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FDB HOLDINGS LIMITED

豐展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1826)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of FDB Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2023. This announcement, containing the full text of the 2023 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results.

By order of the Board
FDB Holdings Limited
Ng Kin Siu
*Chairman of the Board and
chief executive officer*

Hong Kong, 28 August 2023

As at the date of this announcement, the Board comprises Mr. Ng Kin Siu (Chairman and chief executive officer) as executive Director; Mr. Chan Yuk Sang, Mr. Lau Kwok Fai Patrick and Mr. Wong Chun Wah Kelvin as independent non-executive Directors.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director:

Mr. Ng Kin Siu
(Chairman and Chief executive officer)

Independent non-executive Directors:

Mr. Chan Yuk Sang
Mr. Wan Chi Wai Anthony
(retirement by rotation on 31 May 2023)
Mr. Lau Kwok Fai Patrick
Mr. Wong Chun Wah Kelvin

COMPANY SECRETARY

Mr. Yu Tsz Ngo

AUTHORISED REPRESENTATIVES

Mr. Ng Kin Siu
Mr. Yu Tsz Ngo

AUDIT COMMITTEE

Mr. Lau Kwok Fai Patrick *(Chairman)*
Mr. Chan Yuk Sang
Mr. Wan Chi Wai Anthony
(retirement by rotation on 31 May 2023)
Mr. Wong Chun Wah Kelvin

REMUNERATION COMMITTEE

Mr. Ng Kin Siu *(Chairman)*
Mr. Chan Yuk Sang
Mr. Wan Chi Wai Anthony
(retirement by rotation on 31 May 2023)
Mr. Wong Chun Wah Kelvin

NOMINATION COMMITTEE

Mr. Ng Kin Siu *(Chairman)*
Mr. Chan Yuk Sang
Mr. Wan Chi Wai Anthony
(retirement by rotation on 31 May 2023)
Mr. Lau Kwok Fai Patrick
Mr. Wong Chun Wah Kelvin

AUDITORS

CWK CPA Limited
Certified Public Accountants
Registered Public Interest Entity
Auditor
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Cayman Islands

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Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Limited
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Company
Limited, Hong Kong Branch
Fubon Bank (Hong Kong) Limited
Industrial and Commercial Bank of
China (Asia) Limited

WEBSITE ADDRESS

www.fdbhk.com

STOCK CODE

01826

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of FDB Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Relevant Period**”), together with the unaudited comparative figures for the corresponding period in 2022.

	For the six months ended 30 June		
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	Change %
Continuing operations			
Revenue	67,572	102,892	(34.3%)
Gross (loss)/profit	(5,347)	1,563	N/A
(Loss)/profit for the period from continuing operations	(12,409)	9,245	N/A
(Loss)/earnings per share	(HK0.9 cents)	HK0.7 cents	N/A
Discontinued operations			
Profit for the period from discontinued operations	–	583	(100%)

- The Group’s revenue from continuing operations amounted to approximately HK\$67.6 million for the Relevant Period, representing a decrease of approximately HK\$35.3 million or approximately 34.3% as compared with the six months ended 30 June 2022.
- The loss attributable to owners of the Company from continuing operations is approximately HK\$12.4 million for the Relevant Period, as compared with profit attributable to owners of the Company of HK\$9.2 million for the six months ended 30 June 2022.
- The Board does not recommend the payment of an interim dividend for the Relevant Period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	
Continuing operations			
Revenue	4	67,572	102,892
Cost of services		(72,919)	(101,329)
Gross (loss)/profit		(5,347)	1,563
Other income	5A	132	4,284
Gain on deconsolidation of a subsidiary	20	-	10,902
Reversal of impairment losses under expected credit losses ("ECL") model, net	5B	684	3,345
Administrative expenses		(7,805)	(10,782)
Finance costs	6	(73)	(67)
(Loss)/profit before tax	7	(12,409)	9,245
Income tax expenses	8	0	-
(Loss)/profit for the period from continuing operations		(12,409)	9,245
Discontinued operations			
Profit for the period from discontinued operations	9	-	583
(Loss)/profit for the period		(12,409)	9,828
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reclassification of cumulative translation of foreign operations	9	-	53
		-	53
Other comprehensive income for the period		-	53
Total comprehensive (expense)/income for the period		(12,409)	9,881

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		594	668
Right-of-use assets		3,168	595
		3,762	1,263
Current assets			
Contract assets	12	72,522	93,572
Trade and other receivables	13	57,442	79,535
Pledged deposits		20,936	20,900
Bank balances and cash		2,235	31,589
		153,135	225,596
Current liabilities			
Trade and other payables	14	106,186	168,196
Contract liabilities		2,250	1,176
Amounts due to a shareholder	15	8,800	8,000
Lease liabilities		3,018	599
		120,254	177,971
Net current assets		32,881	47,625
Total assets less current liabilities		36,643	48,888

Non-current liabilities

Deferred tax liabilities

Lease liabilities

Net assets**Capital and reserves**

Share capital

Reserves

Total equity

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
	164	20
	20	—
	184	20
	36,459	48,868
	13,320	13,320
	23,139	35,548
	36,459	48,868

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company					
	Share capital	Share premium	Other reserve	Translation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	13,320	145,939	1,000	2,771	(113,246)	49,905
Profit for the period	-	-	-	-	9,828	9,828
Other comprehensive income for the period	-	-	-	53	-	53
Total comprehensive income for the period	-	-	-	53	9,828	9,881
Disposal of subsidiaries	-	-	-	-	-	(121)
At 30 June 2022 (unaudited)	13,320	145,939	1,000	2,824	(103,418)	59,665
At 1 January 2023 (audited)	13,320	145,939	1,000	2,824	(114,215)	48,868
Profit for the period	-	-	-	-	(12,409)	(12,409)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	13,320	145,939	1,000	2,824	(126,624)	36,459
Disposal of subsidiaries	-	-	-	-	-	-
At 30 June 2023 (unaudited)	13,320	145,939	1,000	2,824	(126,624)	36,459

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
OPERATING ACTIVITIES		
(Loss)/Profit before tax		
— Continuing operations	(12,409)	9,245
— Discontinued operations	—	583
	(12,409)	9,828
Adjustments for:		
Depreciation of property, plant and equipment	80	40
Depreciation of right-of-use assets	1,215	1,286
Reversal of impairment losses under ECL model, net	(683)	(3,345)
Gain on disposal of subsidiaries	—	(583)
Gain on deconsolidation of a subsidiary	—	(10,902)
Other non-cash adjustments	23	10
Operating cash flows before movements in working capital	(11,774)	(3,666)
Decrease in trade and other receivables	22,114	29,805
Decrease in contract assets	21,411	36,819
Decrease in trade and other payables	(61,709)	(52,525)
Increase in contract liabilities	1,074	—
Cash (used in)/generated from operations	(28,884)	10,433
Income tax refund	—	180
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(28,884)	10,613

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
INVESTING ACTIVITIES		
Net cash outflow on disposal of subsidiaries	–	(1,393)
Net cash outflow on deconsolidation of a subsidiary	–	(3,662)
Purchase of property, plant and equipment	(6)	(384)
Initial payment of acquiring right-of-use assets	(5)	–
Placement of pledged bank deposits	(35)	(11,006)
Interest received	50	8
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	4	(16,437)
FINANCING ACTIVITIES		
Interest paid	(73)	(67)
Repayment of lease liabilities	(1,201)	(1,933)
Advances from a shareholder	913	15,000
Repayment to a shareholder	(113)	(3,000)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(474)	10,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(29,354)	4,176
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	31,589	9,551
CASH AND CASH EQUIVALENTS THAT INCLUDED IN ASSETS CLASSIFIED AS HELD FOR SALE AS AT 1 JANUARY	–	1,393
	2,235	15,120
CASH AND CASH EQUIVALENTS AS AT 30 JUNE, represented by bank balances and cash	2,235	15,120

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION

Corporate information

FDB Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 March 2015. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Its immediate holding company is Masterveyor Holdings Limited (“**Masterveyor**”), a company incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Ng Kin Siu (“**Mr. Ng**”), who is an executive director, chief executive officer of the Company and chairman of the Board.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of contracting business and project management.

The condensed consolidated financial statements are presented in Hong Kong Dollar (“**HKS**”) to suit the needs of the shareholders and investors. All values are rounded to the nearest thousand except when otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at revaluated amounts or fair values. The accounting policies used in preparing the interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2022 (the “**2022 Financial Statements**”), except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively “**new and revised HKFRSs**”) issued by HKICPA which have become effective in this period as detailed in note 2 of the 2022 Financial Statements. The adoption of such new and revised HKFRSs has no material impact on the accounting policies in the Group’s interim financial statements for the period.

4. REVENUE AND SEGMENT INFORMATION

The Group recognises revenue from continuing operations was contracting business and project management (the “**Contracting service**”).

The consultancy service and financial information and technology service were presented discontinued operations. The segment results below do not include any amounts from the discontinued operations which are separately disclosed in Note 9.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue from contracts with customers

Continuing operations

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Types of service		
Contracting service	67,572	102,892
Geographical markets		
Hong Kong	67,572	102,892
Timing of revenue recognition		
Over time	67,572	102,892

Information reported to the executive director of the Company, being the chief operating decision maker (“**CODM**”) for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group’s activities are carried out in Hong Kong and all of the Group’s assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis is presented.

5A. OTHER INCOME

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operations		
Government grants*	–	848
Gain on modification of lease	–	511
Bank interest income	50	8
Others	82	2,917
	132	4,284

* During the six months ended 30 June 2022, the Group recognised government grants of HK\$848,000 in respect of COVID-19-related subsidies which relates to Employment Support Scheme provided by the Hong Kong Government.

5B. REVERSAL OF IMPAIRMENT LOSSES UNDER ECL MODEL, NET

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operations		
(Reversal of impairment losses)/impairment losses recognised on:		
— Contract assets	(360)	(2,123)
— Trade receivables	(507)	(1,643)
— Retention receivables	184	431
— Other receivables and deposits	(1)	(10)
	(684)	(3,345)

6. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operations		
Interest on lease liabilities	73	67
	73	67

7. (LOSS)/PROFIT BEFORE TAX

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operations		
(Loss)/profit before tax has been arrived at after charging:		
Directors' emoluments	1,394	1,964
Salaries and other allowances	17,077	21,928
Retirement benefit scheme contributions, excluding those of directors	610	506
Total staff costs	19,081	24,398
Depreciation of property, plant and equipment	80	40
Depreciation of right-of-use assets	1,215	1,286

8. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided as the Group has no assessable profits arising in Hong Kong during the Relevant Period.

9. DISCONTINUED OPERATIONS

Disposal of financial information and technology service segment

During the period ended 30 June 2021, the Group entered into sale and purchase agreements on 30 March 2021 to dispose Shanghai Faye Yu and on 28 May 2021 to dispose Tianjin Tuling Technology Information Consultancy Limited (“**Tianjin Tuling**”), both of which were principally engaged in provision of financial information and technology services in the PRC. The disposals were completed on the dates of the respective sale and purchase agreements.

Subsequent to the resignation of certain former directors of the Company (the “**Outgoing Directors**”) and senior management personnel of the Group who were responsible for the financial information and technology services segment on 14 December 2021, the Company has resolved that the Group shall cease the business of the financial information and technology services segment. On 24 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital in Growth Profit International Limited (“**Growth Profit**”) at the consideration of HK\$1 (the “**Growth Profit Disposal**”). Prior to its disposal, Growth Profit and its subsidiaries (the “**Growth Profit Group**”) were principally engaged in the provision of debt restructuring and debt collection services in the PRC, which was part of the financial information and technology services segment of the Group. Completion of the Growth Profit Disposal took place on 24 March 2022.

9. DISCONTINUED OPERATIONS (CONTINUED)

Growth Profit Disposal

As at 14 December 2021, which was the date of discontinuance of the discontinued operations of the financial information and technology service segment, the directors of the Company were committed to a plan to sell Growth Profit Group, which were available for immediate sale and the sale was considered highly probable. Accordingly, the carrying amounts of the assets and liabilities of the Growth Profit Group would be recovered principally through a sale transaction rather than through continuing use. The Growth Profit Group were therefore reclassified as a disposal group held for sale and measured at the lower of its carrying amount and fair value less costs to sell.

On 24 March 2022, the Group entered into the Growth Profit Disposal. Prior to the Growth Profit Disposal, the Growth Profit Group was principally engaged in the debt restructuring and debt collection services of the financial information and technology services segment in the PRC, which has been classified as disposal group held for sale as at 31 December 2021.

Upon the completion of the Growth Profit Disposal on 24 March 2022, Growth Profit Group ceased to be wholly-owned subsidiaries of the Group and the Group ceased to have any interests in Growth Profit Group, hence the results, cash flows, assets and liabilities of Growth Profit Group were no longer consolidated in the consolidated financial statements of the Group after that date.

The analysis of assets and liabilities of Growth Profit Group at the date of the Growth Profit Disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	11
Trade and other receivables	4,634
Bank balances and cash	1,393
Trade and other payable	(6,553)
	<hr/>
	(515)
Release of translation reserve	53
Non-controlling interests	(121)
Gain on disposal of subsidiaries	583
	<hr/>
Total consideration	—*
	<hr/>
Net cashflow arising on disposal:	
	<i>HK\$'000</i>
Cash consideration received	—*
Less: Bank balances and cash disposed of	(1,393)
	<hr/>
	(1,393)
	<hr/>

* The amount is less than HK\$1,000

10. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2023 and 2022. The Directors have determined that no dividend will be paid in respect of the interim periods.

11. (LOSS)/EARNINGS PER SHARE

The calculations of the basic earnings/(loss) per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(Loss)/Earnings:		
(Loss)/Earnings for the period from continuing operations	(12,409)	9,245
Earnings for the period from discontinued operations	–	583
(Loss)/Earnings for the purpose of basic (loss)/earnings per share from continuing operations and discontinued operations	(12,409)	9,828

	Six months ended 30 June	
	2023 '000	2022 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	1,332,000	1,332,000

No diluted (loss)/earnings per share for both periods were presented as there were no potential dilutive ordinary shares in issue for both periods.

12. CONTRACT ASSETS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Contracting service	72,522	93,572

As at 30 June 2023, included in contract assets are retention held by customers for contract works amounted to approximately HK\$18,600,000 (unaudited) (31 December 2022: HK\$23,732,000 (audited)). The retention money was expected to be recovered or settled within twelve months from the end of the reporting period.

The contract assets primarily relate to the Group's rights to consideration for works completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

13. TRADE AND OTHER RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	38,198	60,017
Less: allowance for expected credit losses	(2,714)	(3,221)
	35,484	56,796
Retention receivables (<i>Note</i>)	13,376	9,681
Less: allowance for expected credit losses	(2,529)	(2,346)
	10,847	7,335
Other receivables	7,630	7,630
Less: allowance for expected credit losses	(169)	(169)
	7,461	7,461
Prepayment	2,142	6,275
Sundry deposits	1,508	1,668
	3,650	7,943
	57,442	79,535

Note:

Retention money in relation to completed projects of approximately HK\$5,646,000 (unaudited) (31 December 2022: HK\$2,086,000 (audited)) were unbilled as at 30 June 2023. The Group has unconditional right to the payment of the unbilled retention receivables which is expected to be billed within 12 months from the end of the reporting period.

The Group allows credit period ranging from 0 to 90 days to its customers. The following is an aging analysis of the Group's trade receivables net of allowance for ECL presented based on certificate/invoice dates.

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables:		
1–30 days	2,264	30,676
31–60 days	12,484	—
61–90 days	—	767
91–180 days	—	136
Over 180 days	20,736	25,217
	35,484	56,796

14. TRADE AND OTHER PAYABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables	16,075	63,642
Retention payables (<i>Note</i>)	35,218	35,388
Accrued subcontracting charges	54,406	68,167
Accrued operating expenses	487	999
	106,186	168,196

Note:

In accordance with the normal practice of the industry, a certain percentage of contract sums is usually withheld by the Group as retention money for a period of one to two years after the works of subcontractors have been completed.

The credit period on trade payables is 0 to 30 days.

An aging analysis of the Group's trade payables based on invoice dates at the end of the reporting period is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables:		
1–30 days	3,632	53,178
31–60 days	—	—
61–90 days	1,457	—
Over 90 days	10,986	10,464
	16,075	63,642

15. AMOUNTS DUE TO A SHAREHOLDER

As at 30 June 2023, the amount due to a shareholder of approximately HK\$8,800,000 (unaudited) (31 December 2022: HK\$8,000,000 (audited)) is unsecured, interest-free and repayable on demand from the end of the reporting period.

16. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Upon completion of the Growth Profit Disposal on 24 March 2022, the assets and liabilities of the Growth Profit Group, which had been classified as assets and liabilities classified as held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2021, have been disposed of during the period ended 30 June 2022.

17. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 30 June 2023	4,000,000,000	40,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 30 June 2023	1,332,000,000	13,320

18. SURETY BONDS

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for performance of contract works in the form of surety bonds secured by pledged deposits. In addition, the Group provided a counter-indemnity to the financial institutions that issue such surety bonds.

As at 30 June 2023, the outstanding amount of surety bonds of the Group was approximately HK\$41,664,000 (unaudited) (31 December 2022: HK\$41,664,000 (audited)).

19. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The Directors are identified as key management members of the Company, and their compensation during the periods were set out as follows.

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries and other allowances	1,385	1,955
Retirement benefit scheme contributions	9	9
	1,394	1,964

20. GAIN ON DECONSOLIDATION OF A SUBSIDIARY

During the Relevant Period, a winding-up order was made by the High Court against Jet Speed Asia Pacific Limited (“**Jet Speed**”) at the hearing of the Petition on 27 April 2022 pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Official Receiver of Hong Kong has been appointed as the provisional liquidator of Jet Speed. As a result of the liquidation and appointment of liquidators, the Group lost control over Jet Speed and it ceased to be subsidiary of the Company with effect from 27 April 2022. A gain on deconsolidation of the subsidiary of approximately HK\$10,902,000 was recognised in the consolidated profit or loss for the period ended 30 June 2022.

The analysis of assets and liabilities of Jet Speed at the date of loss of control were as follows (before intragroup elimination):

	<i>HK\$'000</i>
Bank balances and cash	3,662
Trade and other payable	(415)
Amounts due to a shareholder	(14,149)
Amounts due to the Company	<u>(26,220)</u>
Net liabilities being disposed	<u>(37,122)</u>
Net liabilities being disposed	37,122
Elimination of impairment loss of amount due from Jet Speed by the Company	<u>(26,220)</u>
Gain on deconsolidation of a subsidiary	<u>10,902</u>
Net cashflow arising on loss of control:	
	<i>HK\$'000</i>
Bank balances and cash disposed of	<u>(3,662)</u>

21. LITIGATION AND EVENT AFTER REPORTING PERIOD

Notwithstanding as disclosed in page 29 under the section headed “Litigation”, no material litigation with financial impact to the Group is expected.

There was no significant event that took place subsequent to 30 June 2023 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of contracting business and project management.

The outbreak of COVID-19 in Hong Kong began to ease and the economic activities in Hong Kong has gradually resumed. The Group is confident in maintaining solid performance in the coming years by exploring different opportunities and controlling its costs. The Group may consider collaborating with other partners to participate in the construction projects in order to achieve the win-win situation.

FINANCIAL REVIEW

Financial Performance

During the Relevant Period, the revenue of the Group from its continuing operations decreased by approximately HK\$35.3 million or 34.3% to approximately HK\$67.6 million (2022: HK\$102.9 million). The decrease mainly attributed to the decrease in number of revenues contributing projects. The Group recorded a gross loss from its continuing operations of approximately HK\$5.3 million (2022: gross profit of approximately HK\$1.6 million). It was primarily due to the unexpected delays in the progress of the ongoing project which incurred the additional costs.

Other income

Other income from its continuing operations amounted to approximately HK\$4.3 million and HK\$0.1 million for the six months ended 30 June 2022 and 2023, respectively, representing a decrease of approximately 97.7%, which was mainly due to a decrease in the derecognised of certain contractual liabilities and recognised government grants in respect of COVID-19 related subsidies.

Impairment losses, net of reversal

During the Relevant Period, reversal of impairment losses from its continuing operations was provided of approximately HK\$0.7 million (2022: HK3.3 million).

Administrative Expenses

Administrative expenses of the Group from its continuing operations decreased by approximately HK\$3.0 million or 27.8% from approximately HK\$10.8 million for the six months ended 30 June 2022 to approximately HK\$7.8 million for the Relevant Period. Such decrease was primarily due to decline in legal and professional fee of approximately HK\$1.2 million during the Relevant Period.

Finance costs

Finance costs of the Group from its continuing operations increased by approximately HK\$6,000 or 9.0% from approximately HK\$67,000 for the six months ended 30 June 2022 to approximately HK\$73,000 for the Relevant Period, as the interest paid for the lease liabilities increased for the Relevant Period.

Income tax expenses

No provision for the Hong Kong Profit Tax has been made as the Group did not generate any estimated assessable profits during the Relevant Period.

(Loss)/profit and total comprehensive (expense)/income for the period attributable to the owners of the Company

Loss for the period attributable to the owners of the Company from its continuing operations was approximately HK\$12.4 million for the Relevant Period (2022: profit of approximately HK\$9.2 million).

Total comprehensive loss for the period attributable to the owners of the Company was approximately HK\$12.4 million (2022: profit of approximately HK\$9.3 million).

LIQUIDITY AND FINANCIAL RESOURCES

Net borrowing position

The total borrowings represents amounts due to a shareholder, as at 30 June 2023 increased by approximately HK\$0.8 million to approximately HK\$8.8 million (31 December 2022: approximately HK\$8 million). Bank balances and cash and pledged deposits as at 30 June 2023 decreased by approximately HK\$29.3 million to approximately HK\$23.2 million (31 December 2022: approximately HK\$52.5 million). Therefore, the net cash position of the Group decreased to approximately HK\$14.4 million (31 December 2022: approximately HK\$44.5 million).

Structure of bank borrowings and amounts due to a shareholder

As at 30 June 2023, bank balances and cash and pledged deposits of the Group denominated in Hong Kong Dollar amounted to HK\$23.2 million (31 December 2022: approximately HK\$52.5 million).

As at 30 June 2023, amounts due to a shareholder amounted to HK\$8.8 million were denominated in Hong Kong Dollar (31 December 2022: approximately HK\$8 million were denominated in Hong Kong Dollar). The effective interest rate during the Relevant Period was nil (2022: nil). As at 30 June 2023 and 31 December 2022, all of amounts due to a shareholder are interest-free.

Liquidity ratios and gearing ratios

The current ratio of the Group as at 30 June 2023 was 1.27 times (31 December 2022: 1.27 times).

The gearing ratio, calculated based on the total borrowings including amounts due to a shareholder divided by total equity at the end of the Relevant Period and multiplied by 100%, increased to approximately 24.1% as at 30 June 2023 (31 December 2022: approximately 16.4%). Such increase was primarily due to decrease in total equity as a result of the loss and total comprehensive expense for the period attributable to the owners of the Company during the Relevant Period.

CAPITAL STRUCTURE

Funding policy and treasury policy

The Group maintains a prudent funding and treasury policy of its overall business operations to minimise financial risks. Surplus funds are generally placed in short term deposits denominated primarily in Hong Kong Dollar. All future projects will be financed by cash flows from operations, banking facilities, or any forms of financing available in Hong Kong.

The Group regularly monitors its liquidity requirements and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirements in the short and long term.

As at 30 June 2023 and 31 December 2022, the Company's issued share capital was HK\$13,320,000 and the number of issued ordinary shares was 1,332,000,000 of HK\$0.01 each.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

Most of the transactions of the Group are denominated in Hong Kong Dollar and the Group is not exposed to any significant foreign exchange exposure.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Whilst the Group will continue to solidify its business and clientele in the construction industry, the Group will look into business and investment opportunities for business expansion and capital injection in order to enhance the long-term growth potential of the Group, as at the date of this report, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no significant event that took place during the Relevant Period, subsequent to 30 June 2023 and up to the date of this report.

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2023, the Group has pledged its deposit of approximately HK\$20.9 million (31 December 2022: approximately HK\$20.9 million) to bank or insurance company to secure banking facilities granted to the Group and guarantee line for issuing surety bonds amounting to approximately HK\$41.7 million (31 December 2022: approximately HK\$41.7 million).

SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group entities to issue guarantees for performance of contract works in the form of surety bonds and secured by pledged deposits. In addition, the Group provided a counter-indemnity to the financial institutions who have issued such surety bonds.

As at 30 June 2023, the outstanding amount of surety bonds of the Group was approximately HK\$41.7 million (31 December 2022: approximately HK\$41.7 million).

Save as disclosed above, as at 30 June 2023, the Group did not have any other material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed a total of 76 employees (2022: 98 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$19.1 million for the six months ended 30 June 2023 (2022: approximately HK\$24.4 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

LITIGATION

Reference is made to the 2022 Annual Report of the Company under the section headed "Litigation". Notwithstanding that the Company has been named as a nominal defendant in the Board Composition Case and the Disposal FVTOCI Case, of which no material development has been recorded during the Relevant Period and from the end of the Relevant Period and up to the date of this report, the Group was not engaged in any litigation, arbitration, or claim which was pending or threatening by third parties against any member of the Group that would have a material adverse effect on the Group's results of operations or financial condition.

DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the ordinary shares of the Company

Name of Director	Capacity/Nature	Number of shares held/ interest in	Percentage of shareholding
Mr. Ng <i>(Note 1)</i>	Interest in controlled corporation	746,930,000	56.08%

Note:

- Mr. Ng beneficially owns the entire issued share capital of Masterveyor and is deemed, or taken to be, interested in all the shares of the Company held by Masterveyor for the purposes of the SFO. Mr. Ng is an executive Director and chief executive officer of the Company.

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held/ interested in	Percentage of shareholding
Mr. Ng	Masterveyor	Beneficial owner	2	100%

Save as disclosed above, as at 30 June 2023, none of the Directors nor chief executive of the Company has registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

B. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, 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 of shareholder	Capacity/Nature of interest	Number of shares held/Interested in	Long/short position	Percentage of total issued share capital of the Company
Mastervoyor	Beneficial owner	746,930,000	Long	56.08%
Ms. Wong Chai Lin	Interest of spouse <i>(Note 1)</i>	746,930,000	Long	56.08%
Gentle Soar Limited	Beneficial owner <i>(Note 2)</i>	209,720,000	Long	15.74%
Mr. Gao Yunhong	Interest in a controlled corporation <i>(Note 2)</i>	209,720,000	Long	15.74%
Pop Reach Limited	Beneficial owner	89,480,000	Long	6.72%
Ms. Yeung So Lai	Interest in a controlled corporation <i>(Note 3)</i>	89,480,000	Long	6.72%

Notes:

1. Ms. Wong Chai Lin is the spouse of Mr. Ng, an executive Director, the chief executive officer of the Company and the beneficial owner of Mastervoyor, and is deemed, or taken to be, interested in all the shares in which Mr. Ng is interested for the purposes of the SFO.

2. Mr. Gao Yunhong is beneficially interested in the entire issued shares of Gentle Soar Limited and is therefore deemed to be interested in the shares of the Company held by Gentle Soar Limited by virtue of the SFO.
3. Ms. Yeung So Lai is beneficially interested in the entire issued shares of Pop Reach Limited and is therefore deemed to be interested in the shares of the Company held by Pop Reach Limited by virtue of the SFO.

Save as disclosed above, as at 30 June 2023 and so far as is known to the Directors, 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.

COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associates (as defined in the Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Relevant Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Relevant Period.

CORPORATE GOVERNANCE CODE

The Board recognises that transparency and accountability are important to a listed company. Therefore, the Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return for the benefits of the Company’s stakeholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Ng Kin Siu currently assumes the role of both chairman of the Company and chief executive of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company’s strategies. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary. Save as disclosed above, the Company has complied with the applicable code provisions of the CG Code.

The Directors will continue to review the Company’s corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in the Model Code as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Relevant Period.

INTERIM DIVIDEND

The Board has resolved not to recommend any payment of interim dividend in respect of the Relevant Period (six months ended 30 June 2022: Nil).

SHARE OPTION SCHEME

The share option scheme (the “**Scheme**”) is a share incentive scheme in compliance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions of the Directors and other employees who have made valuable contributions to the Group. The Scheme of the Company was adopted on 16 September 2015 (the “**Adoption**”). There was no share option granted or agreed to be granted under the Scheme from the date of the Adoption to 30 June 2023.

The following is a summary of the principal terms of the Scheme but it does not form part of, nor was it intended to be part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

(A) PURPOSE

The Scheme is a share incentive scheme in compliance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (B) below) had or may have made to our Group. The Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) to motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) to attract and to retain or otherwise to maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(B) THE PARTICIPANTS OF THE SCHEME

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new shares as the Board may determine at an exercise price determined in accordance with paragraph (E) below:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisers, consultants and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant.

(C) MAXIMUM NUMBER OF SHARES

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue, being 133,200,000 shares, unless the Company obtains a fresh approval.

(D) MAXIMUM NUMBER OF OPTIONS TO ANY ONE INDIVIDUAL

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant.

(E) PRICE OF SHARES

The subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

(F) TIME OF EXERCISE OF OPTION AND DURATION OF THE SHARE OPTION SCHEME

An option may be exercised in accordance with the terms of the Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of the Adoption.

EVENT AFTER REPORTING PERIOD

There was no significant event that took place subsequent to 30 June 2023 and up to the date of this report.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with its written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to monitor the integrity of the Company’s annual reports and interim financial reports before submission to the Board. The Audit Committee consists of three members, namely Mr. Lau Kwok Fai Patrick, Mr. Chan Yuk Sang and Mr. Wong Chun Wah Kelvin, all being independent non-executive Directors. Mr. Lau Kwok Fai Patrick currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Relevant Period.

By order of the Board
FDB Holdings Limited
Ng Kin Siu

Chairman of the Board and executive Director

Hong Kong, 28 August 2023