FDB HOLDINGS LIMITED
豐展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1826)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2023	2022	Change %
Revenue *(HK$'000)*	**193,771**	357,154	(45.7%)
Gross (loss)/profit *(HK$'000)*	**(7,152)**	7,331	N/A
Loss before tax from continuing operations *(HK$'000)*	**(59,284)**	(1,588)	3,633.2%

- The Group's revenue amounted to approximately HK$193.8 million for the year ended 31 December 2023, representing a decrease of approximately HK$357.2 million or approximately 45.7% as compared with the year ended 31 December 2022 from continuing operations.

- The loss before tax from continuing operations is approximately HK$59.3 million for the year ended 31 December 2023 from continuing operations, became more severe as compared with loss of approximately HK$1.6 million for the year ended 31 December 2022.

- The Board does not recommend the payment of final dividend for the year ended 31 December 2023.

AUDITED ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of FDB Holdings Limited (the "**Company**", together with its subsidiaries the "**Group**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2023 (the "**Year**") together with the comparative audited figures for the year ended 31 December 2022. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Continuing operations			
Revenue	*4*	**193,771**	357,154
Cost of services		**(200,923)**	(349,823)
Gross (loss)/profit		**(7,152)**	7,331
Other income	*5*	**410**	7,962
Gain on deconsolidation of a subsidiary	*13*	**–**	10,902
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*6*	**(35,860)**	(6,292)
Administrative expenses		**(16,499)**	(21,393)
Finance costs		**(183)**	(98)
Loss before tax from continuing operations	*7*	**(59,284)**	(1,588)
Income tax credit	*9*	**–**	36
Loss for the year from continuing operations		**(59,284)**	(1,552)
Discontinued operations			
Gain on disposal of subsidiaries		**–**	583
Profit for the year from discontinued operations, net of tax		**–**	583
Loss for the year		**(59,284)**	(969)

	Notes	**2023** HK$'000	2022 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Reclassification of cumulative translation of foreign operations		**–**	53
		–	53
Other comprehensive income for the year		**–**	53
Total comprehensive expenses for the year		**(59,284)**	(916)
(Loss)/profit for the year attributable to:			
Owners of the Company			
From continuing operations		**(59,284)**	(1,552)
From discontinued operations		**–**	583
		(59,284)	(969)
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company			
From continuing operations		**(59,284)**	(1,499)
From discontinued operations		**–**	583
		(59,284)	(916)
Loss per share, basic and diluted *(HK cents)*	*10*		
— For continuing operations		**(4.5)**	(0.1)
— For discontinued operations		**–**	–*
For continuing and discontinued operations		**(4.5)**	(0.1)

* Amount less than HK$1 cent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**574**	668
Right-of-use assets		**3,889**	595
		4,463	1,263
Current assets			
Contract assets		**49,043**	93,572
Trade and other receivables	*11*	**84,415**	79,535
Tax recoverable		**–**	–
Pledged deposits		**23,403**	20,900
Bank balances and cash		**35,208**	31,589
		192,069	225,596
Current liabilities			
Trade and other payables	*12*	**144,635**	168,196
Contract liabilities		**21,875**	1,176
Amounts due to a shareholder		**15,500**	8,000
Amounts due to a joint venture		**11,995**	–
Lease liabilities		**2,917**	599
		196,922	177,971
Net current (liabilities)/assets		**(4,853)**	47,625
Total assets less current liabilities		**(390)**	48,888

	2023	2022
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowings	**9,000**	–
Deferred tax liabilities	**20**	20
Lease liabilities	**1,006**	–
	10,026	20
Net (liabilities)/assets	**(10,416)**	48,868
Capital and reserves		
Share capital	**13,320**	13,320
Reserves	**(23,736)**	35,548
Equity attributable to owners of the Company	**(10,416)**	48,868
Non-controlling interests	**–**	–
Total (deficit)/equity	**(10,416)**	48,868

1. GENERAL

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 and 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 consolidated financial statements are presented in Hong Kong Dollar ("**HK$**") to suit the needs of the shareholders and investors, which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Company considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the Practical expedient and reattribute the deemed employee contributions on a straightline basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). The cumulative effect of recognising these adjustments as of 31 December 2022 or for the year ended was not material and hence no adjustment was made to the beginning retained earnings, or another component of equity.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies as below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern assessment

The consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The validity of which depends upon the successful implementation and outcome of the following measures to be undertaken by the Group. The directors of the Company are of the opinion that, taking into account the following measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2023.

Management continues to closely monitor the liquidity position of the Group, which includes the sensitivity analysis of forecast bank and cash balances for various factors to ensure adequate liquidity is maintained.

The Group sustained a loss of approximately HK$59,284,000 for the year ended 31 December 2023, and as of that date, the Group had net current liabilities of approximately HK$4,853,000, net liabilities of approximately HK$10,416,000 and bank borrowings amounting to HK$9,000,000. The Group's pledged bank deposits and cash at bank amounted to approximately HK$23,403,000 and HK$35,208,000, respectively as at 31 December 2023. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company has reviewed the Group's cash flow forecast which cover a period of not less than twelve months from 31 December 2023.

Cash flow forecasts, which assume the continuity of normal business activity, indicate that the Group will have sufficient liquidity to meet its operational, existing contractual debt obligation and capital expenditure requirements for at least twelve month period from the date of the end of the reporting period.

In the event forecast cash flow is not achieved, the directors of the Company have also evaluated other plans that could be undertaken to improve their liquidity position as follow:

1) The Group is actively and regularly reviewing its capital structure and sourcing additional capital by raising new debt financing or, issuing new shares, where appropriate; and

2) The Group is closely monitoring its operations and implementing cost control on operating costs and administrative expenses with an aim to attain positive and sustainable cash flow from operations.

Taking into account all assumptions and plans as described above, the directors of Company are of the opinion that the Group will have sufficient working capital to maintain its operations and to meet its financial obligations as and when they fall due for at least twelve months from the end of the reporting period. The directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, uncertainty exists as to whether the revision of loan covenant clause or whether the bank facilities can be renewed and all other alternative operating and financing plans as the Group is still negotiating with its external financiers on the financing to the Group depend on the market condition. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

(i) Disaggregation of revenue from contracts with customers

Continuing operations

	2023	2022
	HK$'000	*HK$'000*
Types of service		
Contracting service	**193,771**	357,154
Geographical markets		
Hong Kong	**193,771**	357,154
Timing of revenue recognition		
Over time	**193,771**	357,154

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

Continuing operations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 and the expected timing of recognising revenue are as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**399,598**	169,322
More than one year but not more than two years	**–**	–
More than two years	**166,910**	166,910
	566,508	336,232

Segment information

The chief operating decision maker ("**CODM**") has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Information reported to 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.

Information about major customers

Continuing operations

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**61,982**	N/A[1]
Customer B	**49,235**	95,342
Customer C	**20,237**	102,821
Customer D	**N/A[1]**	44,166
Customer E	**N/A[1]**	38,007

1 The corresponding revenue did not contribute over 10% of total revenue of the Group in the respective year.

No other revenue from transaction with a single external customer amounted to 10% or more of the total revenue of the Group for both years.

5. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**144**	26
Gain on modification of lease	**–**	523
Government grant *(Note a)*	**–**	2,298
Release of long due accruals *(Note b)*	**–**	4,842
Management fee income	**80**	–
Insurance claim recoverable	**186**	–
Others	**–**	273
	410	7,962

Notes:

(a) During the year ended 31 December 2022, the Group recognised government grants of approximately HK$2,298,000 relates to Employment Support Scheme provided by the Hong Kong government in respect of Covid-19-related subsidies.

(b) During the year ended 31 December 2022, the Group has release approximately HK$4,842,000 of accruals balance that has past due over 6 years but no invoices received after contact.

6. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Impairment losses/(Reversal of impairment losses) recognised on:		
— Trade receivables	**2,387**	(1,145)
— Retention receivables	**2,224**	190
— Other receivables and deposits	**(130)**	1,484
— Contract assets	**31,379**	5,763
	35,860	6,292

7. LOSS BEFORE TAX

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Loss before tax has been arrived at after charging:		
Directors' emoluments *(Note 10)*	**2,655**	3,999
Salaries and other allowances	**30,617**	41,431
Retirement benefit scheme contributions, excluding those of directors	**1,152**	1,181
Total staff costs	**34,424**	46,611
Auditor's remuneration	**725**	929
Sub-contracting cost in cost of services	**151,528**	273,597
Depreciation of property, plant and equipment	**165**	110
Depreciation of right-of-use assets	**2,529**	2,523

8. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

9. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong	**–**	–
PRC Enterprise Income Tax	**–**	–
	–	–
Deferred tax	**–**	36
Income tax Credit	**–**	36

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

10. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
(Loss)/earnings		
Loss for the year from continuing operations attributable to owners of the Company	**(59,284)**	(1,552)
Earnings for the year form discontinued operations attributable to owner of the Company	**–**	583
Loss for the purpose of basic loss per share from continuing and discontinued operations	**(59,284)**	(969)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,332,000**	1,332,000

For the years ended 31 December 2023 and 2022, the computation of diluted (loss)/earnings per share from continuing and discontinued operations were the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the year.

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**71,131**	60,017
Less: allowance for ECL	**(5,609)**	(3,221)
	65,522	56,796
Retention receivables *(Note a)*	**16,800**	9,681
Less: allowance for ECL	**(4,570)**	(2,346)
	12,230	7,335
— Other receivables	**4,227**	7,630
Less: allowance for ECL	**(38)**	(169)
	4,189	7,461
— Prepayment	**794**	6,275
— Sundry deposits	**1,680**	1,668
	2,474	7,943
	84,415	79,535

Note:

(a) Retention money net of allowance for ECL in relation to completed projects of approximately HK$934,000 (2022: HK$2,086,000) was unbilled as at 31 December 2023. The Group has an 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 a credit period ranging from 0 to 90 days to its customers. The following is an aged analysis of the Group's trade receivables net of allowance for ECL presented based on certificate/invoice dates:

	2023	2022
	HK$'000	*HK$'000*
Trade receivables:		
1–30 days	**39,603**	30,676
31–60 days	**10,653**	–
61–90 days	**–**	767
91–180 days	**–**	136
Over 180 days	**15,266**	25,217
	65,522	56,796

	2023	2022
	HK$'000	*HK$'000*
Receivables in relation to billed retention money:		
1–30 days	**6,284**	150
31–60 days	**–**	–
61–90 days	**–**	–
91–180 days	**–**	95
Over 180 days	**5,012**	5,004
	11,296	5,249

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$30,444,000 (2022: HK$26,119,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$18,879,000 (2022: HK$25,353,000) have been past due 90 days or more and are not considered as in default due to the long-term/on-going relationship with and good repayment record of these customers. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**44,570**	63,642
Retention payables *(Note a)*	**34,956**	35,388
Accrued subcontracting charges	**63,460**	68,167
Accrued operating expenses	**1,649**	999
	144,635	168,196

Note:

(a) 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 work of subcontractors has been completed.

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

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

	2023	2022
	HK$'000	*HK$'000*
Trade payables:		
1–30 days	**35,524**	53,178
31–60 days	**2,783**	–
61–90 days	**–**	–
Over 90 days	**6,263**	10,464
	44,570	63,642

13. 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 year ended 31 December 2022.

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

	HK$'000
Bank balances and cash	3,662
Trade and other payables	(415)
Amounts due to a shareholder	(14,149)
Amounts due to the Company	(26,220)
Net liabilities being disposed	(37,122)
Net liabilities being disposed	37,122
Amounts due to the Company	(26,220)
Gain on deconsolidation of a subsidiary	10,902

Net cashflow arising on loss of control:

	HK$'000
Bank balances and cash	(3,662)

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

As at 31 December 2023, the principal business activity of the Group is engaged in the provision of contracting services for alteration and addition works, maintenance, specialist works and new development in Hong Kong. The Group provides a one-stop integrated solution from project planning, resources allocation, subcontractor management and material procurement to monitoring and quality assurance, and to offering value-adding services such as providing advice on designs to the Group's customers.

BUSINESS REVIEW AND OUTLOOK

During the Year, the Group continued to develop contracting services in Hong Kong.

With the effect of the economic downturn under interest rate hike and cash crunch of Chinese real estate developers, the Group experienced a substantial decline in revenue with reduction in number of ongoing projects as compared with the year ended 31 December 2022. Additionally, an impairment loss from expected credit loss for contract assets further contributed to the severity of the loss.

Subsequent to the reporting period, the Group has embarked on several new projects. With the backing of the total contract sum of approximately HK$566.5 million from the backlog projects, it is anticipated that there will be an improvement in both the financial performance and the financial position in the coming years.

Looking forward, the Group will conduct a detailed review of the existing principal business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group's future development. In particular, the Group will look into business and investment opportunities in different business areas and geographical locations and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, and/or restructuring of the business will be appropriate in order to enhance the long-term growth potential of the Group. The Group also intends to leverage upon the expertise and business opportunities that Mr. Ng may have in his sectors of real estate development, property project management and financial services and expand the income stream of the Group. Further announcement(s) in this regard will be made as and when appropriate.

FINANCIAL REVIEW

During the Year, due to the slow down of the economy in Hong Kong, the revenue of the Group decreased by approximately HK$163.4 million or 45.7% to approximately HK$193.8 million (2022: HK$357.2 million). The Group recorded a gross loss of approximately HK$7.2 million (2022: gross profit of HK$7.3 million). During the Year, the Group recognised impairment losses under ECL model, net of reversal of approximately HK$35.9 million (2022: HK$6.3 million). As a result, the Group recorded a net loss for the Year of approximately HK$59.3 million (2022: net loss of HK$1.6 million) attributable to owners of the Company from continuing operations.

Other income

Other income amounted to approximately HK$0.4 million for the Year (2022: HK$8.0 million), representing a decrease of approximately 95.0%, which due to the one-off income that only included for the year ended 31 December 2022 comprising approximately HK$2.3 million of government grant and the Group has released approximately HK$4.8 million of accruals balances that has past due over 6 years but no invoices received after contact.

Impairment losses, net of reversal

During the Year, the impairment losses, net of reversal increased by approximately HK$29.6 million or 469.8% to approximately HK$35.9 million (2022: HK$6.3 million) which is in relation to construction segment services.

Details of impairment losses, net of reversal for the Year:

Impairment losses recognised on:	**Non credit-impaired** *HK$ million*
Trade and retention receivables	4.6
Other receivables and deposits	(0.1)
Contract assets	31.4
Total	35.9

The Group has applied the simplified approach in HKFRS to measure the loss allowance at lifetime ECL by using a provision matrix on a portfolio basis with reference to the Company's historical and the counterparties' industry default data, among others, historical aging schedules, settlement and default records, industry credit data and default records, and forward-looking information. The core inputs of the assessment models are consistent with last year. The Group has applied the general approach in HKFRS 9 to measure the 12-month or lifetime ECL with reference to the Company's historical and the counterparties' industry default data, among others, historical aging schedules, settlement and default records, industry credit data and default records, and forward-looking information. The Group has engaged an independent valuer to perform impairment assessment. The core inputs of the assessment models are consistent with last year.

Trade and retention receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade debt and contract assets, especially with the Chinese real estate developers, at the end of the reporting period to ensure that adequate impairment loss is recognised for irrecoverable amount.

The Group is exposed to concentration of credit risk as at 31 December 2023 on the trade and retention receivables from the Group's five major customers amounting to approximately HK$43.1 million (2022: HK$51.1 million) and accounted for 55% (2022: 84%) of the Group's total trade and retention receivables. In the opinion of the directors of the Company, the major customers of the Group are reputable organisation in the market. The directors of the Company consider that the credit risk is limited in this regard. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Credit-impaired debtors are assessed for impairment individually, the remaining trade and retention receivables and contract assets are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. During the Year, net impairment losses of approximately HK$4.6 million and HK$31.4 million (2022: HK$1.0 million and HK$5.8 million) are recognised for trade and retention receivables and contract assets, respectively.

Administrative expenses

Administrative expenses of the Group decreased by approximately HK$4.9 million or 22.9% from approximately HK$21.4 million for the year ended 31 December 2022 to approximately HK$16.5 million for the Year. Such decrease was primarily due to our cost control measure implementation during the Year.

Finance costs

Finance costs of the Group increased by approximately 100.0% from approximately HK$0.1 million for the year ended 31 December 2022 to approximately HK$0.2 million for the Year, as the interest on lease liabilities increased for the Year.

Income tax expense

The Group had no income tax expenses for the Year, as there is no assessable profit recorded. For the year ended 31 December 2022, the Group recorded income tax credit of approximately HK$36,000.

Gain on deconsolidation of a subsidiary

During the year end 31 December 2022, 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 liquidators have been appointed for 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$10.9 million was recognised in the consolidated profit or loss for the year end 31 December 2022.

Discontinued operations

Profit for the year from discontinued operations was approximately HK$0.6 million for the year end 31 December 2022. It was primarily attributable to gain on disposal of Growth Profit during the year end 31 December 2022.

Loss and total comprehensive loss for the Year attributable to the owners of the Company

Loss for the year attributable to the owners of the Company was approximately HK$59.3 million for the Year (2022: HK$1.0 million). It was primarily attributable to the net effect of (i) the decrease in revenue of construction segment services; and (ii) the increase in impairment losses recorded for the Year.

Total comprehensive loss for the year attributable to the owners of the Company was approximately HK$59.3 million (2022: HK$0.9 million).

LIQUIDITY AND FINANCIAL RESOURCES

Net cash position

The amounts due to a shareholder increased by approximately HK$7.5 million to approximately HK$15.5 million as at 31 December 2023 (31 December 2022: HK$8.0 million). Bank balances and cash and pledged deposits as at 31 December 2023 increased by approximately HK$6.1 million to approximately HK$58.6 million (31 December 2022: HK$52.5 million). Therefore, the net cash position of the Group decrease to approximately HK$43.1 million (31 December 2022: HK$44.5 million).

Structure of bank overdrafts and bank borrowings and amounts due to a shareholder

As at 31 December 2023, the Group had amounts due to a shareholder amounted to approximately HK$15.5 million (31 December 2022: HK$8.0 million), and the Group had no bank overdraft or bank borrowing in both years.

Liquidity ratios and gearing ratios

The current ratio of the Group as at 31 December 2023 was 0.98 times (31 December 2022: 1.27 times).

The gearing ratio, calculated based on the total borrowings including bank borrowings and amounts due to a shareholder divided by total equity at the end of the Relevant Period and multiplied by 100%. As at 31 December 2023, the gearing ratio was negative (31 December 2022: approximately 16.4%), due to the total deficit at the end of the Year.

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 Dollars. 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 an adequate committed line of funding from major financial institutions to meet its liquidity requirements in the short and long term.

As at 31 December 2023, the Company's issued share capital was approximately HK$13.3 million (31 December 2022: HK$13.3 million) and the number of issued ordinary shares was 1,332,000,000 (31 December 2022: 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 dollars and the Group is not exposed to any significant foreign exchange exposure.

FUTURE PLANS 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 31 December 2023, 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 Year, subsequent to 31 December 2023 and up to the date of this announcement.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2023, the Group has pledged its bank deposit of approximately HK$23.4 million (31 December 2022: HK$20.9 million) to secure the guaranteed credit facilities for issuing surety bonds and general banking facilities amounting to approximately HK$41.7 million (31 December 2022: 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 secured by pledged deposits. In addition, the Group provided a counter-indemnity to the financial institutions which have issued such surety bonds.

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

Save as disclosed above, as at 31 December 2023, the Group did not have any other material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed a total of 69 employees (2022: 88 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$34.4 million for the Year (2022: HK$46.6 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

During the Relevant Period, 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 advise effect on the Group's results of operations or financial conditions. There are also no material developments to other litigations involving the Group reported in prior period.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

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 to 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 C1 to the Listing Rules. The Directors will continue to review its 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.

Under the code provision C.2.1 of the CG Code, the role 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.

As at 31 December 2023, Mr. Ng assumed the roles of both chairman of the Board and chief executive of the Company. The Board considered that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the year ended 31 December 2023.

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 Appendix C3 to the Listing Rules. The Company had also 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 year ended 31 December 2023.

Purchase, Sale or Redemption of Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the year ended 31 December 2023.

Dividend

The Board does not recommend any payment of final dividend for the year ended 31 December 2023 (2022: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled for Thursday, 30 May 2024. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Monday, 27 May 2024 to Thursday, 30 May 2024, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 24 May 2024.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules, in accordance with provisions set out in the CG Code, 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. Chan Yuk Sang, Mr. Lau Kwok Fai Patrick and Mr. Wong Chun Wah Kelvin. The chairman of the Audit Committee is Mr. Lau Kwok Fai Patrick, who has appropriate professional qualifications and experience in accounting matters.

The Group's audited annual results in respect of the year ended 31 December 2023 have been reviewed by existing members of the Audit Committee.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to date of this annual result announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual consolidated results announcement is published on the Company's website at www.fdbhk.com and the Stock Exchange's website at www.hkexnews.hk. The 2023 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The following is the extract of the draft independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2023.

Material Uncertainty Related To Going Concern

We draw attention to note 3 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK$59,284,000 for the year ended 31 December 2023, and the Group had net current liabilities of approximately HK$4,853,000 and net liabilities of approximately HK$10,416,000. These conditions, along with other matters as set forth in note 3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Management's measures to address the going concern issue are also described in note 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF CWK CPA LIMITED

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 of the Group as set out in the announcement have been agreed by the Company's auditor, CWK CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CWK CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CWK CPA Limited on the announcement.

By order of the Board
FDB Holdings Limited
Ng Kin Siu
Chairman of the Board and executive Director

Hong Kong, 25 March 2024

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

* *The English translation of the Chinese name(s) in this announcement, where indicated with "*", is/are included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*