works for improving or maintaining the stability of slopes and/or retaining walls in Hong Kong; (ii) the Offeror intends to nominate new Directors to the Board but has not yet identified any potential candidates to act as the new Directors; and the experience of the Offeror to manage the Group's existing business is limited. We consider that the business plans and strategies of the Group's future business development to be directed by the new Board are uncertain.

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(d) Public float and maintaining the listing status of the Group

As disclosed in the “Letter from Emperor Capital” in this Composite Document, the Offeror intends for the Company to remain listed on the Stock Exchange after the close of the Share Offer.

If the public float of the Company falls below 25% following the close of the Share Offer, the Offeror and the Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Share Offer to ensure that a sufficient public float exists for the Shares, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

The Stock Exchange has stated that if, upon closing of the Share 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) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

IV. Principal terms of the Share Offer

Emperor Capital, for and on behalf of the Offeror, is making an unconditional mandatory cash offer to acquire all the issued Shares of the Company (other than those already owned or agreed to be acquired by the Offeror and its Concerted Parties) on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

The Share Offer:

For each Offer Share..... HK\$0.25 in cash

The Offer Price is the same as the price per Share paid by the Offeror under the SPA which was arrived at after arm’s length negotiation between the Offeror and National Honour.

The Share Offer is extended to all Shareholders other than the Offeror and its Concerted Parties in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and acquired free from all liens, claims, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becomes attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this Composite Document.

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The Offer Price of HK\$0.25 for each Share represents:

- (i) a discount of approximately 36.71% to the closing price of HK\$0.395 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 7.41% to the last trading price of HK\$0.27 per Share as quoted on the Stock Exchange immediately before trading in the Shares was halted on 5 May 2017 and being the Last Trading Day;
- (iii) a discount of approximately 6.72% to the average closing price of HK\$0.268 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 5.37% to the average closing price of HK\$0.2642 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 12.87% to the average closing price of HK\$0.2215 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (vi) a premium of approximately 354.55% to the audited consolidated net assets value attributable to the Shareholders of approximately HK\$0.055 per Share as at 30 April 2016, the date to which the latest audited consolidated financial results of the Company were made up.

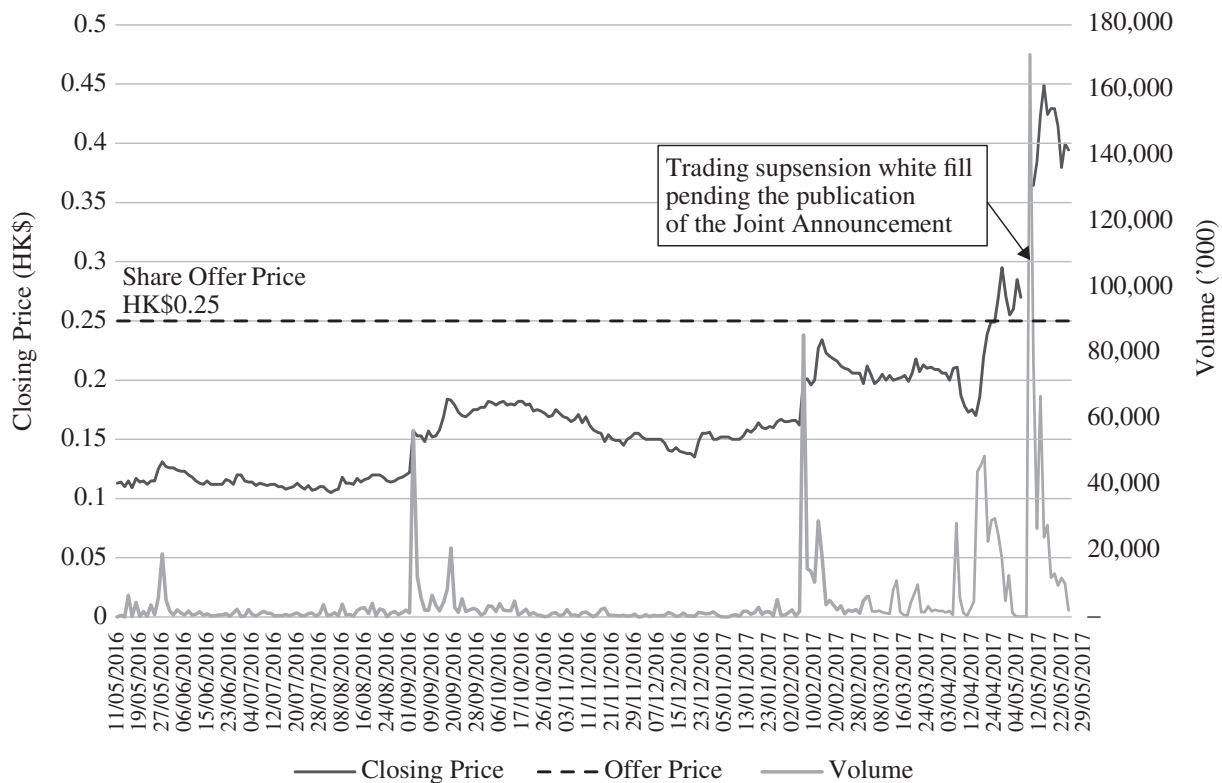
(a) Historical Share price performance

To assess the fairness and reasonableness of the Offer Price, we have analysed the Offer Price regarding the historical Share price performance.

The following chart sets out the daily closing prices of the Shares on the Stock Exchange for the period from 11 May 2016 (being the first trading day of the 12-month period ending on the date of the Joint Announcement) up to and including the Latest Practicable Date (the “**Review Period**”). We consider the Review Period which covers a full year prior to the date of the Joint Announcement represents a reasonable period to provide a general overview of the recent price performance of the Shares when conducting an analysis among the historical closing prices of the Shares and the Offer Price.

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Share price performance during the Review Period



Source: the website of the Stock Exchange

As shown above, the closing prices of the Shares during the Review Period were trading within a range from the lowest closing price at HK\$0.105 per Share to the highest closing price of HK\$0.45 per Share with an average closing price per Share of approximately HK\$0.172. The Offer Price of HK\$0.25 represents a premium of approximately 138.1% over the lowest closing price, a discount of approximately 44.4% to the highest closing price and a premium of approximately 45.19% over the average closing price during the Review Period, respectively.

As shown above, the closing price of the Shares ranged from HK\$0.105 per Share on 3 August 2016 to HK\$0.295 on 26 April 2017 during the period from 11 May 2016 to 11 May 2017 (both dates inclusive, the “**Pre-Announcement Period**”), being the last trading date prior to the release of the Joint Announcement, with an average of HK\$0.161 per Share. The Offer Price of HK\$0.25 represents a premium of approximately 55.5% over the average closing price during the Pre-Announcement Period.

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Trade in the Shares was suspended, at the request of the management of the Company, from 6 May 2017 to 11 May 2017 (both days inclusive), pending the release of an announcement regarding inside information pursuant to the Takeovers Code. Following the release of the Joint Announcement and the resumption of trading in the Share on 12 May 2017, the closing price of the Shares maintained at relatively high level at above HK\$0.45 during the period from 12 May 2017 up to the Latest Practicable Date (both dates inclusive, the “**Post Announcement Period**”), the closing price of the Shares ranged from HK\$0.365 on 12 May 2017 and 15 May 2017 to HK\$0.45 recorded on 18 May 2017, with an average of HK\$0.405 per Share. The Offer Price of HK\$0.25 represents a discount of approximately 38.3% to the average price.

During the Review Period, the closing prices of the Shares were generally on an increasing trend and the closing prices of the Shares were usually below the Offer Price, as noted from the start of the Review Period to 24 April 2017 representing over 91.1% of the trading days during the Review Period. It is noted that the closing price of the Shares was on an upward trend and fluctuated between HK\$0.105 on 3 August 2016 and reached its peak at HK\$0.45 on 18 May 2017. The closing price of the Shares then decreased slightly to HK\$0.395 as at the Latest Practicable Date. It is noted that the price-to-earnings ratio (the “**PER**”) of the Company is approximately 79.11 times calculated based on its market capitalisation as at the Latest Practicable Date divided by profit for the year as disclosed in the 2016 Annual Report. Based on our review on the latest published information of the Company during the Review Period, we are not aware of any significant information in relation to the positive change in the Company’s business, operating performance and/or financial position during the Review Period, which could be reasonably accounted for the price improvement and current high market price. We have enquired with the Management and were advised that the Company is not aware of any reason for the price movement. Therefore, we are unable to comment on whether the trend is sustainable as the market price of the Shares may be determined by factors which may not be directly related to the financial or business performance of the Company. Such factors include, among others, investor sentiment, market conditions, the state of the industry in which the Company operates in and the state of the economy and political environment in the country which the company operates in. These factors are difficult to gauge and any change in these factors may affect the market price of the Shares. Therefore, we consider that such fluctuation of the Share prices after the date of the Joint Announcement which represents a premium to the Offer Price was primarily the result of market speculation. The Shareholders should note that there is no guarantee that such price surge may occur during and/or after the Offer Period. We strongly suggest that the Shareholders should closely monitor the market price and liquidity of the Shares during the Offer Record. Considering that the Offer Price represents a premium of approximately 45.2% over the average closing price of the Shares during the Review Period, we consider that Offer Price is fair and reasonable.

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(b) Historical trading volume of the Shares

The following table sets out the historical monthly trading volume of the Shares and the percentage of the number of Shares traded compared to the total number of the Shares in issue during the Review Period.

Month/period	Total trading volume <i>(No. of Shares)</i>	No. of trading days	Average daily trading volume <i>(No. of Shares)</i> <i>(Note 1)</i>	Percentage of the average daily trading volume to the total number of Shares in issue <i>(%)</i> <i>(Note 2)</i>
2016				
11 May to 31 May	50,400,000	15	3,360,000	0.23
June	20,530,000	21	977,619	0.07
July	18,570,000	20	928,500	0.06
August	32,720,000	22	1,487,273	0.10
September	146,400,000	21	6,971,429	0.48
October	33,269,900	19	1,751,047	0.12
November	18,170,000	22	825,909	0.06
December	13,620,000	20	681,000	0.05
2017				
January	21,620,000	19	1,137,895	0.08
February	204,270,000	20	10,213,500	0.71
March	74,030,000	23	3,218,696	0.22
April	309,645,000	17	18,214,412	1.26
May to Latest Practicable Date	470,995,000	19	24,789,211	1.72

Source: the website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the total number of trading days during the respective month/period, excluding any trading days on which trading the Shares on the Stock Exchange was suspended for the whole trading day.
2. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 1,440,000,000).

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As illustrated in the table above, the average daily trading volume of the respective month/period during the Review Period ranged from approximately 681,000 Shares in December 2016 to approximately 24,789,211 Shares in May 2017, representing approximately 0.05% to approximately 1.72% of the total number of the Share in issue as at the Latest Practicable Date.

We noted that the average daily trading volumes of the Shares during the periods in February 2017, April 2017 and May 2017 to Latest Practicable Date as a percentage of the total number of Shares in issue increased significantly. There is also an increasing trend for the average daily trading volume of Shares during the periods in February 2017, April 2017 and May 2017 to Latest Practicable Date. We have reviewed the announcements published by the Company on the Stock Exchange. On 6 February 2017, the Company announced that it had been approached by an independent third party (the “**Potential Purchaser**”) in respect of a possible disposal of ordinary shares of HK\$0.01 each of the Company by National Honour which may result in a change in control of the Company (the “**6 February 2017 Announcement**”). On 6 April 2017, the Company announced that National Honour and the Potential Purchaser had ceased discussion in respect of the possible disposal (the “**6 April 2017 Announcement**”). Save for the publication of the 6 February 2017 Announcement, 6 April 2017 Announcement and the Joint Announcement, we are not aware of any other public information relating to the trading volume movement. We have also enquired with the management of the Company and the Directors for the possible reasons for the trading volume movement during the abovementioned periods and were advised that, save for the publication of the 6 February 2017 Announcement, 6 April 2017 Announcement and the Joint Announcement, the Company was not aware of any other matters which might have impact on the trading volume.

We consider that such relatively high average daily trading volume of the Shares in February 2017 and April 2017 is most likely due to the market reaction towards the 6 February 2017 Announcement and 6 April 2017 Announcement. The high average daily trading volume of the Shares in May 2017 to the Latest Practicable Date is most likely due to the market reaction towards the Joint Announcement. Shareholders should note that there is no guarantee that such increase in daily trading volume may occur during and/or after the Offer Period. It is also uncertain whether such trading momentum could be sustained in light that the average daily trading volume of the Shares was generally thin for most of the time during the Review Period i.e. the average daily trading volume during the Review Period was approximately 5.7 million Shares, representing approximately 0.40% of the total number of Shares in issues as at the Latest Practicable Date.

As the traded volume of the Shares had been relatively thin, we believe that the share price is vulnerable and could be easily distorted by a minimal number of transactions. We again consider that the share price may not be a good reference/indicator to the Company’s underlying value due to the illiquidity of the Shares. Independent Shareholders should be mindful as to whether there will be sufficient liquidity in the Shares for those who wish to realise part or all of their investment in the Company at the prevailing market price of the Shares. Shareholders may find it

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difficult to dispose of large number of Shares in the open market without exerting downward pressure on the market price of the Shares. Therefore, we consider that the Share Offer provides an assured exit to the Independent Shareholders, particularly for those who hold a large volume of the Shares, to realise their investment in the Shares by the Share Offer rather than sell on the open market.

(c) Comparable analysis

To further assess the fairness and reasonableness of the Offer Price, we have conducted a comparable analysis through identifying companies which are primarily engaged in similar business activities as the Company and are listed on the Stock Exchange (the “**Comparables**”). We have considered three commonly adopted approaches in evaluation of a company, namely the PER, dividend yield and price-to-book ratio (the “**PBR**”), which are commonly adopted trading multiple analyses. However, the Group did not declare any dividend to the Shareholders for the two years ended 30 April 2015 and 2016, we consider that the dividend yield approaches are not applicable for assessing the value of the Group and thus the PBR and PER would be the most appropriate and relevant approach.

It should, nevertheless, be noted that all the subject companies involved in the comparable analysis may have different market capitalisation, profitability, and financial positioning as compared with those of the Company. The analysis is meant to be used as a general reference for similar types of companies in Hong Kong, and we consider the Comparables’ PERs and PBRs to be the most appropriate basis to assess the fairness of the PERs and PBRs of the Company and in turn, the proposed Offer price.

Based on the Offer Price of HK\$0.25 per Offer Share and the total number of issued Shares of 1,440,000,000 as at the Latest Practicable Date, the Company is valued at approximately HK\$360 million. The PBR of the Company implied by the Offer Price is approximately 4.29 times (the “**Implied PBR**”) based on the equity attributable to Shareholders of the Company of approximately HK\$84.0 million as at 31 October 2016. The PER of the Company implied by the Offer price is approximately 50.07 times (the “**Implied PER**”) based on the net profit attributable to Shareholders of the Company of approximately HK\$7.2 million for the year ended 30 April 2016.

In identifying the Comparables, we aimed to find companies which are most relevant to the Company and the selection criteria include the following: (i) companies that are principally engaged in undertaking both slope works and foundation works only; (ii) companies that are listed on the Stock Exchange; and (iii) companies that are profit generating in the most recent financial year. However, due to the unique business mix of the Group, we have not been able to identified Comparables with the exact business mix.

We have therefore revised the selection criteria for those comparable companies which are (i) companies that are engaged in the provision of construction works which undertakes either or both slope works and foundation works with revenue

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deriving from Hong Kong as at the latest financial year; (ii) companies that are listed on the Stock Exchange; and (iii) companies that are profit generating in the most recent financial year. Based on these criteria, we have identified an exhaustive list of a total of 5 Comparables listed on the Stock Exchange.

Given the unique business mix of the Group and based on our review of information of companies listed on the Stock Exchange which engaged in similar line of businesses of the Group, we consider that selecting comparable companies based on market capitalisation would be too limited in forming a fair list to assess the fairness and reasonableness of the terms of the Share Offer.

Shareholders should note that the business, scale of operation, trading prospect, target market business mix, cost structure and capital structure of the Company are not the same as those of the Comparables and we have not conducted in-depth investigation into business and operations of the Comparables save for the aforesaid selection criteria. While the Comparables may not have identical business mix as the Group to constitute direct comparables, we consider that, based on the selection criteria we have adopted, they represent a fair and representative selection of companies that can be useful comparables to the Company for the purpose of this analysis on the grounds that (i) the Comparables and the Group are principally engaged in the provision of construction work such as slope works which includes landslip preventive work and/or foundation service work; (ii) the Comparables and the Group are in general affected by similar macroeconomic factors including but not limited to, the economy in Hong Kong, the outlook of construction industry in Hong Kong, and government policies/regulations on construction industry or construction in Hong Kong; and (iii) similar to the Group, their sources of revenue are solely generated from business similar to that of the Group in Hong Kong. Details of our analysis are as follows.

Company name	Stock code	Principal activities	Market capitalisation (HK\$'000) (Note 1)	Closing price (HK\$)	NAV (HK\$'000) (Note 2)	Net profit (HK\$'000) (Note 3)	PBR (times)	PER (times)
Chinney Kin Wing Holdings Limited	1556	Engaged in foundation construction, and drilling and site investigation works for both public and private sectors in Hong Kong.	645,000	0.43	402,714	102,028	1.60	6.32
K. H. Group Holdings Limited	1557	Engaged in foundation service works and ancillary.	536,000	1.34	164,703	40,303	3.25	13.30
Kwan On Holdings Limited	1559	Engaged in the provision of construction and maintenance works on civil engineering contracts in respect of buildings, waterworks, site formation, road works and drainage and slope upgrading in Hong Kong.	1,843,200	1.92	116,193	27,779	15.86	66.35

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Company name	Stock code	Principal activities	Market capitalisation (HK\$'000) (Note 1)	Closing price (HK\$)	NAV (HK\$'000) (Note 2)	Net profit (HK\$'000) (Note 3)	PBR (times)	PER (times)
Yee Hop Holdings Limited	1662	Engaged in the provision of foundation and other civil works and tunneling works in Hong Kong.	695,000	1.39	249,108	94,266	2.79	7.37
GME Group Holdings Limited	8188	Engaged in the provision of tunnel construction services and utility construction services to the public sector and slope works and structural works for the private sector.	310,000	0.62	39,956	17,708	7.76	17.51
						Maximum	15.86	66.35
						Minimum	1.60	6.32
						Average	6.25	22.17

Company name	Stock code	Principal activities	Market capitalisation (HK\$'000) (Note 4)	Offer price (HK\$)	NAV (HK\$'000) (Note 2)	Net profit (HK\$'000) (Note 3)	PBR (times)	PER (times)
The Company	8366	Engaged in undertaking slope works, foundation works and other general building works in Hong Kong.	360,000	0.25	84,004	7,190	4.29	50.07

Source: the website of the Stock Exchange

Notes:

1. The market capitalisation is based on the closing price on the Latest Practicable Date.
2. The net asset value was extracted from the latest published results of the respective companies (i.e. interim or annual reports).
3. The net profit was extracted from the annual reports of the respective companies.
4. The market capitalisation is based on the Offer Price.

Based on the above, the average of the PER of the Comparables as at the Latest Practicable Date were approximately 22.17 times, where the PERs of the Comparables range from approximately 6.32 times to 66.35 times. We noted that the Group's net profit for the year ended 30 April 2016 is approximately 50.07 times, which is within the range of and toward the high end of the PERs of the Comparables. Therefore, we are of the view that the Offer Price is fair and reasonable from a PER valuation standpoint.

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In evaluating the fairness and reasonableness of the Offer price, we also referred to the PBR of the Company and its peers. As set out in the table above, the PBRs of the Comparables range from approximately 1.60 times to 15.86 times. In accordance to 2016 Interim Report, the NAV of the Group as at approximately HK\$84.0 million. Based on 1,440,000,000 Shares in issue as at 31 October 2016 and the abovementioned net asset value, the NAV per Share as at 31 October 2016 was approximately HK\$0.0583 and the Offer price of HK\$0.25 per Share, the Company's PBR would be approximately 4.29 times, which is within the range of the PBRs of the Comparables. On this basis, we consider that the Offer price is fair and reasonable from a NAV per Share standpoint.

RECOMMENDATION

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

- (i) the specific undertakings under the SPA has no effect on the Offer Price;
- (ii) the Offer Price represents a premium of approximately 45.2% over the average closing price during the Review Period, which represents a reasonable period to provide a general overview of the recent price performance of the Shares when conducting an analysis among the historical closing prices of the Shares and the Offer Price, despite the Offer Price represents a discount to the recent Share prices which we consider not relevant for analysis;
- (iii) the Offer Price is above the closing price of the Shares for more than approximately 91.1% of the trading days during the Review Period;
- (iv) the uncertainties in the future prospect of the Group;
- (v) the Implied PER deduced from the Offer price is within the range of and toward the high end of Comparables' PER;
- (vi) the Implied PBR deduced from the Offer price is within the range of the Comparables' PBR;
- (vii) the traded volume of the Shares had been relatively thin and the Shareholders may find it difficult to dispose of large number of Shares in the open market without exerting downward pressure on the market price of the Shares. Therefore, we consider that the Share Offer provides an assured exit to Shareholders to realise their investment in the Shares without the possible negative impact above; and
- (viii) the Company does not have a dividend policy for future dividend payments to the Shareholders. Shareholders who seek for dividend return for their investment may consider accepting the Share Offer and invest the proceeds receivable therefrom in other securities with better dividend yield than the Shares.

We consider that the terms of the Share Offer 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 Share Offer.

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The Independent Shareholders who choose not to accept the Share Offer and sell part or all of their share in the open market to realise a price in excess of the Offer Price should monitor the market price of the Shares. If the market price of the Shares remains higher than the Share Offer Price during the Offer Period, the Independent Shareholders should consider any costs in respects of such market sale (i.e. rapid and significant changes in prices and liquidity, as well as the uncertainty with regards to current prices or levels of liquidity that can be maintained). We wish to highlight the fact that the Share Offer enables Independent Shareholders to sell their Shares at the Offer Price with certainty, while there is no certainty given to them to sell a certain number of Shares at any given time in the market with any given price.

The Independent Shareholders should also be aware that, if the number of Shares held by the public, as defined in the GEM Listing Rules, comprises less than 25% of the total issued Shares at the close of the Share Offer, trading in the Shares may be suspended. Should this happen, the Independent Shareholders who choose not to accept the Share Offer will not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes.

The Independent Shareholders are strongly recommended to read carefully the procedures for accepting the Share Offer as detailed in this Composite Document, the appendices to this Composite Document and the accompanying Forms of Acceptance, if they wish to accept the Share Offer.

Yours faithfully,
For and on behalf of
Zhaobangji International Capital Limited
Fabian SHIN
Chief Executive Officer

Mr. Fabian Shin is a licensed person registered with the Securities and Futures Commission and a responsible officer of Zhaobangji International Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 20 years of experience in the corporate finance profession.

To accept the Share 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 of the Share Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance which form part of the terms of the Share Offer.

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

- (a) 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 Share Offer, you must send the duly completed and signed Form of Acceptance 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 at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "Fraser Holdings Limited — Share Offer" on the envelope as soon as possible but in any event the aforementioned documents shall reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code.
- (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 the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), 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, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed 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 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 authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, 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's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, 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.
- (c) 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 Share Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror, Emperor Capital and/or Emperor 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 on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (d) 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 not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered 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 (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they 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 (and/or any satisfactory indemnity or indemnities required in respect thereof) 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 for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (e) Acceptance of the Share Offer will be treated as effective and valid only if the completed Form of Acceptance is received by the Registrar on or before the latest time for acceptance of the Share Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, 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 that/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 (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representatives (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 of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (f) Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholder on acceptance of the Share Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.
- (g) No acknowledgement of receipt of any Form 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. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Share Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.
- (b) If the Share Offer is extended, the Offeror will issue an announcement in relation to any extension of the Share Offer, which announcement will state either the next Closing Date or, a statement that the Share Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Share Offer is closed to those Shareholders who have not accepted the relevant Share Offer before the Share Offer is closed. If, in the course of the Share Offer, the Offeror revise the terms of the Share Offer, all Shareholders, whether or not they have already accepted the Share Offer, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. on 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 expiry, revision and extension of the Share Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Share Offer and whether the Share Offer has been revised, extended or expired. The announcement will state the following:
 - (i) the total number of Shares and rights over Shares for which acceptances of the Share Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

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

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Share Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Share Offer must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules respectively.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Share Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “3. Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, if the Independent Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the 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) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

5. SETTLEMENT UNDER THE SHARE OFFER

Provided that a valid Form of Acceptance and 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) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar on or before 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Shareholders who accept the Share Offer less seller’s ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Share Offer will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days of the date on which the duly completed acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid.

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

Settlement of the consideration to which any Shareholder is entitled under the Share Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty of the Share Offer) 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 Shareholder.

6. OVERSEAS SHAREHOLDERS

The making of the Share Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Share Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Share Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by the accepting Shareholders).

Acceptance of the Share Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under applicable laws and regulations to receive and accept the Share Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Share Offer.

7. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Share Offer. It is emphasised that none of the Offeror, Emperor Capital, Emperor Securities, their respective ultimate beneficial owners and parties acting in concert, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Share Offer is in a position to advise the Independent Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Share Offer.

8. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, certificate(s), Share certificate(s), transfer receipt(s), other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Share Offer will be delivered by or sent to or from the Independent Shareholders or their designated agents, by ordinary post at their own risk, and none of the Offeror, Emperor Capital, Emperor Securities, the

Registrar, or other parties involved in the Share Offer or any of their respective directors, officers, advisers, associates, agents accepts any liability for any loss or any other liabilities that may arise as a result thereof.

- (b) The provisions set out in the Form of Acceptance forms part of the terms and conditions of the Share Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Share Offer is made will not invalidate the Share Offer in any way.
- (d) The Share Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of the Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Share Offer.
- (e) Due execution of the Form of Acceptance in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, Emperor Capital or such person or persons as the Offeror or Emperor Capital may direct to complete, amend 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 respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Share Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Emperor Capital and Emperor Securities that the Shares tendered under the Share Offer are sold by such person or persons free from all Encumbrances and together with all rights accruing or attaching to them as at the date of this Composite Document or subsequently being attached to them, including, without limitation, the rights to receive all future dividends and other distributions, declared, made or paid, if any, by the Company on or after the date of this Composite Document.
- (g) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Share Offer.
- (h) If no number is inserted or a number inserted is greater than your registered holding of Share(s) or those physical Share(s) tendered for acceptance of the Share Offer and you have signed this form, this form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before 4:00 p.m. on the Closing Date.
- (i) Reference to the Share Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.

- (j) In making their decisions, Shareholders must rely on his/her/its/their own examination of the Offeror and the terms of the Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendations contained therein, and the Form of Acceptance are not to be construed as legal or business advice. Shareholders could consult with his/her/its/their own professional advisers for professional advice.
- (k) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. FINANCIAL SUMMARY

The following is a summary of the financial results of the Company (i) for each of the three financial years ended 30 April 2016, as extracted from the annual report of the Company for the financial year ended 30 April 2016 and the prospectus of the Company dated 23 October 2015, and (ii) for the six months ended 31 October 2015 and 2016 as extracted from the 2016 Interim report of the Company.

Consolidated Statement of Comprehensive Income

	Six months ended		Year ended 30 April		
	31 October		2016	2015	2014
	2016	2015	2016	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)			
Revenue	64,642	84,899	180,602	157,346	128,295
Direct costs	<u>(59,384)</u>	<u>(75,751)</u>	<u>(162,549)</u>	<u>(136,580)</u>	<u>(112,755)</u>
Gross profit	5,258	9,148	18,053	20,766	15,540
Other income	2,518	233	331	1,682	2,872
Administrative expenses	(2,615)	(4,285)	(8,824)	(7,779)	(4,265)
Finance costs	<u>(6)</u>	<u>(42)</u>	<u>(87)</u>	<u>(68)</u>	<u>(12)</u>
Profit before tax	5,155	5,054	9,473	14,601	14,135
Income tax expenses	<u>(982)</u>	<u>(1,250)</u>	<u>(2,283)</u>	<u>(3,170)</u>	<u>(2,598)</u>
Profit and total comprehensive income for the period/year attributable to owners of the Company	<u>4,173</u>	<u>3,804</u>	<u>7,190</u>	<u>11,431</u>	<u>11,537</u>
Earnings per share	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
— Basic and diluted	0.29	0.31	0.54	0.93	0.93
Dividend	<u>—</u>	<u>10,000</u>	<u>10,000</u>	<u>—</u>	<u>—</u>

The audited consolidated financial statements of the Group for each of three financial years ended 30 April 2016 did not contain any qualified opinion. There were no items which were exceptional because of size, nature or incidence during each of the three financial years ended 30 April 2016 and the six months ended 31 October 2016.

2. AUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

The following financial information has been extracted from the annual report of the Company for the financial year ended 30 April 2016.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	5	180,602	157,346
Direct costs		<u>(162,549)</u>	<u>(136,580)</u>
Gross profit		18,053	20,766
Other income	6	331	1,682
Administrative expenses		(8,824)	(7,779)
Finance costs	7	<u>(87)</u>	<u>(68)</u>
Profit before income tax	8	9,473	14,601
Income tax expense	9	<u>(2,283)</u>	<u>(3,170)</u>
Profit and total comprehensive income for the year		<u><u>7,190</u></u>	<u><u>11,431</u></u>
Earnings per share (HK cents)			
Basic and diluted	11	<u><u>HK0.54 cents</u></u>	<u><u>HK0.93 cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>13</i>	<u>417</u>	<u>683</u>
Current assets			
Trade and other receivables	<i>15</i>	31,392	37,630
Amount due from a related company	<i>17</i>	—	6,296
Amounts due from customers on construction contracts	<i>18</i>	7,747	7,561
Pledged time deposits	<i>19</i>	25,038	—
Cash and bank balances	<i>19</i>	<u>49,838</u>	<u>22,754</u>
		<u>114,015</u>	<u>74,241</u>
Current liabilities			
Trade and other payables	<i>20</i>	25,946	19,718
Amounts due to customers on construction contracts	<i>18</i>	3,022	626
Borrowings, secured	<i>21</i>	—	5,000
Obligation under finance lease	<i>22</i>	23	—
Amount due to a director	<i>16</i>	—	1,602
Tax payable		<u>6,239</u>	<u>4,896</u>
		<u>35,230</u>	<u>31,842</u>
Net current assets		<u>78,785</u>	<u>42,399</u>
Total assets less current liabilities		<u>79,202</u>	<u>43,082</u>
Non-current liabilities			
Obligation under finance leases	<i>22</i>	<u>73</u>	<u>—</u>
Net assets		<u>79,129</u>	<u>43,082</u>
Equity			
Share capital	<i>23</i>	14,400	18,001
Reserves		<u>64,729</u>	<u>25,081</u>
Total equity		<u>79,129</u>	<u>43,082</u>

Consolidated Statement of Changes in Equity*For the year ended 30 April 2016*

	Share capital <i>HK\$'000</i>	Share Premium* <i>HK\$'000</i>	Merger Reserve* <i>HK\$'000</i> <i>(note)</i>	Retained Earnings* <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 May 2014	18,001	—	—	13,650	31,651
Profit and total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,431</u>	<u>11,431</u>
Balance at 30 April 2015 and 1 May 2015	18,001	—	—	25,081	43,082
Profit and total comprehensive income for the year	—	—	—	7,190	7,190
Transaction with owners:					
Arising from group reorganisation	(18,001)	—	18,001	—	—
Issue of shares by the Company pursuant to the reorganisation	1	—	—	—	1
Issue of shares pursuant to capitalisation Issue	12,349	(12,349)	—	—	—
Issue of shares upon placing of the Company's share	2,050	38,950	—	—	41,000
Expenses incurred in connection with the issue of shares during the year	—	(2,144)	—	—	(2,144)
Dividend declared and paid <i>(note 10)</i>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(10,000)</u>	<u>(10,000)</u>
Total transaction with owners	<u>(3,601)</u>	<u>24,457</u>	<u>18,001</u>	<u>(10,000)</u>	<u>28,857</u>
Balance at 30 April 2016	<u>14,400</u>	<u>24,457</u>	<u>18,001</u>	<u>22,271</u>	<u>79,129</u>

* The total amounts of these balances represent "Reserves" in the consolidated statement of financial position.

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

Consolidated Statement of Cash Flows*For the year ended 30 April 2016*

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
Profit before income tax	9,473	14,601
Adjustments for:		
Interest income	(101)	—
Depreciation	392	1,260
Finance costs	87	68
Gain on disposal of property, plant and equipment	<u>—</u>	<u>(839)</u>
Operating profit before working capital changes	9,851	15,090
Decrease/(increase) in trade and other receivables	6,238	(1,070)
Increase in amounts due from customers on construction contracts	(186)	(1,296)
Increase/(decrease) in trade and other payables	6,228	(3,046)
Increase/(decrease) in amounts due to customers on construction contracts	<u>2,396</u>	<u>(658)</u>
Cash generated from operations	24,527	9,020
Interest paid	(77)	(68)
Income tax (paid)/refund	<u>(940)</u>	<u>1,678</u>
<i>Net cash generated from operating activities</i>	<u>23,510</u>	<u>10,630</u>
Investing activities		
Interest income	101	—
Purchase of property, plant and equipment	(11)	(493)
Proceeds from disposal of property, plant and equipment	—	946
Increase in pledged time deposits	(25,038)	—
Decrease in amount due from a director	—	8,565
Decrease/(increase) in amount due from a related company	<u>6,296</u>	<u>(6,045)</u>
<i>Net cash (used in)/generated from investment activities</i>	<u>(18,652)</u>	<u>2,973</u>

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Financing activities		
Proceeds from issuance of share capital	41,001	—
Payment of share issuance expenses	(2,144)	—
Dividend paid	(10,000)	—
Repayment of capital element of finance lease	(19)	—
Interest element of finance lease	(10)	—
Proceeds from new borrowings	—	24,000
Repayment of borrowings	(5,000)	(19,000)
(Decrease)/increase in amount due to a director	<u>(1,602)</u>	<u>1,602</u>
<i>Net cash generated from financing activities</i>	<u>22,226</u>	<u>6,602</u>
Net increase in cash and cash equivalents	27,084	20,205
Cash and cash equivalents at beginning of year	<u>22,754</u>	<u>2,549</u>
Cash and cash equivalents at end of year represented by cash and bank balances	<u><u>49,838</u></u>	<u><u>22,754</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

1. GENERAL INFORMATION AND BASIS OF PRESENTATION**1.1 General information**

Fraser Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability. Its parent and ultimate holding company is National Honour Investments Limited (“National Honour”), a company incorporated in the British Virgin Islands (“BVI”) and wholly owned by Mr. Yu Shek Man, Ringo (“Mr. Yu”) and Ms. Wong So Wah (“Ms. Wong”) (collectively referred as the “Controlling Shareholders”).

The addresses of the registered office and the principal place of business of the Company are Room 1122, Pacific Link Tower, South Mark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong. The Company is an investment holding company and its subsidiaries (collectively, the “Group”) are principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

The Company’s shares are listed on the Growth Enterprise Market of The Stock Exchange on 2 November 2015 (the “Listing”).

The consolidated financial statements for the year ended 30 April 2016 were approved for issue by the Board on 11 July 2016.

1.2 Reorganisation and basis of presentation

Pursuant to the Group reorganisation (the “Reorganisation”) in connection with the Listing, the Company became the holding company of the companies now comprising the Group on 17 June 2015.

Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in the section headed “History and Development” in the Company’s prospectus dated 23 October 2015. The Group was under the common control of the Controlling Shareholders prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the two years ended 30 April 2016, or since their respective dates of incorporation/establishment, where it is a shorter period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”).

The amendments to the GEM Listing Rules relating to financial information with reference to the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year and the main impact is on the presentation and disclosure of certain information in these consolidated financial statements.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost.

The consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("HK\$'000"), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are disclosed in note 4 to the consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively referred to as the "Group"). The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiary is carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.3 Merger accounting for common control combinations

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

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' 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 or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or business first came under common control at a later date.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation on other assets is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Plant and machinery	30%
Motor vehicles	30%
Furniture and fixtures	20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.5 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries are set out below.

Financial assets are classified into loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as 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 computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the 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 to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Impairment losses on financial assets other than trade receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.6 Impairment of non-financial assets

Property, plant and equipment are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest Group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 Construction contracts

Construction contracts are contracts specifically negotiated for the construction of an asset or a combination of assets where the customer is able to specify the major structural elements of the design.

The Group's construction contracts are at fixed prices. The accounting policy for contract revenue is set out in Note 2.13.

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the reporting date are recorded in the consolidated statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented as "Amounts due from customers on construction contracts" (an asset) or "Amounts due to customers on construction contracts" (a liability). Progress billings not yet paid by customers are included in the consolidated statement of financial position under "Trade and other receivables".

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.9 Financial liabilities

The Group's financial liabilities include borrowings, amount due to a director, and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2.15).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables, and amount due to a director

Trade and other payables, and amount due to a director are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 2.10).

2.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

Assets acquired under finance leases

Where the Company acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.11 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.12 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

(i) Contracting revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is generally established according to the progress certificate (by reference to amount of completed works confirmed by customer or its agent) issued by the customer or its agent.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer or the outcome of which can be estimated reliably by management and are capable of being reliably measured.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(ii) Consultancy income

Revenue from provision of consultancy services are recognised when the related services rendered to the customer.

2.14 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.15 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.17 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker for their decisions about resources allocation to the Group's business components for their review of the performance of those components.

2.18 Related parties

For the purposes of the consolidated financial statements a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
 - (i) has control or joint control over of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group (if the Group is itself such a plan) and the sponsoring employers are also related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. ADOPTION OF NEW AND AMENDED HKFRSS

Amended HKFRSSs that are effective for annual periods beginning or after 1 May 2015

In the current year, the Group has applied for the first time the following amended HKFRSSs issued by the HKICPA, which are effective for the Group's consolidated financial statements for the annual period beginning on 1 May 2015:

Amendments to HKFRSSs	Annual Improvements to HKFRSSs 2010–2012 Cycle
Amendments to HKFRSSs	Annual Improvements to HKFRSSs 2011–2013 Cycle

The impact of the adoption of the amended HKFRSSs is discussed below:

Annual Improvements to HKFRSSs 2010–2012 and 2011–2013 Cycles

The amendments contained in these two cycles of annual improvements set out amendments to a number of HKFRSSs. Other than those that are relevant to the Group, the adoption of these amendments has no material impact on the Group's consolidated financial results or positions.

Amendments to HKAS 24 "Related Party Disclosures" amends the definition of a 'related party' to include 'management entities' that provide key management personnel services to the reporting entity, requires the disclosure of the amounts recognised as a service fee to a separate management entity for the provision of the key management personnel services and provides a relief so that disclosure of components of the compensation to key management personnel where is paid via a management entity is not required. The amendments do not have any impact on the Group's related party disclosures.

Issued but not yet effective HKFRSSs

At the date of authorisation of these consolidated financial statements, the following new and amended HKFRSSs that are relevant to the Group have been issued but are not yet effective for the financial year beginning on 1 May 2015, and have not been early adopted by the Group:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKAS 1	Disclosure Initiative ¹
HKFRSSs (Amendments)	Annual Improvements to HKFRSSs 2012–2014 Cycle ¹

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

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of the impact of these new and revised HKFRSSs upon initial application and not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Construction contracts

As explained in Notes 2.7 and 2.13, revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the progress certificates issued by the customers and their agent. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs by comparing the budgeted amounts to the actual costs incurred.

Significant judgement is required in estimating the contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken.

Management base their judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

Details of the amount due from/(to) customers on construction contracts are disclosed in Note 18.

(b) Provision for impairment of trade receivables

The Group determines the provision for impairment of trade receivables. This estimate is based on the credit history of the customers and the current market condition. Management reassesses the adequacy of provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be easily accessible public information and market volatility might bear a significant impact which might not be easily ascertained.

Details of the trade receivables are disclosed in Note 15.

5. REVENUE

The Group's principal activities are disclosed in Note 1.1 of the consolidated financial statements. Turnover of the Group is the revenue from these activities.

Revenue recognised for the years ended 30 April 2015 and 2016 are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Contracting revenue	180,458	157,121
Consultancy fee	<u>144</u>	<u>225</u>
	<u><u>180,602</u></u>	<u><u>157,346</u></u>

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

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	116,465	87,417
Customer B	22,212	26,994
Customer C	N/A	11,441
Customer D	<u>N/A</u>	<u>12,266</u>

6. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment	—	839
Insurance claim	1	197
Interest income	101	—
Rental income from lease of machinery	164	480
Sundry income	<u>65</u>	<u>166</u>
	<u><u>331</u></u>	<u><u>1,682</u></u>

7. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on finance leases	10	—
Interests on bank loans and overdrafts wholly repayable within 5 years	<u>77</u>	<u>68</u>
	<u><u>87</u></u>	<u><u>68</u></u>

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before tax is stated after charging:		
(a) Staff costs (including Directors' remuneration) (note 12(a))		
Salaries, wages and other benefits	8,334	6,330
Contributions to defined contribution retirement plans	<u>337</u>	<u>322</u>
Staff costs (including directors' remuneration) (note (i))	<u><u>8,671</u></u>	<u><u>6,652</u></u>
(b) Other items		
Depreciation, included in:		
— Direct costs	352	919
— Administrative expenses		
— Assets held under finance leases	17	—
— Owned assets	<u>23</u>	<u>341</u>
	<u><u>392</u></u>	<u><u>1,260</u></u>
Operating lease charges:		
— Land and buildings	384	360
Subcontracting charges (included in direct costs)	148,683	127,881
Listing expenses	3,282	4,737
Auditors' remuneration	<u>600</u>	<u>50</u>

Note: (i) Staff costs (including Directors' remuneration)

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Direct costs	6,232	5,110
Administrative expenses	<u>2,439</u>	<u>1,542</u>
	<u><u>8,671</u></u>	<u><u>6,652</u></u>

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Provision for Hong Kong Profits Tax	<u><u>2,283</u></u>	<u><u>3,170</u></u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before income tax	<u>9,473</u>	<u>14,601</u>
Tax on profit before income tax at 16.5% (2015: 16.5%)	1,563	2,409
Tax effect of expense not deductible for tax purpose	761	775
Temporary differences not recognised	<u>(41)</u>	<u>(14)</u>
Income tax expense for the year	<u>2,283</u>	<u>3,170</u>

At 30 April 2016, no deferred taxation has been provided as there are no significant unrecognised temporary differences (2015: nil).

10. DIVIDENDS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interim dividends of HK\$60 per ordinary share of Fraser Construction	<u>10,000</u>	<u>—</u>

For the year ended 30 April 2016, interim dividends of HK\$10,000,000 were appropriated to the then shareholders of Fraser Construction (2015: nil).

11. EARNINGS PER SHARE

The calculation of basis earning per share attributable to owners of the Company is based on the followings:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to equity holders of the Company for the purposes of basic earnings per share	<u>7,190</u>	<u>11,431</u>
	2016 <i>'000</i>	2015 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,336,658</u>	<u>1,235,000</u>

The weighted average number of ordinary share in issue for the year ended 30 April 2016 comprises 1,235,000,000 ordinary shares on the assumption that the reorganisation and the capitalisation had been effective on 1 May 2014, and the weighted average of 101,658,000 (2015: nil) ordinary share in issue.

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

12. DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

Remuneration of Directors disclosed pursuant to the GEM Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follow:

	Fee <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Retirement scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
2016				
Executive directors:				
Mr. Yu (<i>note a</i>)	360	—	18	378
Ms. Wong (<i>note a</i>)	210	—	12	222
Non-executive director:				
Mr. Cheung Kin Keung Martin (<i>note b</i>)	75	—	—	75
Independent Non-executive directors:				
Mr. Law Yiu Sing (<i>note c</i>)	75	—	—	75
Mr. Wong Kwok Chuen (<i>note c</i>)	75	—	—	75
Mr. Wong Law Fai (<i>note c</i>)	75	—	—	75
	<u>870</u>	<u>—</u>	<u>30</u>	<u>900</u>

	Fee <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Retirement scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
2015				
Executive directors				
Mr. Yu (<i>note a</i>)	300	—	18	318
Ms. Wong (<i>note a</i>)	200	—	10	210
	<u>500</u>	<u>—</u>	<u>28</u>	<u>528</u>

Notes:

- (a) Appointed on 20 May 2015. The emoluments shown above included the emoluments paid to these directors in the capacity as employees/directors of the Company and subsidiaries during the years ended 30 April 2016 and 2015.
- (b) Appointed on 20 May 2015.
- (c) Appointed on 14 October 2015.
- (d) No Directors have waived or agreed to waive any emoluments during the year ended 30 April 2016 (2015: nil).

(b) Five highest paid individuals

The five highest paid individuals of the Group include no Directors for the year ended 30 April 2016 (2015: nil). The aggregate of the emoluments in respect of the five (2015: five) highest paid individuals are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries, fee and allowances	2,501	2,147
Discretionary bonuses	200	200
Retirement scheme contributions	90	84
	<u>2,791</u>	<u>2,431</u>

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2016	2015
Nil–HK\$1,000,000	<u>5</u>	<u>5</u>

No Directors or the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 April 2016 (2015: nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 May 2014	3,948	5,468	656	10,072
Additions	—	383	110	493
Disposals	<u>(1,485)</u>	<u>(826)</u>	<u>(233)</u>	<u>(2,544)</u>
At 30 April 2015	<u>2,463</u>	<u>5,025</u>	<u>533</u>	<u>8,021</u>
As at 1 May 2015	2,463	5,025	533	8,021
Additions	<u>—</u>	<u>—</u>	<u>126</u>	<u>126</u>
At 30 April 2016	<u>2,463</u>	<u>5,025</u>	<u>659</u>	<u>8,147</u>
Accumulated depreciation				
At 1 May 2014	(3,707)	(4,236)	(572)	(8,515)
Depreciation written back upon disposals	1,485	719	233	2,437
Charge for the year	<u>(241)</u>	<u>(917)</u>	<u>(102)</u>	<u>(1,260)</u>
At 30 April 2015	<u>(2,463)</u>	<u>(4,434)</u>	<u>(441)</u>	<u>(7,338)</u>
As at 1 May 2015	(2,463)	(4,434)	(441)	(7,338)
Charge for the year	<u>—</u>	<u>(352)</u>	<u>(40)</u>	<u>(392)</u>
At 30 April 2016	<u>(2,463)</u>	<u>(4,786)</u>	<u>(481)</u>	<u>(7,730)</u>
Net book value At 30 April 2016	<u>—</u>	<u>239</u>	<u>178</u>	<u>417</u>
At 30 April 2015	<u>—</u>	<u>591</u>	<u>92</u>	<u>683</u>

As at 30 April 2016, furniture and fixtures with net of HK\$98,000 (2015: nil) was held under finance leases.

14. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at 30 April 2016 are as follows:

Company name	Place of incorporation	Issued ordinary share capital	Equity interest attributable to the Group		Principal activities
			2016	2015	
Directly held					
True Sincere Group Limited	BVI	US\$1 of 1 ordinary share	100%	100%	Investment holdings
Indirectly held					
Strong Move Global Limited	BVI	US\$1 of 1 ordinary share	100%	100%	Investment holdings
Magic City Developments Limited	BVI	US\$1 of 1 ordinary share	100%	100%	Investment holdings
Fraser Construction Company Limited	Hong Kong	HK\$18,000,000 of 180,000 ordinary shares	100%	100%	Undertaking slope works, foundation works and other general building works in Hong Kong
Tubo Technology Construction Company Limited	Hong Kong	HK\$1,000 of 1,000 ordinary shares	100%	100%	Provision of consultancy services in relation to the management of projects involving slop works, foundation works and/or other general building works

15. TRADE AND OTHER RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables	19,465	25,912
Retention receivables	10,836	10,042
Other receivables and prepayment	526	850
Utility and other deposits	565	826
	<u>31,392</u>	<u>37,630</u>

Trade receivable

The Group usually provide customers with a credit term of 21–60 days (2015: 21–60 days). For the settlement of trade receivables from provision of construction services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	16,753	20,086
31–60 days	2,118	355
61–90 days	139	1,590
Over 90 days	<u>455</u>	<u>3,881</u>
	<u><u>19,465</u></u>	<u><u>25,912</u></u>

At each reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no provision for impairment has been recognised at 30 April 2015 and 2016.

Ageing of trade receivables which are past due but not impaired were as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	12,596	20,086
Less than 30 days past due	6,259	355
31–60 days past due	16	1,590
61–90 days past due	139	33
Over 90 days past due	<u>455</u>	<u>3,848</u>
	<u><u>19,465</u></u>	<u><u>25,912</u></u>

Trade receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Retention receivables

Retention receivables represents certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum. No ageing analysis of retention receivables is presented as the retentions are release to the Group pursuant to the provision of the relevant contracts after the completion of the projects in question.

Retention receivables are interest-free and repayable approximately one year after the expiry of the defect liability period of construction projects.

No amounts in relation to other receivables were past due at 30 April 2015 and 2016.

16. AMOUNT DUE TO A DIRECTOR

The amount due to a director at 30 April 2015 was unsecured, non-interest bearing and repayable on demand. The amount was repaid during the year ended 30 April 2016.

17. AMOUNT DUE FROM A RELATED COMPANY

At 30 April 2015, the amount was unsecured, non-interest bearing and repayable on demand. Details of related party relationship are disclosed in Note 27(a).

The amount was repaid during the year ended 30 April 2016.

18. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Contract costs incurred plus recognised profits less recognised losses	470,617	265,387
Less: progress billings	<u>(465,892)</u>	<u>(258,452)</u>
Contract work-in-progress	<u>4,725</u>	<u>6,935</u>
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	7,747	7,561
Amounts due to customers on construction contracts	<u>(3,022)</u>	<u>(626)</u>
	<u>4,725</u>	<u>6,935</u>

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

At 30 April 2016, retentions held by customers for construction contracts in progress amounted to HK\$10,832,000 (2015: HK\$7,350,000).

19. CASH AND BANK BALANCES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cash at bank	74,876	22,754
Less: pledged time deposits	<u>(25,038)</u>	<u>—</u>
Cash and cash equivalent per the consolidated statement of cashflows	<u>49,838</u>	<u>22,754</u>

Notes:

- (a) All cash and cash equivalents are denominated in HK\$.
- (b) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (c) At 30 April 2016, pledged time deposits earn 0.45% to 0.51% interest per annum and have a maturity of 3 months. They have been pledged to secure bank facilities granted (note 21). (2015: Secured by floating charge over certain bank accounts amounted to HK\$20,131,000).

20. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	15,853	13,297
Retention payables (<i>note (b)</i>)	7,911	4,993
Accruals and other payables	<u>2,182</u>	<u>1,428</u>
	<u><u>25,946</u></u>	<u><u>19,718</u></u>

Notes:

(a) Payment terms granted by suppliers are 42–60 days (2015: 42–60 days) from the invoice date of the relevant purchases.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	13,560	10,394
31–60 days	1,734	315
61–90 days	—	88
Over 90 days	<u>559</u>	<u>2,500</u>
	<u><u>15,853</u></u>	<u><u>13,297</u></u>

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

(c) All trade and other payables are denominated in HK\$.

21. BORROWINGS, SECURED

At 30 April 2015, the secured bank loan of HK\$5,000,000 was interest-bearing at 3.233% per annum and repayable within one year.

At 30 April 2015, the banking facilities to the total extent of HK\$23,000,000 granted to the Group are secured by properties and personal guarantee and a floating charge over certain bank accounts of the Group (note 19). The facilities were utilised to extent of HK\$5,000,000 at 30 April 2015.

During the year ended 30 April 2016, the Group has repaid the bank loans of HK\$5,000,000 and has procured the release of all securities over the related company's properties and the personal guarantee provided by Mr. Yu and a floating charge over certain bank accounts of the Group.

At 30 April 2016, the banking facilities to the total extent of HK\$23,000,000 granted to the Group are secured by:

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

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

22. OBLIGATION UNDER FINANCE LEASES

As at 30 April 2016, the Group had obligations under finance leases repayable as follows:

	Total minimum lease payments		Present value of minimum lease payments	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Within one year	34	—	23	—
In the second to fifth years inclusive	110	—	73	—
	144	—	96	—
Future finance charges	(48)	—		
Present value of finance lease liabilities	96	—		

Obligation under finance leases are effectively secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Company.

The Company has entered into finance leases for items of furniture and fixtures. The lease period is for 5 years. The Company has the option to purchase the leased assets which is expected to be sufficiently lower than the fair value of the leased assets at the end of the lease. None of the leases include contingent rentals.

23. CAPITAL AND RESERVE

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

Movements of the authorised and issued share capital of the Company for the period from 20 May 2015 (date of incorporation of the Company) to 30 April 2016 are as follows:

(a) Share capital

	No. of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 20 May 2015 (date of incorporation) (<i>note i</i>)	38,000,000	380
Increase in authorised share capital in the year (<i>note ii</i>)	1,962,000,000	19,620
As at 30 April 2016	2,000,000,000	20,000
Issued and fully paid:		
Upon incorporation at 20 May 2015 (<i>note i</i>)	1	—
Issuance of share capital (<i>note i</i>)	9,999	1
Capitalisation issue of shares (<i>note iii</i>)	1,234,990,000	12,349
Issue of shares upon listing (<i>note iv</i>)	205,000,000	2,050
As at 30 April 2016	1,440,000,000	14,400

- (i) The Company is a limited liability company incorporated in the Cayman Islands on 20 May 2015 with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of a par value of HK\$0.01 each. 1 share was allotted and issued nil-paid to the subscriber and was subsequently transferred to National Honour on the same day. On 17 June 2015, the 1 nil-paid share held by National Honour was credited as fully paid, and 9,999 Shares, all credited as fully paid, were allotted and issued to National Honour.

- (ii) On 15 October 2015, the authorized share capital of our Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 Shares.
- (iii) Pursuant to the written resolutions of the shareholders passed on 15 October 2015, 1,234,990,000 ordinary shares of HK\$0.01 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the Company.
- (iv) On 2 November 2015, the Company issued a total of 205,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.20 per share in relation to the placing of the Company's shares. Of the gross total proceeds of HK\$41,000,000, HK\$2,050,000 representing the par value was credited to the Company's share capital, and HK\$38,950,000 before reduction of the share issuance expenses of HK\$2,144,000, was credited to the share premium account.

(b) Reserve

The reconciliation between the opening and closing balances of each component of the Group's equity is set out in the consolidated statements of changes in equity.

(c) Capital management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the gearing ratio. For this purpose net debt is defined as current liabilities less cash and cash equivalents. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The gearing ratio at the end of reporting period is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current liabilities		
Borrowing	—	5,000
Amount due to a director	—	1,602
Obligation under finance lease	96	—
	<u>96</u>	<u>6,602</u>
Total equity	<u>79,129</u>	<u>43,082</u>
Gearing ratio	<u>0.1%</u>	<u>15.3%</u>

24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 HK\$'000
ASSETS AND LIABILITIES	
Non-current asset	
Investments in subsidiaries	—
Current assets	
Other receivables	176
Amounts due from subsidiaries	34,460
	<u>34,636</u>
Current liabilities	
Other payables	1
	<u>1</u>
Net current assets	<u>34,635</u>
Net assets	<u>34,635</u>
Capital and reserves	
Share capital	14,400
Reserves (<i>Note</i>)	20,235
Total equity	<u><u>34,635</u></u>

Note: The movement of the Company's reserves are as follows:

	Share premium HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
Upon incorporation	—	—	—
Issue of shares pursuant to capitalisation issue	(12,349)	—	(12,349)
Issue of shares upon placing of the Company's shares	38,950	—	38,950
Expenses incurred in connection with the issue of shares during the year	(2,144)	—	(2,144)
Loss and total comprehensive loss for the year	—	(4,222)	(4,222)
Balance at 30 April 2016	<u><u>24,457</u></u>	<u><u>(4,222)</u></u>	<u><u>20,235</u></u>

25. OPERATING LEASE COMMITMENTS

As lessor

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

	2016 HK\$'000	2015 HK\$'000
Within one year	<u><u>—</u></u>	<u><u>164</u></u>

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

26. MAJOR NON-CASH TRANSACTIONS

During the year ended 30 April 2016, additions to property, plant and equipment of approximately HK\$115,000 (2015: nil) were financed by finance lease arrangements.

27. RELATED PARTY TRANSACTIONS**(a) The following parties are identified as related parties of the Group:**

Name	Relationship with the Group
Mr. Yu	One of the Controlling Shareholders and an executive director of the Company
Mars Glare Limited ("Mars Glare")	A related company with interests owned by Mr. Yu, one of the Controlling Shareholders and an executive director of the Company

(b) Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries, fee and allowances	2,052	1,553
Discretionary bonuses	200	200
Retirement benefit scheme contributions	84	63
	<u>2,336</u>	<u>1,816</u>

(c) Balances with related parties

Details of the balances with a director and a related company are disclosed Notes 16 and 17 to the consolidated financial statements.

(d) Transactions with related parties

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with its related parties:

Name of related Party	Nature	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Mars Glare	Rent paid thereto	<u>384</u>	<u>360</u>

28. CONTINGENT LIABILITIES

At 30 April 2015 and 2016, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees' compensation and common law personal injury. The Directors are of the opinion that the claims and litigations are not expected to have a material impact on the consolidated financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision has been made to the consolidated financial statements.

29. EVENTS AFTER REPORTING PERIOD

In May 2016, the Group has purchased seven corporate bonds amounted to HK\$19,974,000 in aggregate by using the Group internal financial resources. Such seven corporate bonds are issued by seven different issuers. These bonds bear interest rate ranging from 5.73% to 9.63% per annum.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the Board.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

30.1 Categories of financial assets and liabilities

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and liabilities:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Financial assets		
Loans and receivables:		
— Trade and other receivables	31,217	37,108
— Amount due from a related company	—	6,296
— Cash and bank balances	<u>74,876</u>	<u>22,754</u>
	<u>106,093</u>	<u>66,158</u>
Financial liabilities		
At amortised costs:		
— Trade and other payables	25,946	19,718
— Borrowing, secured	—	5,000
— Amount due to a director	—	1,602
— Obligation under finance lease	<u>96</u>	<u>—</u>
	<u>26,042</u>	<u>26,320</u>

30.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings and obligations under finance lease bearing fixed rates expose the Group to fair value interest rate risk respectively and the exposure to the Group is considered immaterial.

The exposure to interest rate risk for the Group bank balances is considered immaterial.

30.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations. The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount as summarised in Note 30.1.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

At 30 April 2016, the Group has concentration of credit risk as 31% (2015: 47%) and 61% (2015: 65%) of the total trade and other receivables were due from the Group's largest customer and five largest customers. The aggregate amounts of trade and other receivables from these customers amounted to HK\$9,682,000 (2015: HK\$17,774,000) and HK\$19,059,000 (2015: HK\$24,588,000) of the Group's total trade and other receivables at 30 April 2016.

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Management monitors the cash flow forecasts of the Group in meeting its liabilities.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities at the end of the reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

30.4 Liquidity risk

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	On demand or within one year <i>HK\$'000</i>	Over 1 year but within 5 years <i>HK\$'000</i>	Total undiscounted cash flow <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 30 April 2016				
Trade and other payables	25,946	—	25,946	25,946
Obligation under finance lease	34	110	144	96
	<u>25,980</u>	<u>110</u>	<u>26,090</u>	<u>26,042</u>
	On demand or within one year <i>HK\$'000</i>	Over 1 year but within 5 years <i>HK\$'000</i>	Total undiscounted cash flow <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 30 April 2015				
Trade and other payables	19,718	—	19,718	19,718
Borrowings	5,013	—	5,013	5,000
Amount due to a director	1,602	—	1,602	1,602
	<u>26,333</u>	<u>—</u>	<u>26,333</u>	<u>26,320</u>

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group's existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

30.5 Fair value measurement

The carry amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at the end of the reporting date due to their short maturities.

3. UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 OCTOBER 2016

The following financial information has been extracted from the Interim report of the Company for the six months ended 31 October 2016.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the three and six months ended 31 October 2016

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	34,171	34,991	64,642	84,899
Direct costs		<u>(31,197)</u>	<u>(30,098)</u>	<u>(59,384)</u>	<u>(75,751)</u>
Gross profit		2,974	4,893	5,258	9,148
Other income	3	1,237	69	2,518	233
Administrative expenses		(1,345)	(1,179)	(2,615)	(4,285)
Finance costs	4	<u>(3)</u>	<u>(4)</u>	<u>(6)</u>	<u>(42)</u>
Profit before income tax	6	2,863	3,779	5,155	5,054
Income tax expense	5	<u>(546)</u>	<u>(630)</u>	<u>(982)</u>	<u>(1,250)</u>
Profit for the period		2,317	3,149	4,173	3,804
Other comprehensive income for the period, net of tax					
<i>Items that may be reclassified subsequently to profit loss:</i>					
Fair value (loss)/gain of available- for-sale financial assets		<u>(158)</u>	<u>—</u>	<u>702</u>	<u>—</u>
Total comprehensive income for the period attributable to the owners of the Company		<u>2,159</u>	<u>3,149</u>	<u>4,875</u>	<u>3,804</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
— Basic and diluted	8	<u>0.16</u>	<u>0.26</u>	<u>0.29</u>	<u>0.31</u>

Condensed Consolidated Statement of Financial Position*As at 31 October 2016*

	<i>Notes</i>	As at 31 October 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 30 April 2016 <i>HK\$'000</i> <i>(Audited)</i>
Non-current assets			
Property, plant and equipment	<i>9</i>	340	417
Available-for-sale financial assets	<i>10</i>	<u>31,048</u>	<u>—</u>
		<u>31,388</u>	<u>417</u>
Current assets			
Trade and other receivables	<i>11</i>	25,313	31,392
Amounts due from customers on construction contracts	<i>12</i>	12,487	7,747
Tax recoverable		2,623	—
Pledged time deposits	<i>13</i>	11,545	25,038
Cash and bank balances		<u>23,195</u>	<u>49,838</u>
		<u>75,163</u>	<u>114,015</u>
Current liabilities			
Trade and other payables	<i>14</i>	12,333	25,946
Amounts due to customers on construction contracts	<i>12</i>	9,453	3,022
Obligations under finance leases	<i>15</i>	23	23
Tax payable		<u>677</u>	<u>6,239</u>
		<u>22,486</u>	<u>35,230</u>
Net current assets		<u>52,677</u>	<u>78,785</u>
Total assets less current liabilities		<u>84,065</u>	<u>79,202</u>
Non-current liabilities			
Obligations under finance leases	<i>15</i>	<u>61</u>	<u>73</u>
		<u>61</u>	<u>73</u>
Net assets		<u>84,004</u>	<u>79,129</u>
Equity			
Share capital	<i>16</i>	14,400	14,400
Reserves		<u>69,604</u>	<u>64,729</u>
Total equity		<u>84,004</u>	<u>79,129</u>

Condensed Consolidated Statement of Changes in Equity (Unaudited)*For the six months ended 31 October 2016*

	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000 (Note)	Available- for-sale financial assets investment revaluation reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000
At 1 May 2015	18,001	—	—	—	25,081	43,082
Arising from group reorganisation	(18,001)	18,001	—	—	—	—
Dividend declared and paid during the period (Note 7)	—	—	—	—	(10,000)	(10,000)
Profit and total comprehensive income for the period	—	—	—	—	3,804	3,804
At 31 October 2015 (unaudited)	<u>—</u>	<u>18,001</u>	<u>—</u>	<u>—</u>	<u>18,885</u>	<u>36,886</u>
At 1 May 2016	14,400	24,457	18,001	—	22,271	79,129
Available-for-sale — Fair value gain credited to equity	—	—	—	702	—	702
Profit and total comprehensive income for the period	—	—	—	—	4,173	4,173
Total comprehensive income	—	—	—	702	4,173	4,875
At 31 October 2016 (unaudited)	<u>14,400</u>	<u>24,457</u>	<u>18,001</u>	<u>702</u>	<u>26,444</u>	<u>84,004</u>

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

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

Condensed Consolidated Statement of Cash Flows (Unaudited)*For the six months ended 31 October 2016*

	For the six months ended	
	31 October	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
<i>Net cash (used in)/generated from operating activities</i>	<u>(12,257)</u>	<u>20,854</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	1,729	—
Purchase of available-for-sale financial assets	(30,346)	—
Other investing activities	<u>14,243</u>	<u>(5)</u>
<i>Net cash used in investment activities</i>	<u>(14,374)</u>	<u>(5)</u>
Financing activities		
<i>Net cash used in financing activities</i>	<u>(12)</u>	<u>(15,001)</u>
Net (decrease)/increase in cash and cash equivalents	(26,643)	5,848
Cash and cash equivalents at beginning of the period	49,838	22,754
Cash and cash equivalents at end of period represented by cash and bank balances	<u><u>23,195</u></u>	<u><u>28,602</u></u>

Notes to the Consolidated Financial Statements

1. Corporate information

Fraser Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability. Its parent and ultimate holding company is National Honour Investments Limited (“**National Honour**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Yu Shek Man, Ringo (“**Mr. Yu**”) and Ms. Wong So Wah (“**Ms. Wong**”) (collectively referred to as the “**Controlling Parties**”).

The Company’s registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Room 1122, Pacific Link Tower, South Mark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong. The Company is an investment holding company and its subsidiaries (collectively, the “**Group**”) are principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

2. Basic of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2016 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). The accounting policies adopted by the Group are consistent with financial statements for the year ended 30 April 2016.

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

3. Revenue, other income and segment information

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

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

	Three months ended		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contracting revenue	34,171	34,892	64,642	84,755
Consultancy fee	—	99	—	144
Revenue	<u>34,171</u>	<u>34,991</u>	<u>64,642</u>	<u>84,899</u>

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

An analysis of the Group's revenue and contribution to profit from operating activities from undertaking slope works, foundation works and other general building works in Hong Kong in the ordinary course of business during the three months and six months ended 31 October 2016 and 2015 are as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Slope works	31,720	26,402	57,664	72,955
Foundation works	2,451	6,086	6,778	6,765
General building works	—	2,404	200	5,035
Others (<i>note</i>)	—	99	—	144
	<u>34,171</u>	<u>34,991</u>	<u>64,642</u>	<u>84,899</u>

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

An analysis of other income is as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	729	—	1,729	—
Interest income	505	20	754	20
Rental income from lease of machinery	—	—	—	164
Sundry income	3	49	35	49
	<u>1,237</u>	<u>69</u>	<u>2,518</u>	<u>233</u>

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group during the three months and six months ended 31 October 2016 and 2015 are as follows:

	Three months ended		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A ¹	N/A ¹	3,422	N/A ¹	N/A ¹
Customer B ¹	N/A ¹	5,876	N/A ¹	N/A ¹
Customer C ¹	2,451	N/A ¹	6,778	N/A ¹
CEDD	19,823	17,571	37,807	56,951
Lands Department	<u>7,851</u>	<u>4,491</u>	<u>13,738</u>	<u>10,067</u>
	<u>30,125</u>	<u>31,360</u>	<u>58,323</u>	<u>67,018</u>

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

4. Finance costs

An analysis of finance costs is as follows:

	Three months ended 31 October		Six months ended 31 October	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Interest on:				
— bank borrowings wholly repayable within 5 years	—	—	—	34
— obligation under finance leases wholly repayable within 5 years	3	4	6	8
	<u>3</u>	<u>4</u>	<u>6</u>	<u>8</u>
	<u>3</u>	<u>4</u>	<u>6</u>	<u>42</u>

5. Income tax expense

	Three months ended 31 October		Six months ended 31 October	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Hong Kong tax:				
— charge for the period	565	630	1,001	1,250
— over provision for in prior years	(19)	—	(19)	—
	<u>546</u>	<u>630</u>	<u>982</u>	<u>1,250</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the Company's estimated assessable profits for the period.

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

6. Profit before income tax

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

	Three months ended		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (including Directors' emoluments)				
— salaries, allowances and benefits in kind	893	1,881	2,234	3,515
— retirement benefits scheme contributions	31	61	76	150
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total staff costs (including Directors' emoluments)	924	1,942	2,310	3,665
Depreciation in respect of plant and equipment				
— leased assets	5	6	11	6
— owned assets	35	93	70	306
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	40	99	81	312
Operating lease charges:				
— Land and buildings	96	96	192	192
Subcontracting charges (included in direct costs)	30,632	27,831	57,238	69,528
Listing expenses (included in administrative expenses)	—	5	—	2,472
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Dividend

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

The Directors do not recommend a payment of an interim dividend for the six months ended 31 October 2016 (2015: nil).

8. Earnings per share

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

	Three months ended		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Profit for the period attributable to equity holders of the Company for the purpose of basic earnings per share	<u>2,317</u>	<u>3,149</u>	<u>4,173</u>	<u>3,804</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,440,000</u>	<u>1,235,000</u>	<u>1,440,000</u>	<u>1,235,000</u>

The calculation of basis earnings per share for the three and six months ended 31 October 2016 is based on the profit attribute to the owners of the Company.

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

9. Property, plant and equipment

During the six months ended 31 October 2016, the Group spent approximately HK\$4,000 on acquisition of office equipment in Hong Kong (2015: approximately HK\$115,000).

10. Available-for-sale financial assets

	As at	As at
	31 October	30 April
	2016	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
— Listed equity investments, at fair value	<u>31,048</u>	<u>—</u>

11. Trade and other receivables

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

	As at 31 October 2016	As at 30 April 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	13,118	19,465
Retention receivables	10,215	10,836
Other receivables and prepayment	1,333	526
Utility and other deposits	647	565
	<u>25,313</u>	<u>31,392</u>

Trade receivables

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

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

	As at 31 October 2016	As at 30 April 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0-30 days	10,458	16,753
31-60 days	1,842	2,118
61-90 days	793	139
Over 90 days	25	455
	<u>13,118</u>	<u>19,465</u>

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

12. Amounts due from/(to) customers on construction contracts

	As at 31 October 2016	As at 30 April 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	461,028	470,617
Less: progress billings	<u>(457,994)</u>	<u>(465,892)</u>
Contract work-in-progress	<u>3,034</u>	<u>4,725</u>
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	12,487	7,747
Amounts due to customers on construction contracts	<u>(9,453)</u>	<u>(3,022)</u>
	<u>3,034</u>	<u>4,725</u>

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

13. Pledged time deposit

At 31 October 2016 and 30 April 2016, pledged time deposits have been pledged to secure bank facilities granted. The banking facilities to the extent of HK\$23,000,000 granted to the Group are secured by:

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

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

14. Trade and other payables

	As at 31 October 2016	As at 30 April 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	3,765	15,853
Retention payables	7,390	7,911
Accruals and other payables	<u>1,178</u>	<u>2,182</u>
	<u>12,333</u>	<u>25,946</u>

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

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

	As at 31 October 2016	As at 30 April 2016
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
0–30 days	3,078	13,560
31–60 days	—	1,734
Over 90 days	<u>687</u>	<u>559</u>
	<u><u>3,765</u></u>	<u><u>15,853</u></u>

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

(c) All trade and other payables are denominated in HK\$.

15. Obligations under finance leases

	Total minimum lease payments		Present value of minimum lease payment	
	As at 31 October 2016	As at 30 April 2016	As at 31 October 2016	As at 30 April 2016
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Within one year	34	34	23	23
In the second to fifth years inclusive	<u>92</u>	<u>110</u>	<u>61</u>	<u>73</u>
	126	144	<u><u>84</u></u>	<u><u>96</u></u>
Future finance charges	<u>(42)</u>	<u>(48)</u>		
Present value of finance lease liabilities	<u><u>84</u></u>	<u><u>96</u></u>		

The Group's office equipment with an aggregate net book value of approximately HK\$84,000 as at 31 October 2016 are secured.

16. Share capital

	The Company Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 30 April 2016 and 1 May 2016 and 31 October 2016	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 30 April 2016 and 1 May 2016 and 31 October 2016	<u>1,440,000,000</u>	<u>14,400</u>

17. Commitments*(a) Operating leases commitments*

The Group did not have any significant operating leases commitments as at 31 October 2016 (30 April 2016: Nil).

(b) Capital commitments

The Group did not have any significant capital commitments as at 31 October 2016 (30 April 2016: Nil).

18. Contingent liabilities

The Group had no significant contingent liabilities at 31 October 2016.

19. Related party transactions*(a) Key management personnel remuneration*

The emoluments of the Directors who represent the key management personnel during the six month period ended 31 October 2016 and 2015 are as follows:

	Six months ended 31 October	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries, fee and allowances	300	300
Discretionary bonuses	—	—
Retirement benefit scheme contributions	<u>15</u>	<u>15</u>
	<u>315</u>	<u>315</u>

(b) Transactions with related parties

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

Name of related party	Nature	Six months ended 31 October	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Mars Glare Limited	Rental payments by the Company to Mars Glare for the lease of certain properties	<u>192</u>	<u>192</u>

20. Events after reporting period

The Group had no significant events after the end of the reporting period.

4. MATERIAL CHANGE

As disclosed in the announcement of the Company dated 24 February 2017 regarding profit warning, based on the preliminary review of the unaudited consolidated accounts of the Group for the nine months ended 31 January 2017 and information then available to the Company, the Group was expected to record a substantial decrease in profit for the nine months ended 31 January 2017 of approximately 30% to 40%, as compared to the nine months ended 31 January 2016, which was mainly attributable to (i) the decrease in revenue due to the completion of certain public sector slope works projects; (ii) certain delays in works orders under the Group's ongoing slope works contracts; and (iii) the decrease in gross profit margin for the projects as a result of the tougher competitive conditions and challenging operating environment. Such decrease in profit is reflected in the quarterly report for the nine months ended 31 January 2017 (the "Quarterly Report"), details of which are further elaborated below.

As reflected in the Quarterly Report, the profit attributable to owners of the Company for the nine months ended 31 January 2017 decreased by approximately HK\$2.9 million or approximately 37.7% from approximately HK\$7.7 million for the nine months ended 31 January 2016 to approximately HK\$4.8 million for the nine months ended 31 January 2017. The decrease in the Group's profit for the period was mainly due to the decrease in revenue and gross profit for the nine months ended 31 January 2017.

Decrease in Revenue

As reflected in the Quarterly Report, due to decrease in the average revenue recognized per project, overall revenue for the nine months ended 31 January 2017 decreased by approximately HK\$44.1 million or 30.8% as compared with the corresponding period in 2016.

Decrease in Gross Profit Margin

As reflected in the Quarterly Report, the Group's gross profit decreased by approximately HK\$8.6 million or approximately 54.1% from approximately HK\$15.9 million for the nine months ended 31 January 2016 to approximately HK\$7.3 million for

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

Save as disclosed above, the Directors confirm that there are no material changes in the financial or trading position or outlook of the Company since 30 April 2016 (being the date to which the latest audited account of the Company were made up) up to and including the Latest Practicable Date.

5. INDEBTEDNESS

As at 30 April 2017, being the latest practicable date for the purpose of this statement prior to the printing of this Composite Document, the Group's indebtedness consists of obligation under a finance lease of approximately HK\$73,000. The Company did not have any other outstanding debt securities, terms loans, borrowings, bank overdrafts, charges, mortgages, or other similar indebtedness.

Contingent liabilities

As at 30 April 2017, being the latest practicable date for the preparation of the indebtedness statement in this Composite Document, the Group had the following contingent liabilities:

At 30 April 2017, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees' compensation and common law personal injury.

A summary of the ongoing litigations of the Group are set out below:

No.	Particular of the Claim	Status
1.	Employee Compensation	On-going.
2.	Employee Compensation	On-going.
3.	Personal Injuries Claim	On-going. The checklist review hearing has been fixed for 4 September 2017.
4.	Personal Injuries Claim	On-going. The checklist review hearing has been fixed for 20 September 2017.
5.	Employee Compensation	On-going.

The Directors have confirmed that the abovementioned litigations are covered by insurance.

The Directors have confirmed that the Group has taken out insurance in compliance with applicable laws and regulations with a view to providing sufficient coverage for such work-related injuries for employees and the Group has not incurred any material liabilities as a result thereof. The Directors are of the opinion that the claims and litigations are not expected to have a material impact of the consolidated financial statements, and the outcome for potential claims is uncertain. No provision was made in the financial statements of the Group in respect of the aforementioned ongoing personal injury claim having taken into account (i) the uncertainty in the total amount involved for the claim; (ii) the coverage by the relevant insurance as mentioned above; and (iii) the indemnity given by the controlling shareholders of the Company as mentioned in the prospectus of the Company dated 23 October 2015.

Save as aforesaid or as otherwise disclosed in this section, and apart from intra-group liabilities, at the close of business on 30 April 2017, the Group did not have any loan capital issued and outstanding, and authorised or otherwise created but unissued any term loans (secured, unsecured, guaranteed or not), bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptable credits, debentures, mortgages, charges, hire purchase or other finance lease commitments, guarantees or other material contingent liabilities.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Independent Shareholders with regard to the Group and the Share Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror, its ultimate beneficial owner and parties acting in concert with them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the sole director of the Offeror) 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 in this Composite Document misleading.

2. CORPORATE INFORMATION OF THE COMPANY

The Company was incorporated in the Cayman Islands with limited liability and its Shares are listed on GEM since 2 November 2015. The Company is an investment holding company and its subsidiaries are principally engaged in undertaking slope works, foundation works and other general building works for improving or maintaining the stability of slopes and/or retaining walls in Hong Kong.

The address of its registered office is at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

3. SHARE CAPITAL OF THE COMPANY

The authorised share capital and the issued share capital of the Company as at the Latest Practicable Date were HK\$20,000,000 divided into 2,000,000,000 Shares and HK\$14,400,000 divided into 1,440,000,000 Shares respectively.

All existing issued Shares rank *pari passu* in all respect including all rights as to dividends, voting and interests in capital.

As at the Latest Practicable Date, the Company had no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

Since 30 April 2017, being the date to which the Company's latest financial year ended, and up to the Latest Practicable Date, the Company had not issued any new Shares.

4. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price <i>HK\$</i>
30 November 2016	0.155
30 December 2016	0.15
27 January 2017	0.165
28 February 2017	0.206
31 March 2017	0.206
28 April 2017	0.255
5 May 2017 (being the Last Trading Day)	0.27
29 May 2017 (being the Latest Practicable Date)	0.395

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.450 per Share on 18 May 2017 and HK\$0.135 per Share on 21 December 2016 respectively.

5. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO); (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the GEM Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) which were required to be disclosed under the Takeovers Code.

As at the Latest Practicable Date, none of the Directors had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

(b) Interests and short positions of the substantial shareholders in the Shares, underlying Shares of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and 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, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital:

Name	Nature of interest	Number of Shares interested	% of shareholding
The Offeror	Beneficial Owner	1,080,000,000 (L)	75%
Century Investment Holdings Limited (<i>Note</i>)	Interest of controlled corporation	1,080,000,000 (L)	75%
Mr. Zhou (<i>Note</i>)	Interest of controlled corporation	1,080,000,000 (L)	75%

Note: As as the Latest Practicable Date, Mr. Zhou owned the entire share capital of Century Investment Holdings Limited which in turn owned the entire share capital of the Offeror. By virtue of the SFO, Mr. Zhou is deemed to be interested in 1,080,000,000 Shares which the Offeror is interested in.

6. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE SHARE OFFER

As at the Latest Practicable Date,

- (a) neither the Company nor the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror;
- (b) none of the subsidiaries of the Company, pension fund of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of associate under the Takeovers Code;
- (d) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

- (e) no Independent Shareholder had irrevocably committed himself or herself or itself to accept or reject the Share Offer;
- (f) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer; and
- (g) there were no Shares, convertible securities, warrants, options or derivatives of the Company which the Company or any Directors had borrowed or lent.

7. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period,

- (a) none of the Company or the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;
- (b) save for the SPA, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivative of the Company;
- (c) no fund managers (other than exempt fund manager) who were connected with the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis; and
- (d) none of the subsidiaries of the Company, pension fund of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company.

8. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Share Offer; and
- (b) save for the SPA, there was no material contract to which the Offeror is a party in which any Director has a material personal interest.

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force (a) which (including both continuous and fixed term contracts) were entered into or amended within six months before the commencement of the Offer Period; (b) which were continuous contracts with a notice period of 12 months or more; or (c) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

10. MATERIAL CONTRACTS

The Company or any of its subsidiaries had, within the two years preceding the date of the commencement of the Offer Period on 11 May 2017 and up to and including the Latest Practicable Date, entered into the following contracts which was or might be material, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group:

- (a) a sale and purchase agreement dated 16 June 2015 entered into among Mr. Yu, Ms. Wong and Strong Move Global Limited (堅進環球有限公司) (“Strong Move”), an indirect wholly-owned subsidiary of the Company, pursuant to which Strong Move agreed to acquire 174,150 shares and 5,850 shares of Fraser Construction Company Limited (科正建築有限公司) (“Fraser Construction”), an indirect wholly-owned subsidiary of the Company, from Mr. Yu and Ms. Wong, respectively, and in consideration, Strong Move in aggregate issued and allotted 2 shares in Strong Move, credited as fully paid, to True Sincere Group Limited (正誠集團有限公司) (“True Sincere”), a direct wholly-owned subsidiary of the Company (as directed by Mr. Yu and Ms. Wong), further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (b) an instrument of transfer dated 16 June 2015 entered into between Strong Move and Mr. Yu for the transfer of 174,150 shares of Fraser Construction as referred to item (a) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (c) bought and sold notes dated 16 June 2015 executed by Strong Move and Mr. Yu for the transfer of 174,150 shares of Fraser Construction as referred to item (a) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (d) an instrument of transfer dated 16 June 2015 entered into between Strong Move and Ms. Wong for the transfer of 5,850 shares of Fraser Construction as referred to item (a) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (e) bought and sold notes dated 16 June 2015 executed by Strong Move and Ms. Wong for the transfer of 5,850 shares of Fraser Construction as referred to item (a) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;

- (f) a sale and purchase agreement dated 16 June 2015 entered into among Mr. Yu, Ms. Wong and Magic City Developments Limited (“Magic City”), an indirect wholly-owned subsidiary of the Company, pursuant to which Magic City agreed to acquire 500 shares and 500 shares of Tubo Technology Construction Company Limited (天保健設有限公司) (“Tubo Tech”), an indirect wholly-owned subsidiary of the Company from Mr. Yu and Ms. Wong, respectively, and in consideration, Magic City in aggregate issued and allotted 2 shares in Magic City, credited as fully paid, to True Sincere (as directed by Mr. Yu and Ms. Wong), further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (g) an instrument of transfer dated 16 June 2015 entered into between Magic City and Mr. Yu for the transfer of 500 shares of Tubo Tech as referred to item (f) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (h) bought and sold notes dated 16 June 2015 executed by Magic City and Mr. Yu for the transfer of 500 shares of Tubo Tech as referred to item (f) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (i) an instrument of transfer dated 16 June 2015 entered into between Magic City and Ms. Wong for the transfer of 500 shares of Tubo Tech as referred to item (f) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (j) bought and sold notes dated 16 June 2015 executed by Magic City and Ms. Wong for the transfer of 500 shares of Tubo Tech as referred to item (f) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (k) a sale and purchase agreement dated 17 June 2015 entered into between the Company, National Honour, Mr. Yu and Ms. Wong, pursuant to which the Company agreed to acquire 1 share of True Sincere from National Honour, and in consideration, (i) the 1 nil-paid Share held by National Honour was credited as fully paid; and (ii) 9,999 Shares, all credited as fully paid, were allotted and issued to National Honour, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (l) an instrument of transfer dated 17 June 2015 entered into between the Company and National Honour for the transfer of 1 share of True Sincere as referred to item (k) above, further details of which are disclosed in the prospectus of the Company dated 23 October 2015;
- (m) three deeds of non-competition dated 15 October 2015 entered into by each of Mr. Yu, Ms. Wong and National Honour in favour of the Company (for themselves and as trustee for and on behalf of the Company’s subsidiaries), further details of which are disclosed in the prospectus of the Company dated 23 October 2015;

- (n) the deed of indemnity dated 15 October 2015 entered into by Mr. Yu, Ms. Wong and National Honour in favour of the Company (for themselves and as trustee for and on behalf of the Company's subsidiaries), further details of which are disclosed in the prospectus of the Company dated 23 October 2015; and
- (o) the underwriting agreement dated 22 October 2015 relating to the conditional placing of the 360,000,000 Shares (comprising 205,000,000 new Shares for subscription by the Company and 155,000,000 Shares to be offered by National Honour) at HK\$0.20 per Share entered into among the Company, National Honor, Mr. Yu, Ms. Wong, Messis Capital Limited, Quam Securities Company Limited and Supreme China Securities Limited, further details of which are disclosed in the prospectus of the Company dated 23 October 2015.

11. CONSENTS AND QUALIFICATIONS

Apart from those listed in paragraph headed "3. Expert and Consent" of Appendix IV to this Composite Document, the followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
Zhaobangji International	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee in respect of the Share Offer

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with copy of its letter and references to its name included herein in the form and context in which it appears.

12. GENERAL

As at the Latest Practicable Date:

- (a) the registered office of the Company was situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company was situated at Room 1122, Pacific Link Tower, South Mark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong;
- (b) the Board comprised of Mr. Yu Shek Man Ringo and Ms. Wong So Wah as executive Directors; Mr. Cheung Kin Keung Martin as non-executive Director and Mr. Law Yiu Sing, Mr. Wong Kwok Chuen and Mr. Wong Law Fai as independent non-executive Directors; and

- (c) the registered office of Zhaobangji International was situated at Unit 1 & 17, 19/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Apart from the documents set forth in paragraph headed “5. Documents available for inspection” of Appendix IV to this Composite Document, copies of the following documents are available for inspection on the website of the Securities and Futures Commission at www.sfc.hk, and the Company’s website at www.fraserholdings.com during the period from the date of the Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the prospectus of the Company dated 23 October 2015;
- (c) the annual report of the Company for the financial year ended 30 April 2016;
- (d) the interim report of the Company for the six months ended 31 October 2016;
- (e) the letter from the Board dated 1 June 2017 as set out on pages 15 to 19 of this Composite Document;
- (f) the letter from the Independent Board Committee to the Independent Shareholders dated 1 June 2017 as set out on page IBC-1 to IBC-2 of this Composite Document;
- (g) the letter from the Independent Financial Adviser to the Independent Board Committee dated 1 June 2017 as set out on pages IFA-1 to IFA-21 of this Composite Document;
- (h) the letter of consent referred to under the paragraph headed “Consents and Qualifications” in this Appendix;
- (i) the material contracts referred to under the paragraph headed “10. Material Contracts” in this Appendix; and
- (j) the SPA.

1. RESPONSIBILITY STATEMENT

The sole director of both the Offeror and Century Investment Holdings Limited accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, National Honour and their respective associates and parties acting in concert with any of them) 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, National Honour and their respective associates and parties acting in concert with any of them) 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 statements in this Composite Document misleading.

2. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

Save for the 1,080,000,000 Acquired Shares, none of the Offeror or parties acting in concert with it have dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during Relevant Period.

As at the Latest Practicable Date, the Offeror confirms that:

- (a) save for the Acquired Shares held by the Offeror, none of the Offeror and/or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares;
- (b) none of the Offeror and/or parties acting in concert with it has received any irrevocable commitments to accept or reject the Share Offer;
- (c) none of the Offeror and/or parties acting in concert with it holds any convertible securities, options, warrants or derivatives of the Company;
- (d) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with it;
- (e) there are no conditions to which the Share Offer is subject;
- (f) save for the Facility, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and which may be material to the Share Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (g) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Offer;
- (h) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with it has borrowed or lent;

- (i) save for the Facility, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuant of the Share Offer would be transferred, charged or pledged to any other persons;
- (j) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Share Offer;
- (k) save for the Facility, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, and Shareholders or recent Shareholders which had any connection with or dependence upon the Share Offer;
- (l) no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any parties acting in concert with it and any other person; and
- (m) save for the 1,080,000,000 Acquired Shares, there is no shareholding in the Company in which the sole director of the Offeror is interested.

3. EXPERT AND CONSENT

In addition to those listed in paragraph 11 of Appendix III, the following are the qualifications of the expert who has given opinion or advice which is contained or referred to in this Composite Document:

Name	Qualification
Emperor Capital Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with copy of its letter and the references to its name included herein in the form and context in which it appears.

4. MISCELLANEOUS

- (a) The registered office of the Offeror is at Room 2105, HZ3204, Trend Centre, 29–31 Cheung Lee Street, Chai Wan, Hong Kong.
- (b) The sole director of the Offeror is Mr. Zhou Ying.
- (c) The ultimate parent company of the Offeror is Century Investment Holdings Limited, the sole shareholder and sole director of which is Mr. Zhou Ying.
- (d) The registered office of Emperor Capital is at 28/F Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong.

- (e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

5. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the document set forth in paragraph 13 of Appendix III to this Composite Document, copies of the following documents are available for inspection on the website of the Securities and Futures Commission at www.sfc.hk, and the Company's website at www.fraserholdings.com during the period from the date of the Composite Document up to and including the Closing Date:

- (a) the articles of association of the Offeror;
- (b) the letter from Emperor Capital as set out on pages 5 to 15 of this Composite Document;
- (c) the letter of consent referred to under the paragraph headed "3. Expert and Consent" in this Appendix IV;
- (d) the Facility Agreement.