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FRASER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8366)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2016

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$180.6 million for the year ended 30 April 2016 (2015: approximately HK\$157.3 million), representing an increase of approximately 14.8% as compared with last year.
- Profit attributable to the owners of the Company for year ended 30 April 2016 amounted to approximately HK\$7.2 million (2015: approximately HK\$11.4 million).
- Basic earnings per share amounted to approximately HK0.54 cents for the year ended 30 April 2016 (2015: approximately HK0.93 cents).
- The Board does not recommend the payment of final dividend for the year ended 30 April 2016 (2015: nil).

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2016

The board (the “**Board**”) of Directors of the Company is pleased to present the audited consolidated financial results of the Group for the year ended 30 April 2016 together with the audited comparative figures for the prior year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	4	180,602	157,346
Direct costs		(162,549)	(136,580)
Gross profit		18,053	20,766
Other income	5	331	1,682
Administrative expenses		(8,824)	(7,779)
Finance costs	6	(87)	(68)
Profit before income tax	7	9,473	14,601
Income tax expense	8	(2,283)	(3,170)
Profit and total comprehensive income for the year		7,190	11,431
Earnings per share (HK cents)			
— Basic and diluted	10	HK0.54 cents	HK0.93 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<u>417</u>	<u>683</u>
Current assets			
Trade and other receivables	<i>11</i>	31,392	37,630
Amount due from a related company		—	6,296
Amounts due from customers on construction contracts	<i>12</i>	7,747	7,561
Cash and bank balances		<u>74,876</u>	<u>22,754</u>
		114,015	74,241
Current liabilities			
Trade and other payables	<i>13</i>	25,946	19,718
Amounts due to customers on construction contracts	<i>12</i>	3,022	626
Borrowings, secured		—	5,000
Obligation under finance lease		23	—
Amount due to a director		—	1,602
Tax payable		<u>6,239</u>	<u>4,896</u>
		35,230	31,842
Net current assets		<u>78,785</u>	<u>42,399</u>
Total assets less current liabilities		79,202	43,082
Non-current liabilities			
Obligations under finance leases		<u>73</u>	<u>—</u>
Net assets		<u>79,129</u>	<u>43,082</u>
Equity			
Share capital		14,400	18,001
Reserves		<u>64,729</u>	<u>25,081</u>
Total equity		<u>79,129</u>	<u>43,082</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2016

1. CORPORATE INFORMATION

Fraser Holdings Limited was incorporated in the Cayman Islands on 20 May 2015 as an exempted company with limited liability. Its parent and ultimate holding company is National Honour Investments Limited (“**National Honour**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Yu Shek Man, Ringo (“**Mr. Yu**”) and Ms. Wong So Wah (“**Ms. Wong**”) (hereinafter collectively referred to 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 consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries. The Company’s shares are listed on the Growth Enterprise Market of the Stock Exchange on 2 November 2015 (the “**Listing**”).

2. GROUP REORGANISATION AND BASIC OF PRESENTATION

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

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

The consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the two years ended 30 April 2016, or since their respective dates of incorporation/establishment, where it is a shorter period.

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

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

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.

4. REVENUE AND SEGMENT INFORMATION

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

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

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

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

An analysis of the Group's revenue and contribution to profit from operating activities from undertaking slope works, foundation works and other general building works in Hong Kong in the ordinary course of business for the year ended 30 April 2016 and 2015 are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Slope works	155,102	143,013
Foundation works	20,109	1,283
General building works	5,247	12,825
Others (<i>note</i>)	144	225
	<u>180,602</u>	<u>157,346</u>

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

5. OTHER INCOME

An analysis of other income is as follows:

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

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

8. INCOME TAX EXPENSE

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

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

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

9. DIVIDEND

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

The Directors do not recommend a payment of a final dividend for the year ended 30 April 2016 (2015: nil).

10. EARNINGS PER SHARE

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

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

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

11. TRADE AND OTHER RECEIVABLES

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

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

Trade receivables

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

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

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

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

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

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

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

13. TRADE AND OTHER PAYABLES

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

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

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 remain 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 announcement, the Group has obtained new 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.

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 ended 30 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 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.

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 has also 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).

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).

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).

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 had no material contingent liabilities (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.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

Comparison of Business Objectives with Actual Business Progress

	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>

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 <i>HK\$'million</i>	Actual use of proceeds up to 30 April 2016 <i>HK\$'million</i>
Satisfying various working capital requirements in relation to undertaking more projects	6.25	2.5
Further strengthening our manpower	<u>0.44</u>	<u>0.1</u>

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

INTERESTS IN COMPETING BUSINESS

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

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

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

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

CORPORATE GOVERNANCE CODE

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 below.

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the (“**Code of Conduct**”) on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct from the date of Listing up to 30 April 2016.

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.

COMPLIANCE ADVISOR’S INTEREST

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

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.

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.

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 date of Listing as required under the GEM Listing Rules.

AUDITOR

Grant Thornton Hong Kong Limited (“**GT**”) shall retire in the forthcoming AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of GT as auditors of the Company will be proposed at the forthcoming AGM. The Company has not changed its external auditors during the year ended 30 April 2016 and up to the date of this announcement.

AUDIT COMMITTEE

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

The Audit Committee has reviewed this announcement and the audited consolidated results of the Group for the year ended 30 April 2016.

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

Hong Kong, 11 July 2016

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

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.fraserholdings.com.