

FRASER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 8366

Annual Report

2016



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*This report, for which the directors (the “**Directors**”) 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 GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

DIRECTORS

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

AUDIT COMMITTEE

Mr. Law Yiu Sing *(Chairman)*

Mr. Wong Kwok Chuen

Mr. Wong Law Fai

REMUNERATION COMMITTEE

Mr. Wong Law Fai *(Chairman)*

Mr. Yu Shek Man Ringo

Mr. Wong Kwok Chuen

NOMINATION COMMITTEE

Mr. Wong Kwok Chuen *(Chairman)*

Mr. Law Yiu Sing

Mr. Wong Law Fai

LEGAL COMPLIANCE COMMITTEE

Mr. Law Yiu Sing *(Chairman)*

Mr. Wong Kwok Chuen

Mr. Wong Law Fai

Ms. Wong So Wah

Mr. Yiu Chun Wing

COMPANY SECRETARY

Mr. Yiu Chun Wing

INDEPENDENT AUDITORS

Grant Thornton Hong Kong Limited

LEGAL ADVISER

As to Hong Kong Law

Loong & Yeung

Solicitors, Hong Kong

COMPLIANCE ADVISER

Dakin Capital Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

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75 Fort Street

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited

Clifton House

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Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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Level 22, Hopewell Centre

183 Queen's Road East

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wong Chuk Hang, Hong Kong

COMPANY WEBSITE

Website: www.fraserholdings.com

STOCK CODE

8366

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Fraser Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), I am pleased to present our first annual report for the year ended 30 April 2016 (the “**Year**”).

The year ended 30 April 2016 was a milestone year for the Group and the successful listing of the shares of the Company (the “**Share(s)**”) on the GEM on 2 November 2015 (the “**Listing**”) is a breakthrough to our achievement and our continuous efforts in carrying out our expansion. The Listing not only provided additional capital funding but also reinforced our bargaining power for further banking facilities, allowing us to undertake sizeable projects in the future. It also provided a good opportunity to strengthen our internal control function and further promote our Group as a well-organised establishment to the general public. I would like to thank all the professional parties involved and our staff for their contribution to the successful Listing.

RESULT PERFORMANCE

In the 2015/16 financial year, our Group achieved an increase in turnover of approximately HK\$23.3 million or 14.8% compared with the 2014/15 financial year. Such growth was mainly attributable to a higher amount of revenue from CEDD's slope work derived based on our actual works progress under the relevant contracts as certified by CEDD/its agent. Despite the increase of turnover for 2015/16 financial year, our net profit for the Group decreased from approximately HK\$11.4 million for the year ended 30 April 2015 to approximately HK\$7.2 million for the year ended 30 April 2016. The decrease 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 our Group's ongoing slope works contracts; (ii) the fact that some of the relatively sizeable tender bids previously submitted by our Group turned out to be not successful; (iii) a decrease in our 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 our Group's staff cost as a result of an increase in the number of Directors and other employees.



CHAIRMAN'S STATEMENT

OUTLOOK

Following the remarkable development milestone of the Group being listed on the Stock Exchange, the Group's strategy is to continuously develop the business significantly in its chosen market in the coming years and to deliver a safe, robust, sustainable and optimised performance from efficient business processes. Our business will remain focusing on landslip preventive and remedial works to slopes in the Hong Kong construction industry.

We are aware that there was delay in fund allocation for public expenditures and slowdown in tendering of numerous public infrastructure projects due to the delay in funding approvals by the Legislative Council, which has cast shadow on the construction market. Furthermore, the economy of Hong Kong has been susceptible to the recent instability of the global economy which has cast uncertainty over the prospects of the local construction market. The increasing labour costs have also posed plenty of challenges to the Group. Undoubtedly, all such factors have adversely affected the industry and the business environment in which the Group operates.

Nevertheless, our Group is still positive about the prospects of the local construction market because of the continued implementation of the "Ten Major Infrastructure Projects" and the fact the 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.

Accordingly, we will closely monitor the market and enhance our capability to foresee and respond to changes in market conditions.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders, customers, subcontractors and business partners for their continuous support and trust to our Group and my fellow directors and all staff for their considerable contributions to the Group.

Mr. Yu Shek Man Ringo

Chairman and Executive Director

Hong Kong, 11 July 2016

HIGHLIGHTS

HK\$180.6m

2015: HK\$157.3m

REVENUE

HK\$0.54 cents

2015: HK\$0.93 cents

EARNINGS PER SHARE

HK\$18.1m

2015: HK\$20.8m

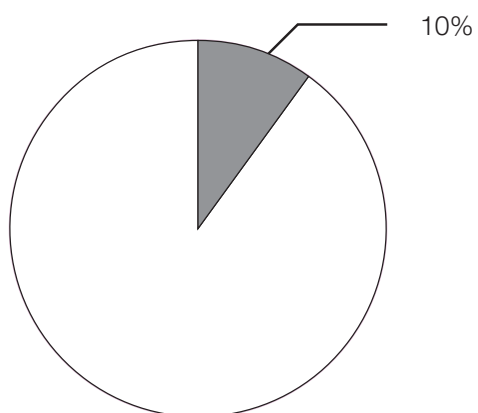
GROSS PROFIT

HK\$7.2m

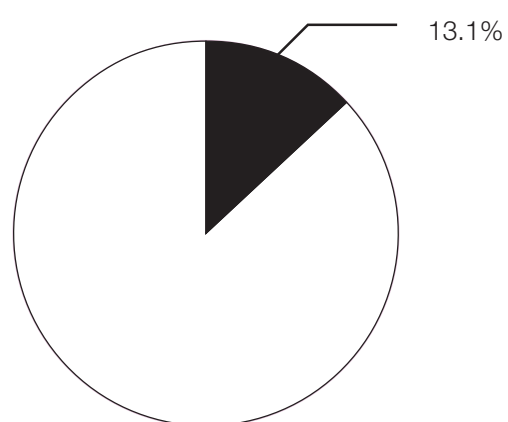
2015: HK\$11.4m

NET PROFIT

2016 GROSS PROFIT MARGIN



2015 GROSS PROFIT MARGIN



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.

Since the announcement of the “Ten Major Infrastructure Projects” in the 2007 Policy Address, large scale infrastructure projects such as the extension of MTR lines, new roadways, and the development of new areas have supported the growth of the construction industry. The “Ten Major Infrastructure Projects” include South Island Line, Lok Ma Chau Loop, Sha Tin to Central Link, West Kowloon Cultural District, Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass, Kai Tak Development, Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macao Bridge, North East New Territories New Development Areas and Hong Kong-Shenzhen Western Express Line. The development of some of these projects requires slope works, such as developing earth reinforced retaining walls and cutting back or improving slopes for road works, railways, and hill-side building developments. In recent years, the Government’s infrastructure investment has been maintained at high levels, with several construction and transportation projects being carried forward in parallel. The continued investments in large scale infrastructure projects by the Government is expected to drive the future demand for slope works in Hong Kong. As a result, our slope work business also benefited from the overall positive atmosphere in the construction industry. The Directors consider that the outlook for the construction industry in Hong Kong remains optimistic.

Having said that, the Directors are aware of 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, which 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. The Group has also 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.

All things considered, the Directors are still cautiously optimistic about the slope works industry in Hong Kong in general, particularly because of the continued implementation of the “Ten Major Infrastructure Projects” and the fact the slope works are directly related to public safety.

Since 1 May 2015 and up to the date of this report, the Group has obtained new public project from each of Civil Engineering and Development Department and Lands Department of the Government respectively, which are expected to be completed in the years ending 30 April 2018 and 2019 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group was successfully listed on GEM on 2 November 2015. The Listing proceeds received strengthened the Group's cash flow and the Group will implement its future plans towards and strengthening our manpower according to the schedule set out in the prospectus of the Company dated 23 October 2015 (the "**Prospectus**").

FINANCIAL REVIEW

Revenue

The Group's overall revenue increased by approximately HK\$23.3 million or approximately 14.8% from approximately HK\$157.3 million for the year 30 April 2015 to approximately HK\$180.6 million for the year 30 April 2016. The increase in revenue is mainly due to the increase in revenue derived from undertaking slope works and foundation 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 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 increased from approximately HK\$143.0 million for the year ended 30 April 2015 to approximately HK\$155.1 million for the year 30 ended April 2016, representing an increase of approximately 8.5%. The increase in revenue was primarily attributable to a higher amount of revenue from CEDD's slope works projects for the year ended 30 April 2016, which was due to the actual works progress under the relevant contracts as certified by CEDD/its agent.

Foundation works: Undertaking works in relation to the construction of foundations for general building construction. Revenue from undertaking foundation works increased from approximately HK\$1.3 million for the year ended 30 April 2015 to approximately HK\$20.1 million for the year ended 30 April 2016, representing an increase of approximately 1,446.2%, which was due to an increase in number of foundation projects undertaken by our Group during the year ended 30 April 2016.

General building works: Undertaking general construction of buildings. Revenue from undertaking general building works decreased from approximately HK\$12.8 million for the year ended 30 April 2015 to approximately HK\$5.3 million for the year ended 30 April 2016, representing a decrease of approximately 58.6%, which was due to lower actual works progress under the contract as certified by its agents compared between the years ended 30 April 2016 and 2015.

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 decreased from approximately HK\$0.2 million for the year ended 30 April 2015 to approximately HK\$0.1 million for the year ended 30 April 2016, representing a decrease of approximately 50%, as there is a decrease of number of consultancy services for 2016 compared with 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The Group's direct costs increased by approximately HK\$25.9 million or approximately 19% from approximately HK\$136.6 million for the year ended 30 April 2015 to approximately HK\$162.5 million for the year ended 30 April 2016. Such increase was mainly attributable to the increase in amount of works performed, which resulted in the increase in our subcontracting charges.

The Group's gross profit decreased by approximately HK\$2.7 million or approximately 13% from approximately HK\$20.8 million for the year ended 30 April 2015 to approximately HK\$18.1 million for the year ended 30 April 2016 and the Group's gross profit margin decreased from approximately 13.1% for the year ended 30 April 2015 to approximately 10% for the year ended 30 April 2016. The decrease in gross profit margin was mainly because (i) the majority of the projects with revenue contribution (i.e., CEDD projects) to the Group during the year ended 30 April 2016 (in terms of revenue) were projects of relatively large contract sums for which the Group had set the tender prices based on a relatively lower expected profit margins, because of the relatively larger absolute amount of profit expected to be derived from the projects; and (ii) the Group also has been facing challenging operating environment resulting from increasing costs of operation.

Other income

The Group's other income amounted to approximately HK\$1,682,000 and HK\$331,000 for the years ended 30 April 2015 and 2016 respectively, representing a decrease of approximately 80.3%, which was mainly due to the decrease of rental income of approximately HK\$316,000 earned from the leasing of machinery and no disposal of machinery or motor vehicle for the year ended 30 April 2016.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$1 million or approximately 12.8% from approximately HK\$7.8 million for the year ended 30 April 2015 to HK\$8.8 million for the year ended 30 April 2016. The increase in the Group's administrative expenses were mainly due to the emoluments to non-executive Directors who commenced their directorships in November 2015, and the addition of account staffs in 2015.

Net Profit

Profit attributable to owners of the Company for the year decreased by approximately HK\$4.2 million or approximately 36.8% from approximately HK\$11.4 million for the year ended 30 April 2015 to HK\$7.2 million for the year ended 30 April 2016. The Group's net profit margin decreased from approximately 7.3% for the year ended 30 April 2015 to approximately 4% for the same period of 2016. The decrease in the Group's net profit margin and its profit for the period was mainly due to the decrease in gross profit and other income coupled with the increase 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 2016 (2015: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

During the year, 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 in 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 2016, the cash at banks and in hand of the Group amounted to approximately HK\$74.9 million (2015: approximately HK\$22.8 million), representing an increase of approximately HK\$52.1 million as compared to that as at 30 April 2015.

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\$98,000 (2015: nil).

Particular of the charge over assets of the Group are set out in note 13 to the consolidated financial statements.

GEARING RATIO

As at 30 April 2016, the gearing ratio of the Group was approximately 0.1% (2015: approximately 15.3%). The gearing ratio is calculated as total borrowings divided by the total equity as the respective reporting date. Total borrowings include bank borrowings, amount due to a Director and obligations under finance leases. The decrease of the gearing ratio was mainly attributable to the repayment of bank borrowings and amount due to a Director of the Group for the year ended 30 April 2016.

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 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 year ended 30 April 2016.

CAPITAL COMMITMENTS

As at 30 April 2016, the Group did not have material capital commitments (2015: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 April 2016, the Group had 64 (2015: 72) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$8.6 million for the year ended 30 April 2016 as compared to approximately HK\$6.7 million for the year ended 30 April 2015. 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

Apart from the reorganization in relation to the Listing of the Shares, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 30 April 2016. Save for the business plan as disclosed in the Prospectus, there is no plan for material investments or capital assets as at 30 April 2016.

CONTINGENT LIABILITIES

As at 30 April 2016, the Group did not have any material contingent liability (2015: 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 2016, 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.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on note 5 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarized as follows:

- i. A significant portion of the Group's past revenue was generated from contracts granted by the Government and statutory bodies, which are non-recurrent in nature, and the reduction in the level of Government's spending on construction projects particularly for slope works may materially affect the Group's financial performance;
- ii. The Group is dependent on its senior management and in-house engineers, inability to retain its staff may adversely affect the Group's business operations; and

MANAGEMENT DISCUSSION AND ANALYSIS

- iii. Any delays in the Group's projects may affect the Group's cash flows and may have adverse impact on the Group's business and reputation.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to noise control, air pollution control, water pollution control and waste disposal control.

The Group has established measures and work procedures governing environmental protection compliance that are required to be followed by its employees and subcontractors. Such measures and procedures include, among others:

Area	Measure
Noise control	<ul style="list-style-type: none">i. Noise assessment will be conducted while necessary if the construction activities may affect the neighbourhood.ii. Construction Noise Permit (CNP) will be applied from Environmental Protection Department if working outside the period below.iii. The permitted hours for operation at project site is from 7:00 a.m. to 7:00 p.m. Monday to Saturday. Works are not permitted on general public holidays.
Air pollution control	<ul style="list-style-type: none">i. Appropriate air pollution control system, equipment or measure shall be operated or implemented properly and effectively whenever plant/process/activity concerned is engaged in.ii. Any dusty materials remaining after stockpiles/debris is removed shall be wetted with water and cleared from the surface of roads or streets.iii. Plants/vehicles shall be well maintained to ensure a low level of dark smoke emission.iv. Open burning of refuse is strictly forbidden.

MANAGEMENT DISCUSSION AND ANALYSIS

- | | |
|-------------------------|--|
| Water pollution control | <ul style="list-style-type: none">i. All sewer and drainage connections shall be sealed by sand bag to prevent blockage by debris, soil, sand, etc.ii. Wastewater generated from concreting, grouting, drilling, plastering, internal and external fabrication, cleaning, site clearance and similar activities shall not be discharged into storm drains. Sufficient sand bags should be placed around the drainage point to avoid and minimize the wastewater run-in. |
| Waste disposal control | <ul style="list-style-type: none">i. Labeled bins to be provided to allow segregation of recyclable materials whenever possible.ii. Disposal of public fill at the public filling facility as designated by Public Fill Committee (PFC) of CEDD and at other public filling facilities as may be required by CEDD, and to comply with their acceptable requirements. |

During the year ended 30 April 2016, the Group did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong while the Company itself is listed on the Stock Exchange. Our establishment and operations shall therefore comply with the relevant laws and regulations in Hong Kong. External compliance and legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. During the Year and up to the date of this report, there is no material non-compliance with the relevant prevailing laws and regulations in Hong Kong by the Group.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

The Group's customers mainly include (a) for public sector projects, Government departments such as CEDD, Lands Department and Architectural Services Department, as well as other statutory bodies including the Housing Authority; and (b) for private sector projects, private corporations and other entities in the private sector.

During the Year, the Group served customers from both of public and private sector in Hong Kong. During the Year, the Directors consider that the Group is not reliant on any single customer. The Group has business relationship with most of the top customers ranging from one year to over 10 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Suppliers and Subcontractors

During the Year, the suppliers of goods and services which were specific to the business of the Group and were required on a regular basis to enable the Group to continue to carry on its business included (i) subcontractors engaged by the Group to perform the slope works; (ii) suppliers of construction materials and consumables as such high-tensile steel, structural steel, cement and aggregates.

The Group maintains an internal list of approved subcontractors. While engaging subcontractors, the Group generally selects the most suitable subcontractor from the approved list based on their relevant experience as well as their availability and fee quotations.

The Group did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors during the Year. Also, there is no significant dispute with our top five suppliers and subcontractors during the Year.

Employees

The Group believes that employees are important assets and their contribution and support are valued at all times. The Group provides competitive remuneration packages to attract and retain employees with the aim to form a professional staff and management team that can bring the Group to new levels of success. The Group regularly reviews compensation according to industry benchmark, financial results as well as the individual performance of employees. Furthermore, the Group places great emphasis on the training and development of employees and regards excellent employees as a key factor in its competitiveness.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison of Business Objectives with Actual Business Progress

	Business objectives up to 30 April 2016 as stated in the Prospectus	Actual business progress up to 30 April 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 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\$6.25 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 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 four new construction projects in 2016 for approximately HK\$22.2 million 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 recruited one account staff and is in the progress to recruit an assistant project manager.</p> <p>The Group provided our staff with safety and technical seminars organized by third parties.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds

During the year ended 30 April 2016, the net proceeds from placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus up to 30 April 2016 HK\$' million	Actual use of proceeds up to 30 April 2016 HK\$' million
Satisfying various working capital requirements in relation to undertaking more projects	6.25	2.5
Further strengthening our manpower	0.44	0.1

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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. YU Shek Man Ringo (余錫萬) (former name: YU Shek Man (余錫萬)), aged 59, is the founder and the chief executive officer of our Group and a controlling shareholder of the Company. He was appointed as our executive Director on 20 May 2015. He was appointed as the chairman of the Board on 14 October 2015. Mr. Yu is principally responsible for the overall business development and financial and strategic planning of our Group. He is also a director of Fraser Construction, Tubo Tech, True Sincere, Strong Move and Magic City. Mr. Yu is the spouse of Ms. Wong, an executive Director.

Mr. Yu obtained a Bachelor of Engineering-Civil degree from McGill University in Canada in November 1982. Mr. Yu has been registered as a Chartered Engineer with The Engineering Council in the United Kingdom since May 1987. Mr. Yu has also been a member of the Institution of Structural Engineers in the United Kingdom since November 1986 and a member of the Institution of Civil Engineers in the United Kingdom since May 1995. Mr. Yu has become a member and then a fellow of the Hong Kong Institution of Engineers since March 1990 and January 2006 respectively.

Mr. Yu has over 33 years of experience in the construction industry in Hong Kong. Prior to founding our Group, Mr. Yu had accumulated approximately 13 years of experience in the construction industry in Hong Kong through his employment in various firms including Vibro Construction Company Limited (formerly known as Barbican Construction Company, Ltd.) (at which his last position was project manager/director) from March 1987 to March 1989 and from November 1990 to June 1996, Ove Arup & Partners Hong Kong Limited (at which his position was senior structural engineer) from May 1990 to October 1990, John Connell & Associates Limited (at which his position was structural engineer) from April 1989 to March 1990, Siu Yin Wai & Associates Limited (at which his last position was associate) from June 1983 to March 1987, and GHD Limited (formerly known as Rankine & Hill (Hong Kong) Limited) (at which his last position was graduate engineer) from October 1982 to May 1983.

Mr. Yu received the Grand Leadership Award under the Professional Volunteer Service Accreditation Programme for the session 2013/2014 from The Hong Kong Institution of Engineers, Hong Kong Council of Volunteering and Agency for Volunteer Service in recognition of his contribution to volunteer service.

Ms. WONG So Wah (黃素華), aged 50, was appointed as our executive Director on 20 May 2015 and our compliance officer on 14 October 2015. Ms. Wong is also our administration director and is principally responsible for the overall management and administration of our business operations of our Group. She is also a director of all subsidiaries of the Company. Ms. Wong is the spouse of Mr. Yu, an executive Director, and a controlling shareholder of the Company. Ms. Wong joined our Group in May 2005 as an administration director of Fraser Construction.

Prior to joining our Group, she was employed by (i) Furla (HK) Limited as a sales administrator from January 2004 to April 2005; (ii) Jobson Publishing L.L.C. as a publishing services manager from July 1996 to December 2000; (iii) Miller Freeman (Hong Kong) Limited as an executive secretary from November 1991 to February 1996; (iv) Betafac Enterprise Ltd. as an administration assistant/secretary from April 1990 to September 1991; and (v) Siu Yin Wai & Associates Limited as a personal secretary from November 1984 to April 1990.

Ms. Wong obtained a certificate for proficiency in Book-keeping from the London Chamber of Commerce and Industry in the United Kingdom in 1986, and obtained a diploma in management studies jointly awarded by The Hong Kong Management Association and The Hong Kong Polytechnic University in September 1996 (through part-time studies).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. CHEUNG Kin Keung Martin (張建強), aged 65, was appointed as a non-executive Director on 20 May 2015. Mr. Cheung has more than 38 years of experience in the construction industry in Hong Kong through his employment in various Government departments. He is currently the Deputy Managing Director at Mannings (Asia) Consultants Limited which is principally engaged in civil engineering consulting services.

Mr. Cheung has been a fellow of the Hong Kong Institution of Engineers since December 1995. Mr. Cheung obtained a Bachelor of Science in Engineering degree from The University of Hong Kong in November 1974, a Master of Public Administration degree, through part-time studies, from The University of Hong Kong in November 1991, and completed the Senior Executive Fellows programme from the John F. Kennedy School of Government at Harvard University in the United States of America in March 2006.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. LAW Yiu Sing (羅耀昇), aged 48, was appointed as an independent non-executive Director on 14 October 2015. Mr. Law has been a Certified Practising Accountant of the CPA Australia since August 2005, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since January 2006, and a Certified Tax Adviser of the Taxation Institute of Hong Kong since January 2013.

Mr. Law obtained a Bachelor of Engineering degree from the Concordia University in Canada in October 1990. He later obtained a Master in Business Administration in The University of Hong Kong in December 1999 and a Master of Practising Accounting degree from the Monash University in Australia in November 2004. Mr. Law also obtained a graduate diploma in English and Hong Kong law (Common Professional Examination) from The Manchester Metropolitan University in the United Kingdom in July 2009. Mr. Law is also a founding member of the Institute of Accountants Exchange.

Mr. Law has over 20 years of experience in the field of financial and business management.

Mr. Law is currently an independent non-executive director of Wan Kei Group Holdings Limited (stock code: 1718).

Mr. WONG Kwok Chuen (黃國全), aged 57, was appointed as an independent non-executive Director on 14 October 2015. Mr. Wong is currently registered under the Buildings Ordinance as a registered structural engineer, under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong) as a registered professional engineer since October 1994, and under the Buildings Ordinance as a registered inspector since April 2012. He was admitted as a member of The Institution of Structural Engineers in the United Kingdom in December 1988 and as a member of The Hong Kong Institution of Engineers in July 1994.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong graduated from the McGill University in Canada in June 1982 with a Bachelor of Engineering degree in civil engineering. He worked as an assistant structural engineer at Wallace Chiu & Associates from February 1982 to May 1985, as a senior engineer at Ho & Partners Architects Engineers & Development Consultants Limited from December 1985 to December 1990. Mr. Wong then worked as a senior project manager at Martin Construction Company Limited from January 1991 and later went on to be a director of K C Wong & Associates Limited (formerly known as K. C. Wong & Associates). Mr. Wong has been its director since its establishment in 1995 and K C Wong & Associates Limited is principally engaged in architectural and engineering consulting services.

Mr. WONG Law Fai (黃羅輝), aged 56, was appointed as an independent non-executive Director on 14 October 2015. Mr. Wong has been a professional associate of The Royal Institution of Chartered Surveyors in the United Kingdom since May 1987, a member of the Chartered Institute of Building in the United Kingdom since February 1987, and a member of The Hong Kong Institute of Engineers since June 1992. He is a registered professional surveyor (quantity surveying) registered under the Surveyors Registration Ordinance (Chapter 417 of the Laws of Hong Kong), a registered professional engineer (building) under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong) and a member of The Hong Kong Institute of Surveyors.

Mr. Wong obtained a certificate in accountancy from Hong Kong Polytechnic in November 1981 (by part-time studies), a higher diploma in building technology and management from Hong Kong Polytechnic in November 1981, and an associateship in building technology and management from Hong Kong Polytechnic in November 1982. He also completed a safety management training course for managers organised by the Occupational Safety and Health Management Institute held on 5 June 2004 and 15 January 2005, and a behaviour observation operational safety training organised by the Occupational Safety and Health Management Institute in November 2009.

Mr. Wong has over 20 years of experience in the building construction industry in Hong Kong. He is a director of Wan Chung Construction Company Limited ("**Wan Chung Construction**"), and Wan Chung Engineering Co., Limited, all being subsidiaries of Vision Fame International Holding Limited (stock code: 1315), the issued shares of which are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Project Manager

Mr. LEE Ho Cheong (利浩昌), aged 44, is our senior project manager who is responsible for project management and supervision. Mr. Lee joined our Group in July 2000. He has over 22 years of experience in the construction industry in Hong Kong. Prior to joining our Group, he had accumulated experience in the construction industry in Hong Kong through his employment in AECOM Asia Company Limited (formerly known as Maunsell Consultants Asia Limited) from July 1999 to July 2000, Vibro (H.K.) Limited from August 1997 to July 1999, AECOM Consulting Services Limited (formerly known as Scott Wilson (Hong Kong) Limited) from November 1995 to July 1997 and Franki Contractors Limited from November 1992 to October 1995.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee completed the Construction Supervisor Trainee programme, the Construction Safety Officer Course, and the Environmental Officer course, all of which were organised by the Construction Industry Training Authority, in August 1992, January 2004, and March 2007 respectively. He also obtained a certificate in Civil Engineering Studies through part-time studies from the Haking Wong Technical Institute (now known as IVE (Haking Wong)) in August 1993 and a higher certificate in Civil Engineering from Hong Kong Technical Colleges in July 1995. Mr. Lee also completed a safety auditor training scheme organised by the Construction Industry Council in September 2011.

Mr. HO Chi Ming, Alvin (何志明), aged 43, is our senior project manager who is responsible for project management and supervision. Mr. Ho joined our Group in May 2003. Mr. Ho has been an associate member of The Hong Kong Institution of Engineers since May 2005, a member of the Australian Institute of Building since May 2007, and is currently a member of The Hong Kong Institute of Construction Managers.

Mr. Ho has over 22 years of experience in the construction industry in Hong Kong. Prior to joining us, he had accumulated experience in the industry through his employment in Ka Construction Company Limited from February 2000 to January 2003, PYI Management Limited (formerly known as Paul Y.-ITC Management Limited) from July 1995 to February 2000, AECOM Asia Company Limited (formerly known as Maunsell Consultants Asia Limited) from July 1993 to July 1995, and D.E. Engineering Company from March 1992 to March 1993. Mr. Ho obtained a certificate in Civil Engineering from Haking Wong Technical Institute (now known as IVE (Haking Wong)) in September 1995 (by part-time studies), a certificate of Construction Safety Supervisor from the Construction Industry Training Authority in October 1995, a higher certificate in Civil Engineering from Hong Kong Technical Colleges in June 1997 (by part-time studies), and a Bachelor of Applied Science in Construction Management & Economics degree from Curtin University of Technology in Australia in September 2004 (by part-time studies and long distance learning). Mr. Ho also completed a Construction Safety Officer course organised by the Construction Industry Training Authority in August 2000.

COMPANY SECRETARY

Mr. YIU Chun Wing (姚俊榮) (former name: YIU Ka Wai (姚家煒)), aged 34, is our financial controller and company secretary of our Company. He is responsible for our financial reporting, financial planning, treasury, financial control and the overall company secretarial matters of our Group. He joined our Group in April 2015. He has over 10 years of experience in auditing, accounting and financial management. Prior to joining our Group, Mr. Yiu had accumulated experience in the accounting industry in Hong Kong through his employment in Promise (Hong Kong) Co., Limited from February 2014 to April 2015, Moore Stephens Associates Limited from December 2010 to November 2012, HKCMCPA Company Limited (formerly known as ZYCPA Company Limited) from August 2008 to December 2010, HLB Hodgson Impey Cheng Limited from November 2005 to February 2008, and Prime & Co. from August 2004 to October 2005.

Mr. Yiu obtained a Bachelor of Business Administration degree in Accounting from the Hong Kong University of Science and Technology in Hong Kong in November 2004. Mr. Yiu is a member of the Hong Kong Institute of Certified Public Accountants since May 2010.



CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 30 April 2016.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders.

CORPORATE GOVERNANCE CODE

From the date of Listing up to 30 April 2016, 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 in the paragraph headed “Chairman and Chief Executive Officer” below.

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 from the date of Listing up to 30 April 2016.

BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group’s overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the “**Board Committees**”). Further details of the Board Committees are set out in this annual report. Pursuant to the terms of reference, the duties performed by the Board in respect of corporate governance are as follows:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Group’s policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees;
5. to review the Company’s compliance with the Code and disclosure in the corporate governance report of the Company; and
6. to conform to any requirement, direction, and regulation that may from time to time be contained in the constitution of the Company or imposed by the GEM Listing Rules or applicable laws.

CORPORATE GOVERNANCE REPORT

Composition of the Board

Up to the date of this annual report, the Board comprises six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors (“INED”). In particular, the composition of the Board is set out as follow:

Executive Directors

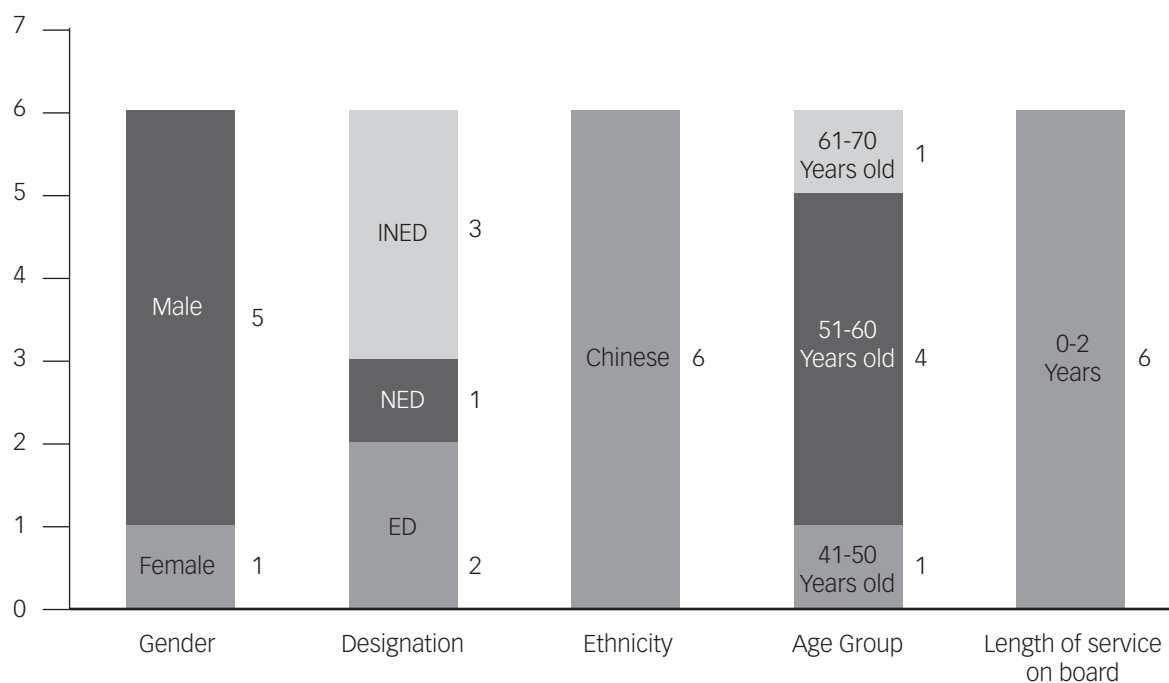
Mr. Yu Shek Man Ringo (*Chairman and Chief Executive Officer*)
Ms. Wong So Wah

Non-executive Director

Mr. Cheung Kin Keung Martin

Independent Non-executive Directors

Mr. Law Yiu Sing
Mr. Wong Kwok Chuen
Mr. Wong Law Fai



In compliance with rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board consisted of three INEDs during the Reporting Period. During the Reporting Period and as of the date of this report, the number of INEDs represents more than one-third of the Board. As such, there is a strong independent element in the Board to provide independent judgement.

The Company has entered into a service agreement with each of the INEDs and non-executive director. The commencement date of each of the service agreement is 2 November 2015 (the date of Listing) for a term up to annual general meeting of the Company to be held in 2016, which may be terminated earlier by no less than three months written notice served by either party on the other.

CORPORATE GOVERNANCE REPORT

Pursuant to Article 108 of the articles of association of the Company (the “**Articles**”), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence pursuant to rule 5.09 of the GEM Listing Rules. In this connection, the Company has received positive confirmations from all of the three INEDs. Based on the confirmations received, the Company considers all INEDs to be independent under the GEM Listing Rules.

Saved as disclosed in the section “Biographical Details of Directors and Senior Management” in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

Board and General Meetings

During the Reporting Period, two board meetings were held. Subsequent to the Reporting Period, one more board meeting was held during the period between 1 May 2016 and the date of this report. The forthcoming annual general meeting which will be held on 23 August 2016 is the first general meeting of the Company since the date of Listing.

The attendance of the respective Directors at the Board meetings are set out below:

	Attendance/ Number of meetings between the date of Listing and the date of this report
Executive Directors	
Mr. Yu Shek Man Ringo (<i>Chairman</i>)	3/3
Ms. Wong So Wah	3/3
Non-executive Director	
Mr. Cheung Kin Keung Martin	2/3
Independent Non-executive Directors	
Mr. Law Yiu Sing	3/3
Mr. Wong Kwok Chuen	3/3
Mr. Wong Law Fai	3/3

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

Pursuant to code provision A.2.1 of the Code, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

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.

BOARD DIVERSITY POLICY

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

The Company recognised the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board’s composition, Board diversity has been considered from a number of measurable aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services, all of which the Company considers to be important to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and recommend any proposed changes to the Board for approval. The Nomination Committee will from time to time review the Board Diversity Policy as appropriate to ensure its effectiveness.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy from the date of Listing up to 30 April 2016.

RELATIONSHIPS BETWEEN THE BOARD

Mr. Yu Shek Man, Ringo and Ms. Wong So Wah are spouse. They are the executive Directors and controlling shareholders with the meaning ascribed there to under the GEM Listing Rules. The biographical details of each of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report.

CORPORATE GOVERNANCE REPORT

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the Reporting Period, the Group has provided and all Directors have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. In addition, the executive Directors have attended 20 hours of external training regarding compliance matters under various laws and regulations relevant to the Group's operations. The Group will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

BOARD COMMITTEES

The Board has established a number of functional committees in compliance with the relevant GEM Listing Rules and to assist the Board to discharge its duties. Currently, four committees have been established. An audit committee ("**Audit Committee**") has been established on 14 October 2015 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C3.3 and C3.7 of the Code; a remuneration committee ("**Remuneration Committee**") has been established on 14 October 2015 with its terms of reference in compliance with paragraph B1.2 of the Code; and a nomination committee ("**Nomination Committee**") has been established on 14 October 2015 with terms of reference a compliance with paragraph A5.2 of the Code. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than that stated in the Code. The relevant terms of reference of each of the three committees can be found on the Group's website (www.fraserholdings.com) and the website of the Stock Exchange. In addition to the abovementioned committees, a legal compliance committee ("**Legal Compliance Committee**") has been established on 14 October 2015. All committees have been provided with sufficient resources and support from the Group to discharge their duties.

AUDIT COMMITTEE

The Audit Committee comprises three members, namely Mr. Law Yiu Sing (Chairman), Mr. Wong Kwok Chuen and Mr. Wong Law Fai, all of whom are INEDs. The members of the Audit Committee shall comprise non-executive Directors and shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he will cease to be a member of the Audit Committee automatically.

The Audit Committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. In addition, the majority of the Audit Committee shall be INEDs.

CORPORATE GOVERNANCE REPORT

With reference to the terms of reference, the primary responsibilities of the Audit Committee are, among others (for the complete terms of reference please refer to the Group's website www.fraserholdings.com or the website of the Stock Exchange):

1. to be responsible for making recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditors, and approve the remuneration and terms of engagement of the Company's external auditors, and any question of its resignation or dismissal;
2. to review and monitor the Company's external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
3. to develop and implement policy on engaging the Company's external auditors to supply non-audit services, if any;
4. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report, quarterly report and review significant financial reporting judgments contained in them;
5. to discuss with the Company's external auditors questions and doubts arising in audit of quarterly(if any), interim (if any) and annual accounts;
6. to review the letter of the Company's management from the Company's external auditors and the management's response;
7. to review the statement about the Company's internal control system as included in the Company's annual report prior to submission for the Board's approval;
8. to review the Company's financial reporting, financial controls, risk management and internal control systems;
9. to discuss the risk management and internal control systems with the Company's management to ensure that management has performed its duty to have an effective system;
10. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
11. to review the financial and accounting policies and practices of the Group;
12. to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or systems of control and management's response;
13. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

CORPORATE GOVERNANCE REPORT

14. to ensure compliance with the laws and regulations relevant to the Group;
15. to report to the Board on that matters pursuant to the terms of reference of the Audit Committee and consider other topics as defined by the Board;
16. to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
17. to act as the key representative body for overseeing the Company's relations with the Company's external auditor; and
18. to review treasury risk compliance record on a quarterly basis.

During the Reporting Period, the Audit Committee has reviewed the Group's unaudited interim results for the six months ended 31 October 2015, quarterly results for the nine months ended 31 January 2016 and discussed risk management, internal controls, internal audit and financial reporting matters. The Audit Committee has also reviewed audited annual results for the financial year ended 30 April 2016, this annual report, and confirmed that this annual report complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors. In addition, the Audit Committee has reviewed the Group's compliance with the Mandatory Provident Funds laws and regulations and confirmed that there has been no non-compliance thereof during the Reporting Period.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

During the Reporting Period, the Audit Committee had held two meetings. Between 1 May 2016 and the date of this report, the Audit Committee has held one meeting. The attendance records of the members of the Audit Committee are summarised below:

	Attendance/ Number of meetings between the date of Listing and the date of this report
Mr. Law Yiu Sing (<i>Chairman</i>)	3/3
Mr. Wong Kwok Chuen	3/3
Mr. Wong Law Fai	3/3

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Wong Law Fai (Chairman), Mr. Yu Shek Man Ringo, and Mr. Wong Kwok Chuen. Mr. Wong Law Fai and Mr. Wong Kwok Chuen are INEDs of the Company.

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include the followings (for the complete terms of reference please refer to the Group's website www.fraserholdings.com or the website of the Stock Exchange):

1. to consult the chairman of the Board and/of chief executive about their remuneration proposals for other executive Directors;
2. to make recommendations to the Board on the Company's policy and structure for remuneration of Directors' and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
5. to make recommendations to the Board on the remuneration of non-executive Directors;
6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
7. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
8. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
9. to ensure that no Directors or any of his/her associates is involved in deciding his/her own remuneration.

The members of the Remuneration Committee should meet at least once a year. Due to the fact that the Company was listed on 2 November 2015, no Remuneration Committee meeting has been held during the Reporting Period. Subsequent to the end of the Year and up to the date of this report, the first meeting of the Remuneration Committee was held on 11 July 2016 and the Remuneration Committee has, inter alia, reviewed the remuneration packages for individual executive Directors and senior management and making recommendations to the Board.

CORPORATE GOVERNANCE REPORT

The attendance records of the members of the Remuneration Committee are summarised below:

	Attendance/ Number of meetings between the date of Listing and the date of this report
Mr. Wong Law Fai (<i>Chairman</i>)	1/1
Mr. Yu Shek Man Ringo	1/1
Mr. Wong Kwok Chuen	1/1

During the Reporting Period, the Remuneration Committee reviewed and made recommendation on the remuneration package of senior management of the Group. The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

NOMINATION COMMITTEE

The Nomination Committee comprises three members, namely Mr. Wong Kwok Chuen (Chairman), Mr. Wong Law Fai and Mr. Law Yiu Sing. All of them are INEDs of the Company.

With reference to the terms of reference the Nomination Committee, the primary responsibilities of the Nomination Committee include the followings (for the complete terms of reference please refer to the Group's website www.fraserholdings.com or the website of the Stock Exchange):

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
3. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
4. to assess the independence of INEDs; and
5. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

CORPORATE GOVERNANCE REPORT

The members of the Nomination Committee should meet at least once a year. Due to the fact that the Company was listed on 2 November 2015, no Nomination Committee meeting has been held during the Reporting Period. Subsequent to the end of the Year and up to the date of this report, the first meeting of the Nomination Meeting was held on 11 July 2016, and the Nomination Committee has, inter alia, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and considered the Directors to retire and stand for re-election at the forthcoming annual general meeting. The Nomination Committee has also reviewed the board diversity policy as set out in the paragraph headed “Board Diversity Policy” above.

The attendance records of the members of the Nomination Committee are summarised below:

	Attendance/ Number of meetings between the date of Listing and the date of this report
Mr. Wong Kwok Chuen (<i>Chairman</i>)	1/1
Mr. Law Yiu Sing	1/1
Mr. Wong Law Fai	1/1

LEGAL COMPLIANCE COMMITTEE

The Legal Compliance Committee comprises five members, namely Mr. Law Yiu Sing (Chairman), Ms. Wong So Wah, our compliance officer and executive Director, Mr. Yiu Chun Wing, our financial controller and company secretary as well as two INEDs, namely Mr. Wong Kwok Chuen and Mr. Wong Law Fai.

With reference to the terms of reference of the Legal Compliance Committee, the primary duties of the Legal Compliance Committee are to assist in overseeing our compliance with laws and regulations relevant to our business operations and to review the effectiveness of our regulatory compliance procedures and system.

The members of the Legal Compliance Committee should meet at least once a year. Due to the fact that the Company was listed on 2 November 2015, no Legal Compliance Meeting has been held during the Reporting Period. Subsequent to the end of the year and up to the date of this report, the first meeting of the Legal Compliance Committee was held on 11 July 2016 and the Legal Compliance Committee has, inter alia, reviewed the Company’s regulatory compliance procedures and systems and compliance with the code and the other legal and regulatory requirements.

CORPORATE GOVERNANCE REPORT

The attendance records of the members of the Legal Compliance Committee are summarised below:

	Attendance/ Number of meetings between the date of Listing and the date of this report
Mr. Law Yiu Sing (<i>Chairman</i>)	1/1
Ms. Wong So Wah	1/1
Mr. Wong Kwok Chuen	1/1
Mr. Wong Law Fai	1/1
Mr. Yiu Chun Wing	1/1

AUDITORS' REMUNERATION

During the Reporting Period, the Group engaged Grant Thornton Hong Kong Limited (“GT”) as the Group’s external auditors. The remuneration paid and payable to GT is set out as follows:

Services rendered	Fees paid/payable (HK\$'000)
Statutory audit services	600
Non-statutory audit services	
– as reporting accountant for listing of the shares of the Company on the GEM of the Stock Exchange	1,800

COMPANY SECRETARY

Mr. Yiu Chun Wing (“**Mr. Yiu**”) was appointed as the company secretary of the Company on 14 October 2015. Please refer to the section “Biographical details of Directors and Senior Management” for his biographical information.

During the Reporting Period, Mr. Yiu has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Ms. Wong So Wah, an executive Director, is the compliance officer of the Group. Please refer to the section “Biographical details of Directors and Senior Management” for her biographical information.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board and the senior management are responsible for improving and monitoring the risk management and internal control of the Group. In this connection, the Board constantly and actively seeks to strengthen the risk management and internal control systems of the Group by way of, among other things, regular review of the effectiveness of the risk management and internal control measures and mechanism adopted by the Group in respect of financial, operational and compliance controls and risk management functions, etc.

In addition, the Group has engaged a professional advisory firm of internal control to perform an annual review of the risk management and internal control systems of the Group for the Reporting Period and the results were summarized and reported to the Audit Committee and the Board. The Board considers that the risk management and internal control systems of the Group are effective and adequate. The Board will continue to strive for a better control by way of consulting with the professional advisor and adopting the recommendations made by the firm.

REMUNERATION OF THE SENIOR MANAGEMENT

For the year ended 30 April 2016, the remuneration of the senior management is listed below by band:

	Number of individuals
HK\$500,001 to HK\$1,000,000	3

Details of the directors' remuneration and five highest paid individuals for the Reporting Period to be disclosed pursuant to the Code are provided in note 12 to the Consolidated Financial Statements in this report.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. The Directors are of the view that the consolidated financial statements of the Group for each financial year have been prepared on this basis.

To the best knowledge of the Directors, there are no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Statement of the Company's external auditors' responsibilities in respect of the consolidated financial statements is set out in the Independent Auditors' Report of this report.

CORPORATE GOVERNANCE REPORT

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting (“**AGM**”) is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc. At the AGM, the Directors (including INEDs) are available to attend to questions raised by the shareholders. The external auditors of the Company is also invited to be present at the AGM to address to queries of the shareholders concerning the audit procedures and the auditors’ report.

The first AGM of the Company will be held on 23 August 2016, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

SHAREHOLDERS’ RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting (“**EGM**”). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisition(s) as a result of the failure of the Board shall be reimbursed to the requisition(s) by the Company.

Procedures for Shareholders’ Nomination of Directors

Pursuant to article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgment of the notices required under the Article will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for directing shareholders’ enquiries to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company’s share registrars. Shareholders may also make a request for the Company’s information to the extent that such information has been made publicly available by the Company. All written enquiries or requests may be forwarded to the Company’s head office or by fax to (852) 2580 0470, or by email to info@fraserholdings.com.

The addresses of the Company’s head office and the Company’s share registrars can be found in the section “Corporate Information” of this annual report.

CORPORATE GOVERNANCE REPORT

Investor Relations

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meeting, public announcement and financial reports. The investors are also able to access the latest news and information of the Group via our website (www.fraserholdings.com).

In order to maintain good and effective communication, the Company together with the Board extend their invitation to all shareholders and encourage them to attend the forthcoming AGM and all future general meetings.

The shareholders may also forward their enquiries and suggestions in writing to the Company to the followings:

Address: Room 1122, 11/F
Pacific Link Tower, South Mark
11 Yip Hing Street,
Wong Chuk Hang, Hong Kong

Email: info@fraserholdings.com

Significant Changes in Constitutional Documents

Save for the adoption of the amended and restated memorandum and articles of association for the purpose of the Listing of the shares of the Company on the GEM of the Stock Exchange, during the year ended 30 April 2016, there had been no significant changes in the constitutional documents of the Company.



DIRECTORS' REPORT

The Board is pleased to present the first annual report together with the audited consolidated financial statements for the year ended 30 April 2016.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 May 2015. Its registered office and principal place of business are at Clifton House, 75 Fort Street, PO Box 1350 Grand Cayman KY1-1108, Cayman Islands and Room 1122, 11/F, Pacific Link Tower, South Mark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong, respectively.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. Its subsidiaries are principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”), including a discussion of the principal risks and uncertainties facing the Group, environmental policies of the Group, compliance with laws and regulations by the Group, its relationship with customers, suppliers, subcontractors and employees and an indication of likely future developments in the Group’s business, can be found in the Management Discussion and Analysis set out on pages 6 to 15 of this annual report. This discussion forms part of this directors’ report.

SEGMENT INFORMATION

An analysis of the Group’s performance for the Year by operating segment is set out in note 5 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 88 of this annual report.

RESULT AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 45.

The Board did not recommend payment of final dividend to shareholders of the Company for the Year.

DIRECTORS' REPORT

CLOSURE OF REGISTER OF MEMBERS

As the forthcoming AGM of the Company will be held on 23 August 2016 (Tuesday), the register of members of the Company will be closed from 22 August 2016 (Monday) to 23 August 2016 (Tuesday) (both days inclusive) for the said AGM or any adjournment thereof. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office no later than 4:30 p.m. on 19 August 2016 (Friday) in order to qualify for the right to attend and vote at the meeting (or any adjournment thereof). The share registrar and transfer office is at:

Address: Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 April 2016 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 30 April 2016 was 1,440,000,000 ordinary shares of HK\$0.01 each.

Details of movements of the share capital and the share premium of the Company during the Year are set out in note 24 to the consolidated financial statements.

EMOLUMENT POLICY FOR DIRECTORS

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

CHARITABLE DONATIONS

Charitable and other donation made by the Group during the year amounted to HK\$10,500 (2015: HK\$54,000).

DIRECTORS' REPORT

RESERVES

As of 30 April 2016, the reserves of the Company available for distribution, as calculated in accordance with the Companies Law Cap. 22 of Cayman Islands, was approximately HK\$46.7 million (2015: nil) inclusive of share premium and retained earnings.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. Yu Shek Man Ringo (*Chairman and Chief Executive Officer*) (appointed on 20 May 2015)
Ms. Wong So Wah (appointed on 20 May 2015)

Non-Executive Directors

Mr. Cheung Kin Keung Martin (appointed on 20 May 2015)

Independent Non-executive Directors

Mr. Law Yiu Sing (appointed on 14 October 2015)
Mr. Wong Kwok Chuen (appointed on 14 October 2015)
Mr. Wong Law Fai (appointed on 14 October 2015)

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

Information regarding directors' emoluments is set out in note 12 to the consolidated financial statements.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the INEDs.

DIRECTORS' SERVICE CONTRACT

All executive Directors have entered into service agreements with the Company for a term commencing from 2 November 2015 (the date of Listing) and up to the annual general meeting of the Company to be held in 2017. All of these service agreements may be terminated earlier by no less than three months written notice served by either party on the other.

Each of the non-executive Director and the INEDs has entered into a service agreement with the Company for a term commencing from 2 November 2015 (the date of Listing) and up to the annual general meeting of the Company to be held in 2016 which may be terminated earlier by no less than three months written notice served by either party on the other.

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. The non-executive Director of the Company was appointed for a fixed period but subject to retirement from office and re-election at the AGM of the Company in accordance with the Articles.

DIRECTORS' REPORT

Pursuant to Article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Yu Shek Man Ringo and Ms. Wong So Wah will retire from office as Directors at the forthcoming AGM, and being eligible, offer themselves for re-election.

Each of the executive Directors shall also be entitled to discretionary bonus to be determined by the Board based on, among other things, the performance of the individual directors and the overall financial position of the Group, and is subject to the recommendation of the remuneration committee of the Company.

DISCLOSURE OF INTERESTS

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

As at 30 April 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings 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 or short positions which any such director or chief executive is taken or deemed to have under such provision 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 referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long Position in the Company's Shares

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

DIRECTORS' REPORT

(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.

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

As at 30 April 2016, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity/Nature	Number of Shares held/ interested	Percentage of Shareholding
National Honour	Beneficial owner	1,080,000,000	75%

Save as disclosed above, as at 30 April 2016, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's turnover and purchases attributable to major customers and suppliers are as follows:

	2016 %	2015 %
Percentage of turnover:		
From the five largest customers	94.4	95.31
From the largest customer	64.49	55.56
Percentage of construction material purchases and construction subcontracted:		
From the five largest suppliers	88.88	83.77
From the largest supplier	40.26	28.98

To the best of the Directors' knowledge, none of the Directors, their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the issued shares of the Company) has an interest in the Group's five largest customers and suppliers.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in note 27 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interests directly or indirectly subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than those disclosed under the paragraph headed "Share Option Scheme" and "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", at no time during the year ended 30 April 2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective close associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the Year which is required to be disclosed under the GEM Listing Rules. Related party transactions entered into by the Group during the Year, which constitute fully exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules are disclosed in note 27 to the consolidated financial statements.

DIRECTORS' REPORT

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 Reporting Period.

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 annual report.

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 annual report.

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

From the date of the Listing up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

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 2016.

The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group. Eligible participants of the share option scheme include employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group.

The Company may grant options in respect of up to 144,000,000 Shares, representing 10% of the total issued shares of the Company as at the date of this report. The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of an offer for the grant of option(s) is HK\$1. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

DIRECTORS' REPORT

The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where the Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

The Scheme will remain in force for a period of ten years commencing on the date of adoption, being 15 October 2015, and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

COMPLIANCE ADVISOR'S INTEREST

As at 30 April 2016, as notified by the Company's compliance advisor, Dakin Capital Limited (the "**Compliance Advisor**"), except for the compliance advisor 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.

CHANGE IN COMPLIANCE ADVISOR

The Company and Messis Capital Limited ("**MCL**") have mutually agreed to terminate the compliance advisor agreement dated 19 June 2015 entered into between the Company and MCL with effect from 2 February 2016 (the "**Termination**") due to the consideration of fee levels. Subsequent to the Termination, Dakin Capital Limited has been appointed as the new compliance advisor to the Company pursuant to Rule 6A.27 of the GEM Listing Rules. For further details, please refer to the announcement of the Company dated 2 February 2016.

PERMITTED INDEMNITY

During the Year, the Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

PRE-EMPTIVE RIGHTS

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

EVENTS AFTER REPORTING PERIOD

In May 2016, the Group has purchased seven corporate bonds amounted to HK\$19,974,000 in aggregate by using our 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.



DIRECTORS' REPORT

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 since the date of Listing as required under the GEM Listing Rules.

AUDITORS

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 2016 and up to the date of this annual report.

On behalf of the Board
Fraser Holdings Limited
Yu Shek Man, Ringo
Chairman and Executive Director

Hong Kong, 11 July 2016

INDEPENDENT AUDITORS' REPORT



To the members of Fraser Holdings Limited

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fraser Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 45 to 87, which comprise the consolidated statement of financial position as at 30 April 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 April 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12
28 Hennessy Road
Wanchai
Hong Kong

11 July 2016

Chan Tze Kit

Practising Certificate No.: P05707

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2016

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

The notes on pages 50 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2016

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

Mr. Yu Shek Man, Ringo
Director

Ms. Wong So Wah
Director

The notes on pages 50 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2016

	Share capital HK\$'000	Share Premium* HK\$'000	Merger Reserve* HK\$'000 (note)	Retained Earnings* HK\$'000	Total HK\$'000
Balance at 1 May 2014	18,001	–	–	13,650	31,651
Profit and total comprehensive income for the year	–	–	–	11,431	11,431
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 (note 10)	–	–	–	(10,000)	(10,000)
Total transaction with owners	(3,601)	24,457	18,001	(10,000)	28,857
Balance at 30 April 2016	14,400	24,457	18,001	22,271	79,129

* 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.

The notes on pages 50 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2016

	2016 HK\$'000	2015 HK\$'000
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	–	(839)
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	2,396	(658)
Cash generated from operations	24,527	9,020
Interest paid	(77)	(68)
Income tax (paid)/refund	(940)	1,678
<i>Net cash generated from operating activities</i>	23,510	10,630
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	6,296	(6,045)
<i>Net cash (used in)/generated from investment activities</i>	(18,652)	2,973

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2016

	2016 HK\$'000	2015 HK\$'000
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	(1,602)	1,602
<i>Net cash generated from financing activities</i>	22,226	6,602
Net increase in cash and cash equivalents	27,084	20,205
Cash and cash equivalents at beginning of year	22,754	2,549
Cash and cash equivalents at end of year represented by cash and bank balances	49,838	22,754

The notes on pages 50 to 87 are an integral part of these consolidated financial statements.

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 of directors 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 on pages 45 to 87 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets (Continued)

Impairment of financial assets (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Leases (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Revenue recognition (Continued)

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Accounting for income taxes (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs 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 HKFRSs 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 HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

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

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

The amendments contained in these two cycles of annual improvements set out amendments to a number of HKFRSs. 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 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 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
HKFRSs (Amendments)	Annual Improvements to HKFRSs 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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 HK\$'000	2015 HK\$'000
Contracting revenue	180,458	157,121
Consultancy fee	144	225
	180,602	157,346

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors 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 HK\$'000	2015 HK\$'000
Customer A	116,465	87,417
Customer B	22,212	26,994
Customer C	N/A	11,441
Customer D	N/A	12,266

6. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
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	65	166
	331	1,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

7. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest on finance leases	10	–
Interests on bank loans and overdrafts wholly repayable within 5 years	77	68
	87	68

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2016 HK\$'000	2015 HK\$'000
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	337	322
	8,671	6,652
(b) Other items		
Depreciation, included in:		
– Direct costs	352	919
– Administrative expenses		
– Assets held under finance leases	17	–
– Owned assets	23	341
	392	1,260
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	600	50

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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 HK\$'000	2015 HK\$'000
Provision for Hong Kong Profits Tax	2,283	3,170

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 HK\$'000	2015 HK\$'000
Profit before income tax	9,473	14,601
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	(41)	(14)
Income tax expense for the year	2,283	3,170

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

10. DIVIDENDS

	2016 HK\$'000	2015 HK\$'000
Interim dividends of HK\$60 per ordinary share of Fraser Construction	10,000	–

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

11. EARNINGS PER SHARE

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

	2016 HK\$'000	2015 HK\$'000
Earnings		
Profit for the year attributable to equity holders of the Company for the purposes of basic earnings per share	7,190	11,431

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,336,658	1,235,000

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

12. DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

12. DIRECTORS' EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

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

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

12. DIRECTORS' EMOLUMENTS (CONTINUED)

(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 HK\$'000	2015 HK\$'000
Salaries, fee and allowances	2,501	2,147
Discretionary bonuses	200	200
Retirement scheme contributions	90	84
	2,791	2,431

The emoluments fell within the following bands:

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

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

13. PROPERTY, PLANT AND EQUIPMENT

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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 slope 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
	31,392	37,630

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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 HK\$'000	2015 HK\$'000
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	455	3,848
	19,465	25,912

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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

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

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

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

20. TRADE AND OTHER PAYABLES

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

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 HK\$'000	2015 HK\$'000
0-30 days	13,560	10,394
31-60 days	1,734	315
61-90 days	-	88
Over 90 days	559	2,500
	15,853	13,297

- (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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) (note i)	38,000,000	380
Increase in authorised share capital in the year (note ii)	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 (note i)	1	–
Issuance of share capital (note i)	9,999	1
Capitalisation issue of shares (note iii)	1,234,990,000	12,349
Issue of shares upon listing (note iv)	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

23. CAPITAL AND RESERVE (CONTINUED)

(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 HK\$'000	2015 HK\$'000
Current liabilities		
Borrowing	–	5,000
Amount due to a director	–	1,602
Obligation under finance lease	96	–
	96	6,602
Total equity	79,129	43,082
Gearing ratio	0.1%	15.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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
	34,636
Current liabilities	
Other payables	1
	1
Net current assets	34,635
Net assets	34,635
Capital and reserves	
Share capital	14,400
Reserves (Note)	20,235
Total equity	34,635

Mr. Yu Shek Man, Ringo
Director

Ms. Wong So Wah
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

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	24,457	(4,222)	20,235

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	-	164

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(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 HK\$'000	2015 HK\$'000
Salaries, fee and allowances	2,052	1,553
Discretionary bonuses	200	200
Retirement benefit scheme contributions	84	63
	2,336	1,816

(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 HK\$'000	2015 HK\$'000
Mars Glare	Rent paid thereto	384	360

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

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 of Directors.

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 HK\$'000	2015 HK\$'000
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	74,876	22,754
	106,093	66,158
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	96	—
	26,042	26,320

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

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 HK\$'000	Over 1 year but within 5 years HK\$'000	Total un- discounted cash flow HK\$'000	Carrying amount HK\$'000
At 30 April 2016				
Trade and other payables	25,946	–	25,946	25,946
Obligation under finance lease	34	110	144	96
	25,980	110	26,090	26,042

	On demand or within one year HK\$'000	Over 1 year but within 5 years HK\$'000	Total un- discounted cash flow HK\$'000	Carrying amount HK\$'000
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
	26,333	–	26,333	26,320

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.

FINANCIAL SUMMARY

For the year ended 30 April 2016

A summary of the results and of the assets and liabilities of the Group for the last three financial years, as extracted from the audited financial statements in this annual report and the prospectus of the Company dated 23 October 2015, is as follows.

	2016	2015	2014
	HK\$'000	HK\$'000	HK\$'000
Revenue	180,602	157,346	128,295
Direct costs	(162,549)	(136,580)	(112,755)
Gross profit	18,053	20,766	15,540
Other income	331	1,682	2,872
Administrative expenses	(8,824)	(7,779)	(4,265)
Operating profit	9,560	14,669	14,147
Finance costs	(87)	(68)	(12)
Profit before income tax	9,473	14,601	14,135
Income tax expense	(2,283)	(3,170)	(2,598)
Profit for the year	7,190	11,431	11,537
Other comprehensive income	–	–	–
Total comprehensive income for the year	7,190	11,431	11,537
Profit attributable to owners of the Company	7,190	11,431	11,537
Total comprehensive income attributable to owners of the Company	7,190	11,431	11,537
Asset and liabilities			
Total assets	114,432	74,924	55,747
Total liabilities	(35,303)	(31,842)	(24,096)
Net assets	79,129	43,082	31,651
Equity attributable to equity holders of the Company	79,129	43,082	31,651