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FRASER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8366)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2016

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

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

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*This announcement, for which the directors (the “**Director(s)**”) of Fraser Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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\$64.6 million for the six months ended 31 October 2016 (the “**Reporting Period**”) (2015: approximately HK\$84.9 million), representing a decrease of approximately 23.9% as compared with the corresponding period of last year.
- Profit attributable to the owners of the Company for six months ended 31 October 2016 amounted to approximately HK\$4.2 million (2015: approximately HK\$3.8 million).
- Basic earnings per share amounted to approximately HK\$0.29 cents for the six months ended 31 October 2016 (2015: approximately HK\$0.31 cents).
- The Board does not recommend the payment of interim dividend for the six months ended 31 October 2016 (2015: nil).

The board (the “**Board**”) of Directors of the Company is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 31 October 2016 together with the comparative figures for the corresponding periods in 2015.

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

FOR THE THREE AND SIX MONTHS ENDED 31 OCTOBER 2016

	<i>Notes</i>	For the three months ended 31 October		For the 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)
Revenue	3	34,171	34,991	64,642	84,899
Direct costs		(31,197)	(30,098)	(59,384)	(75,751)
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	(3)	(4)	(6)	(42)
Profit before income tax	6	2,863	3,779	5,155	5,054
Income tax expense	5	(546)	(630)	(982)	(1,250)
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		(158)	–	702	–
Total comprehensive income for the period attributable to the owners of the Company		2,159	3,149	4,875	3,804
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
— Basic and diluted	8	0.16	0.26	0.29	0.31

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2016

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

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

FOR THE SIX MONTHS ENDED 31 OCTOBER 2016

	Share capital <i>HK\$'000</i>	Share premium* <i>HK\$'000</i>	Merger reserve* <i>HK\$'000</i> <i>(Note)</i>	Available- for-sale financial assets investment revaluation reserve* <i>HK\$'000</i>	Retained earnings* <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 <i>(Note 7)</i>	–	–	–	–	(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	<u>–</u>	<u>–</u>	<u>–</u>	<u>702</u>	<u>4,173</u>	<u>4,875</u>
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 Directors of the Company. The Board of Directors 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 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)
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 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)
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 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)
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	7,851	4,491	13,738	10,067
	<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		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(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		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(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
Total staff costs	924	1,942	2,310	3,665
(including directors' emoluments)				
Depreciation in respect of plant and equipment				
— leased assets	5	6	11	6
— owned assets	35	93	70	306
	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

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 31 October		Six months ended 31 October	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(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 31 October 2016 <i>HK\$'000</i> (Unaudited)	As at 30 April 2016 <i>HK\$'000</i> (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 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (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 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (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 <i>HK\$'000</i> (Unaudited)	As at 30 April 2016 <i>HK\$'000</i> (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 <i>HK\$'000</i> (Unaudited)	As at 30 April 2016 <i>HK\$'000</i> (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 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
0–30 days	3,078	13,560
31–60 days	–	1,734
Over 90 days	687	559
	<u>3,765</u>	<u>15,853</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 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
Within one year	34	34	23	23
In the second to fifth years inclusive	92	110	61	73
	<u>126</u>	<u>144</u>	<u>84</u>	<u>96</u>
Future finance charges	(42)	(48)		
Present value of finance lease liabilities	<u>84</u>	<u>96</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 of the Company, 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 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Salaries, fee and allowances	300	300
Discretionary bonuses	–	–
Retirement benefit scheme contributions	15	15
	<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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

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

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

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

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately HK\$20.3 million or approximately 23.9% from approximately HK\$84.9 million for the six months ended 31 October 2015 to approximately HK\$64.6 million for the six months ended 31 October 2016. The decrease in revenue was mainly due to the decrease in the average revenue recognised per project.

The Board regards the Group's business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong. The Group's principal operating activities during the six months ended 31 October 2016 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\$72.9 million for the six months ended 31 October 2015 to approximately HK\$57.6 million for the six months ended 31 October 2016, representing a decrease of approximately 21%. The decrease in revenue was primarily attributable to a lower amount of revenue from CEDD's slope works projects for the six months ended 31 October 2016, which was due to certain delays in the work schedule under some of the Group's slope work projects and less work orders were received from its 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 HK\$6.7 million for the six months ended 31 October 2015 to approximately HK\$6.8 million for the six months ended 31 October 2016, as a result of the increase in the contract size of foundation project undertaken by the Group during the six months ended 31 October 2016.

General building works: Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK\$5 million for the six months ended 31 October 2015 to approximately HK\$0.2 million for the six months ended 31 October 2016, representing a decrease of approximately 96%, which was due to the decrease in general building works services provided by the Group for the six months ended 31 October 2016.

Others: Provision of consultancy services in relation to the management of projects involving slope works, foundation works and/or other general building works in Hong Kong. Revenue from the provision of consultancy services decreased from HK\$0.1 million for the six months ended 31 October 2015 to HK\$0 for the six months ended 31 October 2016, representing a decrease of 100%, as there was no provision of consultancy service during the six months ended 31 October 2016.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$3.8 million or approximately 41.8% from approximately HK\$9.1 million for the six months ended 31 October 2015 to approximately HK\$5.3 million for the six months ended 31 October 2016 and the Group's gross profit margin decreased from approximately 10.77% for the six months ended 31 October 2015 to approximately 8.13% for the six months ended 31 October 2016. The decrease in gross profit margin was mainly due to a higher subcontracting rate for the new projects as a result of the tougher competitive conditions and challenging operating environment.

The Group's cost of services rendered decreased by approximately HK\$16.3 million or approximately 21.5% from approximately HK\$75.7 million for the six months ended 31 October 2015 to approximately HK\$59.4 million for the six months ended 31 October 2016. Such decrease was mainly attributable to the decrease in amount of works performed resulting in the decrease in our subcontracting charges.

Other Income

The Group's other income increased by approximately HK\$2.2 million or approximately 733% from approximately HK\$0.3 million for the six months ended 31 October 2015 to approximately HK\$2.5 million for the six months ended 31 October 2016. The increase in the Group's other income was mainly due to the increase in the gain on disposal of motor vehicles amounting HK\$1.7 million and also the interest income derived from available-for-sale financial assets during the six months ended 31 October 2016.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK\$1.7 million or approximately 39.5% from approximately HK\$4.3 million for the six months ended 31 October 2015 to approximately HK\$2.6 million for the six months ended 31 October 2016. The decrease in the Group's administrative expenses was primarily due to the listing expenses of approximately HK\$2.5 million incurred during the six months ended 31 October 2015, while there was no such expenses incurred during the six months ended 31 October 2016, which is partially offset by the increase in administrative and other operating expenses after listing.

Net Profit

Profit attributable to owners of the Company for the period increased by approximately HK\$0.4 million or approximately 10.5% from approximately HK\$3.8 million for the six months ended 31 October 2015 to approximately HK\$4.2 million for the six months ended 31 October 2016. The Group's net profit margin increased from approximately 4.48% for the six months ended 31 October 2015 to approximately 6.46% for the same period of 2016. The increase in the Group's profit for the period was mainly due to the increase in other income revenue and the decrease of administrative expenses for the six months ended 31 October 2016 as discussed above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

The shares of the Company were successfully listed on the GEM 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 31 October 2016, the total equity amounted to approximately HK\$84 million (30 April 2016: approximately HK\$79.1 million).

Cash position

As at 31 October 2016, the cash at banks and in hand of the Group amounted to approximately HK\$23.2 million (as at 30 April 2016: approximately HK\$49.8 million), representing a decrease of approximately HK\$26.6 million as compared to that as at 30 April 2016.

Charges over Assets of the Group

As at 31 October 2016, the Group had pledged bank deposits of approximately HK\$11.5 million (as at 30 April 2016: approximately HK\$25 million) to secure the banking facilities granted to the Group.

Also, 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\$84,000.

Save for the above, the Group did not have any charges over assets of the Group.

Gearing ratio

As at 31 October 2016, the gearing ratio of the Group was approximately 0.09% (as at 30 April 2016: approximately 0.1%). The gearing ratio is calculated as total borrowings divided by the total equity as the respective reporting date. Total borrowings includes bank borrowings and obligations under finance leases. The decrease of the gearing ratio was mainly attributable to the repayment of obligations under finance leases for the Group for the six months ended 31 October 2016.

Capital Commitments

As at 31 October 2016, the Group had no material capital commitments (as at 30 April 2016: nil).

Foreign Exchange Risk

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 and US dollars. During the six months ended 31 October 2016, 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 six months ended 31 October 2016.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Apart from the Reorganisation in relation to the listing of the shares as disclosed in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 October 2016. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 October 2016.

Contingent Liabilities

As at 31 October 2016, the Group had no material contingent liabilities (as at 30 April 2016: nil).

Employees and Remuneration Policy

The Group had 56 employees (including executive Directors) as at 31 October 2016 (as at 30 April 2016: 64 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance linked bonuses, retirement benefits schemes and other allowance and benefits.

Comparison of Business Objectives with Actual Business Progress

	Business objectives as stated in the Prospectus	Actual business progress up to 31 October 2016
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 slop work when suitable opportunities arise.</p> <p>Undertake more projects should we be able to identify and secure suitable business opportunities, with HK\$12.4 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 undertook several new construction projects in 2016 for approximately HK\$11.74 million to satisfy the working capital requirement.</p>

	Business objectives as stated in the Prospectus	Actual business progress up to 31 October 2016
Further strengthening our in-house team of engineering staff	Recruit one additional technical assistant and one additional accountant to cope with our business development and our plan to undertake more projects. Recruit four additional project management and supervision and site supporting employees as well as one additional safety officer to cope with our business development and our plan to undertake more projects. Continue to provide training to our existing and newly recruited staff.	The Group has employed additional staff to cope with the new undertaking projects and continue to sponsor staff to attend seminars and training courses as demand fit.

Use of Proceeds from the Placing

The net proceeds from the listing will be utilised subsequent to the listing in accordance with the proposed applications set out in the section “Future Plans and Use of Proceeds” of the Prospectus. The below table sets out the proposed applications of the net proceeds and usage up to the date of this announcement:

	Planned use of proceeds as stated in the Prospectus <i>HK\$'million</i>	Actual use of proceeds up to 31 October 2016 <i>HK\$'million</i>
Satisfying various working capital requirements in relation to undertaking more projects	12.40	11.74
Further strengthening our manpower	1.05	0.72
	13.45	12.46

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.

DISCLOSURE OF INTERESTS

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

As at 31 October 2016, the interests and short positions of the Directors or chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) *Long position in the Company's Shares*

Name of Director	Capacity/Nature	Number of Shares Held/interested	Approximate Percentage of shareholding
Mr. Yu Shek Man Ringo	Interest of a controlled corporation (<i>Note 1</i>)	1,080,000,000	75%
Ms. Wong So Wah	Interest of spouse (<i>Note 2</i>)	1,080,000,000	75%

Notes:

1. The issued share capital of National Honour is owned as to 90% by Mr. Yu Shek Man Ringo and 10% by Ms. Wong So Wah, the spouse of Mr. Yu Shek Man Ringo. Therefore, Mr. Yu Shek Man Ringo is deemed or taken to be interested in all the shares of the Company held by National Honour for the purpose of the SFO.
2. Ms. Wong So Wah is the spouse of Mr. Yu Shek Man Ringo. Accordingly, Ms. Wong So Wah is deemed or taken to be interested in all the shares of the Company which Mr. Yu Shek Man Ringo is interested for the purpose of the SFO.

(ii) Long position in the shares of associated corporations

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

Notes:

1. Mr. Yu Shek Man Ringo is the spouse of Ms. Wong So Wah. Therefore, Mr. Yu Shek Man Ringo is deemed or taken to be interested in all the shares of the Company which Ms. Wong So Wah is interested for the purpose of the SFO.
2. Ms. Wong So Wah is the spouse of Mr. Yu Shek Man Ringo. Accordingly, Ms. Wong So Wah is deemed or taken to be interested in all the shares of the Company which Mr. Yu Shek Man Ringo is interested for the purpose of the SFO.

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

As at 31 October 2016, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

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

OTHER INFORMATION

Competing Interests

Save for Mr. Wong Law Fai's interest in Wan Chung Construction Company Limited details of which were set out in the section headed "Relationships with Controlling Shareholders" of the Prospectus of the Company dated 23 October 2015, none of the Directors, the controlling shareholders and substantial shareholders, neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the six months ended 31 October 2016.

Compliance Advisor's Interests

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

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 31 October 2016 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Corporate Governance Code

During the six months ended 31 October 2016 and up to the date of this announcement, 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 six months ended 31 October 2016 and up to the date of this announcement.

Dividends

The Board did not recommend any payment of dividend for the six months ended 31 October 2016 (2015: Nil).

Share Option Scheme

The Company adopted a share option scheme on 15 October 2015 (the “**Scheme**”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 October 2016.

Audit Committee

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

The Audit Committee had reviewed the unaudited combined results of the Group for the six months ended 31 October 2016 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Hong Kong, 9 December 2016

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.