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## **FRASER HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8366)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2017**

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

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

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

*This announcement, for which the directors (the “**Director(s)**”) of Fraser Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$148.6 million for the year ended 30 April 2017 (2016: approximately HK\$180.6 million), representing a decrease of approximately 17.7% as compared with last year.
- Profit attributable to the owners of the Company for year ended 30 April 2017 amounted to approximately HK\$4.6 million (2016: approximately HK\$7.2 million).
- Basic earnings per share amounted to approximately HK0.32 cents for the year ended 30 April 2017 (2016: approximately HK0.54 cents).
- The Board does not recommend the payment of final dividend for the year ended 30 April 2017 (2016: nil).

## ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2017

The board (the “**Board**”) of Directors of the Company is pleased to present the audited consolidated financial results of the Group for the year ended 30 April 2017 together with the audited comparative figures for the prior year as follows:

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

FOR THE YEAR ENDED 30 APRIL 2017

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	4	<b>148,571</b>	180,602
Direct costs		<u>(139,278)</u>	<u>(162,549)</u>
Gross profit		<b>9,293</b>	18,053
Other income	5	<b>3,074</b>	331
Administrative expenses		<b>(6,538)</b>	(8,824)
Finance costs	6	<u>(12)</u>	<u>(87)</u>
Profit before income tax	7	<b>5,817</b>	9,473
Income tax expense	8	<u>(1,250)</u>	<u>(2,283)</u>
Profit and total comprehensive income for the year		<u><b>4,567</b></u>	<u>7,190</u>
Earnings per share (HK cents)			
— Basic and diluted	10	<u><b>HK0.32 cent</b></u>	<u>HK0.54 cent</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 APRIL 2017*

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<u>362</u>	<u>417</u>
<b>Current assets</b>			
Trade and other receivables	<i>11</i>	<b>31,037</b>	31,392
Amounts due from customers on construction contracts	<i>12</i>	<b>7,979</b>	7,747
Tax recoverable		<b>2,313</b>	–
Pledged time deposits		–	25,038
Cash and bank balances		<u>67,025</u>	<u>49,838</u>
		<b>108,354</b>	114,015
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>17,021</b>	25,946
Amounts due to customers on construction contracts	<i>12</i>	<b>7,291</b>	3,022
Obligation under finance lease		<b>23</b>	23
Tax payable		<u>635</u>	<u>6,239</u>
		<b>24,970</b>	35,230
<b>Net current assets</b>		<u><b>83,384</b></u>	<u>78,785</u>
<b>Total assets less current liabilities</b>		<b>83,746</b>	79,202
<b>Non-current liabilities</b>			
Obligation under finance lease		<u>50</u>	<u>73</u>
<b>Net assets</b>		<u><b>83,696</b></u>	<u>79,129</u>
<b>Equity</b>			
Share capital		<b>14,400</b>	14,400
Reserves		<u>69,296</u>	<u>64,729</u>
<b>Total equity</b>		<u><b>83,696</b></u>	<u>79,129</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 APRIL 2017

### 1. CORPORATE INFORMATION

Fraser Holdings Limited was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability. Its parent and ultimate holding company was 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**”) (hereinafter collectively referred to as the “**Controlling Shareholders**”).

On 5 May 2017, National Honour entered into a sale and purchase agreement, and National Honour is no longer the parent and ultimate holding company. For details, please refer to Events after Reporting Period of this announcement.

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 consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries. The Company’s shares are listed on the Growth Enterprise Market of the Stock Exchange on 2 November 2015 (the “**Listing**”).

### 2. GROUP REORGANISATION AND BASIC 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 (the “**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 in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the year ended 30 April 2016, or since their respective dates of incorporation/ establishment, where it is a shorter period.

The 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 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 GEM Listing Rules.

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

#### Amended HKFRSs that are effective for annual periods beginning or after 1 May 2016

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are effective for the Group's consolidated financial statements for the annual period beginning on 1 May 2016:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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

#### Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the following new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the financial year beginning on 1 May 2016, and have not been early adopted by the Group:

HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKAS 40	Transfer of Investment Properties <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> 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 HKFRSs 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. REVENUE 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Contracting revenue	148,271	180,458
Consultancy fee	300	144
Revenue	<u>148,571</u>	<u>180,602</u>

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

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 for the year ended 30 April 2017 and 2016 are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Slope works	125,060	155,102
Foundation works	20,986	20,109
General building works	2,225	5,247
Others ( <i>note</i> )	300	144
	<u>148,571</u>	<u>180,602</u>

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

#### 5. OTHER INCOME

An analysis of other income is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment	1,734	–
Insurance claim	–	1
Interest income from available for sale financial assets	1,085	–
Interest income	110	101
Rental income from lease of machinery	11	164
Sundry income	134	65
	<u>3,074</u>	<u>331</u>

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on:		
— Bank loans and overdrafts wholly repayable within 5 years	—	77
— Finance leases	12	10
	<u>12</u>	<u>10</u>
	<u>12</u>	<u>87</u>

## 7. PROFIT BEFORE INCOME TAX

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before tax is stated after charging/(crediting):		
<b>(a) Staff costs (including directors' emoluments)</b>		
Salaries, wages and other benefits	4,568	8,334
Contributions to defined contribution retirement plans	143	337
	<u>4,711</u>	<u>8,671</u>
Staff costs (including directors' emoluments)	<u>4,711</u>	<u>8,671</u>
<b>(b) Other items</b>		
Depreciation, included in:		
— Direct costs	115	352
— Administrative expenses:		
— Assets held under finance lease	33	17
— Owned assets	23	23
	<u>171</u>	<u>392</u>
Operating lease charges:		
— Land and buildings	384	384
Subcontracting charges (included in direct costs)	135,269	148,683
Listing expenses	—	3,282
Auditor's remuneration	600	600
Loss on disposal of available for sale financial assets	231	—
Gain on disposal of property, plant and equipment	(1,734)	—
	<u>(1,734)</u>	<u>—</u>

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Provision for Hong Kong Profits Tax		
Current year	1,352	2,283
Over provision in respect of prior years	<u>(102)</u>	<u>–</u>
	<u>1,250</u>	<u>2,283</u>

The income tax expense 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before income tax	<u>5,817</u>	<u>9,473</u>
Tax on profit before income tax at 16.5% (2016: 16.5%)	960	1,563
Tax effect of expense not deductible for tax purpose	489	761
Tax effect of income not taxable	(119)	–
Temporary differences not recognised	(20)	(41)
Over provision in prior years	(102)	–
Other	<u>42</u>	<u>–</u>
Income tax expense for the year	<u>1,250</u>	<u>2,283</u>

As at 30 April 2017, no deferred taxation has been provided as there are no significant unrecognised temporary differences (2016: nil).

## 9. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year.

For the year ended 30 April 2016, interim dividends of HK\$10,000,800 were appropriated to the then shareholders of Fraser Construction Company Limited.

## 10. EARNINGS PER SHARE

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year attributable to equity holders of the Company for the purposes of basic earnings per share	<u>4,567</u>	<u>7,190</u>

	2017 '000	2016 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,440,000</u>	<u>1,336,658</u>

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

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

## 11. TRADE AND OTHER RECEIVABLES

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	20,373	19,465
Retention receivables	9,304	10,836
Other receivables and prepayments	678	526
Utility and other deposits	682	565
	<u>31,037</u>	<u>31,392</u>

### Trade receivables

The Group usually provide customers with a credit term of 21–60 days (2016: 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	20,311	16,753
31–60 days	11	2,118
61–90 days	16	139
Over 90 days	35	455
	<u>20,373</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 as at 30 April 2016 and 2017.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Contract costs incurred plus recognised profits less recognised losses	576,624	470,617
Less: progress billings	<u>(575,936)</u>	<u>(465,892)</u>
Contract work-in-progress	<u>688</u>	<u>4,725</u>
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	7,979	7,747
Amounts due to customers on construction contracts	<u>(7,291)</u>	<u>(3,022)</u>
	<u>688</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. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	7,016	15,853
Retention payables	7,706	7,911
Accruals and other payables	<u>2,299</u>	<u>2,182</u>
	<u>17,021</u>	<u>25,946</u>

Payment terms granted by suppliers are 42–60 days (2016: 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	6,818	13,560
31–60 days	–	1,734
61–90 days	–	–
Over 90 days	<u>198</u>	<u>559</u>
	<u>7,016</u>	<u>15,853</u>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

The Group is a contractor principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Foundation works are generally concerned with the construction of foundations. General building works mainly include the general construction of buildings. Fraser Construction Company Limited, our principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau of the Government under the categories of “Landslip Preventive/Remedial Works to Slopes/Retaining Walls” with a confirmed status and “Land Piling (Group II)”. Being on such list is a prerequisite for tendering for public sector projects in the relevant works categories. In addition, Fraser Construction Company Limited is registered under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) as a (i) Registered Specialist Contractor under the sub-register of “Site Formation Works” and “Foundation Works” categories; and (ii) Registered General Building Contractor.

The Group experienced a decrease in revenue and net profit for the year ended 30 April 2017 compared to the same period last year. The Directors consider that the decrease was mainly due to a decrease in gross profit margin for the Group’s business as a result of an increase in the overall construction costs in Hong Kong, coupled with a decrease in revenue derived from the slope works as a result of competition faced by the Group in obtaining new businesses and the completion of some government slope work projects.

The Directors are also cautiously monitoring the overall construction costs with respect to the works undertaken by the Group which are affected by factors including the overall market conditions and costs in the construction industry as well as overall economy in Hong Kong. The Group has been facing tougher competitive conditions and challenging operating environment resulting from increasing costs of operation including, in particular, costs of construction labours and thus subcontracting charges as well as the recent instability of the global economy.

Going forward, in developing the Group’s business, the Directors will continue to carefully evaluate the potential costs and to control the Group’s overall costs to an acceptable and satisfactory level.

All things considered, the Directors are still cautiously optimistic about the slope works industry in Hong Kong in general because the fact the slope works are directly related to public safety.

## FINANCIAL REVIEW

### Revenue

The Group's overall revenue decreased by approximately HK\$32.0 million or approximately 17.7% from approximately HK\$180.6 million for the year ended 30 April 2016 to approximately HK\$148.6 million for the year ended 30 April 2017. The decrease in revenue is mainly due to the decrease in revenue derived from undertaking slope works, as further discussed below.

The Board regards the Group's business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong. The Group's principal operating activities for the year ended 30 April 2017 are as follows:

**Slope works:** Undertaking landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Revenue from undertaking slope works decreased from approximately HK\$155.1 million for the year ended 30 April 2016 to approximately HK\$125.1 million for the year ended 30 April 2017, representing a decrease of approximately 19.3%. The decrease in revenue was primarily attributable to a lower amount of revenue from Civil Engineering and Development Department's slope works projects for the year ended 30 April 2017, which was due to certain delays in the work schedule under some of the Group's slope work projects and less work orders received from its slope work projects, as well as the completion of certain public sector slope work projects.

**Foundation works:** Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works increased from approximately HK\$20.1 million for the year ended 30 April 2016 to approximately HK\$21.0 million for the year ended 30 April 2017, representing an increase of approximately 4.5%, which was due to an increase in number of foundation projects undertaken by our Group during the year ended 30 April 2017.

**General building works:** Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK\$5.2 million for the year ended 30 April 2016 to approximately HK\$2.2 million for the year ended 30 April 2017, representing a decrease of approximately 57.7%, which was due to lower actual works progress under the contract as certified by its agents compared between the years ended 30 April 2017 and 2016.

**Others:** Provision of consultancy services in relation to the management of projects involving slope works and/or other general building works in Hong Kong. Revenue from the provision of consultancy services increased from approximately HK\$0.1 million for the year ended 30 April 2016 to approximately HK\$0.3 million for the year ended 30 April 2017, representing an increase of approximately 200.0%, as there is an increase of number of consultancy services for the year ended 30 April 2017 compared with the year ended 30 April 2016.

## **Gross Profit and Gross Profit Margin**

The Group's direct costs decreased by approximately HK\$23.2 million or approximately 14.3% from approximately HK\$162.5 million for the year ended 30 April 2016 to approximately HK\$139.3 million for the year ended 30 April 2017. Such decrease was mainly attributable to the decrease in amount of works performed, which resulted in the decrease in our subcontracting charges.

The Group's gross profit decreased by approximately HK\$8.8 million or approximately 48.6% from approximately HK\$18.1 million for the year ended 30 April 2016 to approximately HK\$9.3 million for the year ended 30 April 2017 and the Group's gross profit margin decreased from approximately 10.0% for the year ended 30 April 2016 to approximately 6.3% for the year ended 30 April 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.

## **Other income**

The Group's other income amounted to approximately HK\$0.3 million and HK\$3.1 million for the years ended 30 April 2016 and 2017 respectively, representing an increase of approximately 933.3%, which was mainly due to the increase in gain on disposal of property, plant and equipment of approximately HK\$1.7 million during the year ended 30 April 2017 and also the interest income derived from available-for-sale financial assets of approximately HK\$1.1 million during the year ended 30 April 2017.

## **Administrative Expenses**

The Group's administrative expenses decreased by approximately HK\$2.3 million or approximately 26.1% from approximately HK\$8.8 million for the year ended 30 April 2016 to HK\$6.5 million for the year ended 30 April 2017. The decrease in the Group's administrative expenses were mainly due to the listing expenses of approximately HK\$3.3 million incurred during the year ended 30 April 2016, while there was no such expenses incurred during the year ended 30 April 2017, which is partially offset by the increase in administrative and other operating expenses after the Listing.

## **Net Profit**

Profit attributable to owners of the Company for the year decreased by approximately HK\$2.6 million or approximately 36.1% from approximately HK\$7.2 million for the year ended 30 April 2016 to approximately HK\$4.6 million for the year ended 30 April 2017. Such decrease was mainly due to the decrease in the Group's revenue and gross profit margin as discussed above, which was partially offset by the decrease in administrative expenses as discussed above.

## **Final Dividend**

The Board did not recommend a payment of a final dividend for the year ended 30 April 2017 (2016: nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the year ended 30 April 2017, the Group's operations, capital expenditure and other capital requirements were funded by internal resources, credit facilities from banks and net proceeds raised from the Placing. As aforementioned, the Company successfully listed on GEM on 2 November 2015. Based on the Placing price of HK\$0.20 per Placing share and 205,000,000 new shares issued, the net proceeds from the Placing was approximately HK\$31.3 million, deducting all Listing expenses. The Directors are of the view that as at the date hereof, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may consider other financing activities when appropriate business opportunities arise under favorable market conditions.

## **CASH POSITION**

As at 30 April 2017, the cash at banks and in hand of the Group amounted to approximately HK\$67.0 million (2016: approximately HK\$74.9 million), representing a decrease of approximately HK\$7.9 million as compared to that as at 30 April 2016.

## **CHARGES OVER ASSETS OF THE GROUP**

The Group has total present value of minimum lease payments in relation to finance lease, which are secured by the relevant leased office equipment amounting to approximately HK\$73,000 as at 30 April 2017 (2016: HK\$96,000).

## **GEARING RATIO**

As at 30 April 2017, the gearing ratio of the Group was approximately 0.1% (2016: approximately 0.1%). The gearing ratio is calculated as total debt divided by the total equity as the respective reporting date. For this purpose total debt is defined as current and non-current obligation under finance lease as shown in the consolidated statement of financial position. The Group's gearing ratio remained at a relatively low level as the Group did not place material reliance on borrowings to finance the Group's operation.

## **FOREIGN EXCHANGE EXPOSURE**

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. For the year ended 30 April 2017, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 30 April 2017.

## **CAPITAL COMMITMENTS**

As at 30 April 2017, the Group did not have material capital commitments (2016: nil).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 April 2017, the Group had 56 (2016: 64) employees, including the Directors. Total staff costs (including directors' emoluments) were approximately HK\$4.7 million for the year ended 30 April 2017 as compared to approximately HK\$8.7 million for the year ended 30 April 2016. The remuneration policy and package of the Group's employees were annually reviewed. The salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The emoluments of the Directors were reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance, and approved by the Board.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 30 April 2017. Save for the business plan as disclosed in the Prospectus, there is no plan for material investments or capital assets as at 30 April 2017.

## **CONTINGENT LIABILITIES**

As at 30 April 2017, the Group had no material contingent liabilities (2016: nil).

## **CAPITAL STRUCTURE**

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 2 November 2015. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 30 April 2017, the Company's issued capital was HK\$14,400,000 and the number of its issued ordinary shares was 1,440,000,000 of HK\$0.01 each.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

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

### **Comparison of Business Objectives with Actual Business Progress**

	<b>Business objectives up to 30 April 2017 as stated in the Prospectus</b>	<b>Actual business progress up to 30 April 2017</b>
Further developing our business by undertaking more projects	<p>Submit more tenders for both public sector projects and private sector projects with a primary focus on slope work when suitable opportunities arise.</p> <p>Undertake more projects should the Group be able to identify and secure suitable business opportunities, with HK\$16.86 million earmarked for this period for satisfying the various working capital requirements as discussed in the section headed “Business – Business strategies – 1. Further developing our business by undertaking more projects” in the prospectus dated 23 October 2015 in relation to our projects on hand from time to time including those that may potentially be awarded to us in view of our plan to increase our number of tender submissions.</p>	<p>The Group is in the progress of identifying suitable business opportunities with potential customers and the Group has undertaken certain new construction projects during the year ended 30 April 2017 to satisfy the working capital requirement.</p>
Further strengthening our manpower	<p>Recruit one additional technical assistant and one additional accountant to cope with our business development and our plan to undertake more projects.</p> <p>Continue to provide training to our existing and newly recruited staff.</p>	<p>The Group has employed additional staff to cope with the new projects and continued to sponsor staff to attend seminars and training courses.</p>

## USE OF PROCEEDS

During the year ended 30 April 2017, the net proceeds from placing were applied as follows:

	<b>Planned use of proceeds as stated in the Prospectus up to 30 April 2017 <i>HK\$'million</i></b>	<b>Actual use of proceeds up to 30 April 2017 <i>HK\$'million</i></b>
Satisfying various working capital requirements in relation to undertaking more projects	16.86	13.28
Further strengthening our manpower	<u>2.15</u>	<u>1.82</u>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

## INTERESTS IN COMPETING BUSINESS

Save for Mr. Wong Law Fai's interest in Wan Chung Construction Company Limited details of which were set out in the section headed "Relationships with Controlling Shareholders" of the Prospectus, none of the Directors, controlling shareholders nor substantial shareholders of the Company nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the year ended 30 April 2017.

All the independent non-executive Directors are delegated with the authority to review the non-competition undertakings (the "**Non-competition Undertakings**") dated 15 October 2015 given by Mr. Yu Shek Man Ringo, Ms. Wong So Wah and National Honour. The independent non-executive Directors were not aware of any non-compliance with the Non-competition Undertakings given by Mr. Yu Shek Man Ringo, Ms. Wong So Wah and National Honour from the date of the Non-competition Undertakings and up to the date of this announcement.

Each of Mr. Yu Shek Man Ringo, Ms. Wong So Wah and National Honour has confirmed that he/she/it had complied with the Non-competition Undertakings given by them from the date of the Non-competition Undertakings and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2017.

## **CORPORATE GOVERNANCE CODE**

During the year ended 30 April 2017, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules save for the deviation from code provision A.2.1 explained below.

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

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the (“**Code of Conduct**”) on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the year ended 30 April 2017.

## **SHARE OPTION SCHEME**

The Company has conditionally adopted a share option scheme on 15 October 2015 (the “**Scheme**”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share options has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 April 2017.

## **COMPLIANCE ADVISER’S INTEREST**

As at 30 April 2017, as notified by the Company’s compliance adviser, Dakin Capital Limited (the “**Compliance Adviser**”), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 2 February 2016, neither the Compliance Adviser nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interest in the securities to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## **EVENTS AFTER REPORTING PERIOD**

The Company has undergone a change in controlling shareholder on 5 May 2017 (after trading hours) after United Financial Holdings Group Limited executed the sale and purchase agreement acquiring 1,080,000,000 ordinary shares of the Company (the “**Shares**”). Upon the close of the unconditional mandatory general offer on 22 June 2017, United Financial Holdings Group Limited held 1,081,010,000 Shares, constituting an aggregate of approximately 75.07% of the Company’s total issued capital. On 17 July 2017, United Financial Holdings Group Limited has disposed of an aggregate of 1,010,000 Shares on the open market for the purpose of restoring the public float of the Company in compliance with Rule 11.23(7) of the GEM Listing Rules. For further details, please refer to the announcements of the Company dated 17 July 2017 and 22 June 2017 respectively, and the composite document of the Company dated 1 June 2017. Save as disclosed above, there was no material subsequent event during the period from 1 May 2017 to the date of this announcement.

## **PUBLIC FLOAT**

To the best knowledge of the Directors and based on information that is publicly available to the Company, the Company has maintained sufficient public float as of the date of this announcement as required under the GEM Listing Rules.

## **AUDITOR**

Grant Thornton Hong Kong Limited (“**GT**”) shall retire in the forthcoming AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of GT as auditors of the Company will be proposed at the forthcoming AGM. The Company has not changed its external auditors during the year ended 30 April 2017 and up to the date of this announcement.

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed this announcement and the audited consolidated results of the Group for the year ended 30 April 2017.

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

Hong Kong, 25 July 2017

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

*This announcement will remain on the GEM's website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at [www.fraserholdings.com](http://www.fraserholdings.com).*