

Sing On Holdings Limited

成安控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8352)

ANNOUNCEMENT OF INTERIM RESULT FOR THE SIX MONTHS ENDED 30 JUNE 2017

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

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

FINANCIAL HIGHLIGHT

For the six months ended 30 June 2017, the operating results of the Group were as follows:

- Revenue amounted to approximately HK\$86.8 million (2016: approximately HK\$60.7 million), representing an increase of approximately 43.0% from the corresponding period of last year;
- Net profit amounted to approximately HK\$12.0 million (2016: approximately HK\$2.0 million), representing an increase of approximately 500.0% from the corresponding period of last year;
- Basic and diluted earnings per share based on weighted average number of ordinary shares was approximately HK\$1.79 cents (2016: approximately HK\$0.40 cents);
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

INTERIM RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2017 (the “Reporting Period”), together with the audited comparative figures for the corresponding period in 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Three months ended 30 June		Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Audited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Audited)
Revenue	3	48,800	30,417	86,752	60,744
Cost of sales		<u>(34,955)</u>	<u>(22,614)</u>	<u>(59,810)</u>	<u>(43,035)</u>
Gross profit		13,845	7,803	26,942	17,709
Other income and net gains		50	32	50	705
Administrative and other operating expenses		<u>(5,495)</u>	<u>(9,292)</u>	<u>(11,995)</u>	<u>(14,892)</u>
Operating profit/(loss)		8,400	(1,457)	14,997	3,522
Finance costs		<u>–</u>	<u>(79)</u>	<u>(104)</u>	<u>(148)</u>
Profit/(loss) before income tax		8,400	(1,536)	14,893	3,374
Income tax expense	5	<u>(1,405)</u>	<u>(399)</u>	<u>(2,896)</u>	<u>(1,337)</u>
Profit/(loss) and total comprehensive income for the period		<u>6,995</u>	<u>(1,935)</u>	<u>11,997</u>	<u>2,037</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings/(loss) per share	7	<u>1.04</u>	<u>(0.38)</u>	<u>1.79</u>	<u>0.40</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		30 June 2017	31 December 2016
	<i>Note</i>	HK\$'000	HK\$'000
		Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment		<u>12,593</u>	<u>10,597</u>
Current assets			
Amounts due from customers for contract work		6,716	9,965
Trade and other receivables	8	52,660	42,215
Cash and bank balances		<u>49,380</u>	<u>60,828</u>
		<u>108,756</u>	<u>113,008</u>
Total assets		<u>121,349</u>	<u>123,605</u>
EQUITY			
Capital and reserves			
Share capital		6,720	6,720
Reserves		<u>91,535</u>	<u>79,538</u>
Total equity		<u>98,255</u>	<u>86,258</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*As at 30 June 2017*

		30 June	31 December
		2017	2016
	<i>Note</i>	HK\$'000	HK\$'000
		Unaudited	Audited
LIABILITIES			
Non-current liabilities			
Borrowings		–	1,726
Provision for long service payment		791	768
Deferred tax liabilities		1,474	816
		<u>2,265</u>	<u>3,310</u>
Current liabilities			
Amounts due to customers for contract work		26	212
Trade and other payables	9	18,649	26,368
Amounts due to directors		22	22
Borrowings		–	2,284
Current income tax liabilities		2,132	5,151
		<u>20,829</u>	<u>34,037</u>
Total liabilities		<u>23,094</u>	<u>37,347</u>
Total equity and liabilities		<u>121,349</u>	<u>123,605</u>
Net current assets		<u>87,927</u>	<u>78,971</u>
Total assets less current liabilities		<u>100,520</u>	<u>89,568</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	
Balance at 1 January 2016	1,348	14,998	–	23,907	40,253
Profit and total comprehensive income for the period	–	–	–	2,037	2,037
Effect of Reorganisation	(25)	–	–	–	(25)
Balance at 30 June 2016 (audited)	<u>1,323</u>	<u>14,998</u>	<u>–</u>	<u>25,944</u>	<u>42,265</u>
Balance at 1 January 2017	6,720	44,658	16,313	18,567	86,258
Profit and total comprehensive income for the period	–	–	–	11,997	11,997
Balance at 30 June 2017 (unaudited)	<u>6,720</u>	<u>44,658</u>	<u>16,313</u>	<u>30,564</u>	<u>98,255</u>

Note:

For the purpose of the preparation of the condensed consolidated statement of change in equity, the balance of the combined capital at 30 June 2016 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(2,619)	(7,550)
Net cash used in investing activities	(4,715)	(1,979)
Net cash used in financing activities	<u>(4,114)</u>	<u>(2,001)</u>
Net decrease in cash and cash equivalents	(11,448)	(11,530)
Cash and cash equivalents at the beginning of the period	<u>60,828</u>	<u>19,985</u>
Cash and cash equivalents at the end of the period	<u><u>49,380</u></u>	<u><u>8,455</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 January 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on GEM of the Stock Exchange with effect from 16 December 2016.

The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the Company's principal place of business is Flat B, G/F, Fu Hop Factory Building, 209 and 211 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of concrete demolition services in Hong Kong and Macau mainly as a subcontractor.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the GEM of the Stock Exchange (the "Reorganisation"), the group entities were under the control of Mr. Cheung Shek On ("Mr. Cheung") and Mr. Chan Yuk Sing ("Mr. Chan"). Through the Reorganisation, the Company became the ultimate holding company of the companies now comprising the Group on 22 November 2016. Accordingly, for the purpose of the preparation of the unaudited condensed consolidated financial statements of the Group, the Company has been considered as the ultimate holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Cheung and Mr. Chan prior to and after the Reorganisation.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2017 of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance. The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2017 are consistent with those adopted in the annual financial statements of the Company for the year ended 31 December 2016. Amendments to HKFRSs effective for accounting period beginning on or after 1 January 2017 do not have a material impact on the Group.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2017 have not been audited by the Company's independent auditors, but have been reviewed by the Company's audit committee.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2017 are presented in Hong Kong dollars ("HK\$"), which is the same functional currency of the Company.

3 REVENUE

Revenue and other income and net gains recognised during the period are as follows:

	Six months ended 30 June	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Audited)
Revenue		
Provision of concrete demolition services	<u>86,752</u>	<u>60,744</u>
Other income and net gains		
Sundry income	11	26
Gain on disposal of property, plant and equipment	<u>39</u>	<u>679</u>
	<u>50</u>	<u>705</u>

The chief operating decision-maker has been identified as the board of the Company. The Board regards the Group's business as a single operating segment and reviews the consolidated financial statements accordingly.

Geographical information

The Group primarily operates in Hong Kong and Macau, and its revenue is derived from the following regions:

	Six months ended 30 June	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Audited)
Revenue (by location of customers)		
– Hong Kong	85,739	56,243
– Macau	<u>1,013</u>	<u>4,501</u>
	<u>86,752</u>	<u>60,744</u>

All of the Group's non-current assets are located in Hong Kong for both periods.

4 OPERATING PROFIT

An analysis of the amounts presented as operating items charged/(credited) in the financial information is given below:–

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Staff cost, including directors' remuneration	22,633	16,741
Depreciation of owned assets	1,820	852
Depreciation of assets under finance lease	173	833
Gain on disposal of property, plant and equipment	39	679
	<u>22,633</u>	<u>16,741</u>

5 INCOME TAX EXPENSE

For the six months ended 30 June 2017 and 2016, Hong Kong profits tax has been provided at the rate of 16.5% and Macau profits tax has been provided at the rate of 12% on the estimated assessable profit arising in or derived from the jurisdictions in which the entities operate for the period.

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Current tax		
– Hong Kong	1,860	1,193
– Macau	–	29
Prior year tax		
– Hong Kong	378	–
Deferred tax	658	115
	<u>2,896</u>	<u>1,337</u>
Income tax expense	<u>2,896</u>	<u>1,337</u>

6 DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2017 (2016: Nil).

7 EARNINGS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Audited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Audited)
Profit/(loss) attributable to owners of the Company (HK\$'000)	6,995	(1,935)	11,997	2,037
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	672,000	504,000	672,000	504,000
Basic earnings/(loss) per share (HK cents)	<u>1.04</u>	<u>(0.38)</u>	<u>1.79</u>	<u>0.40</u>

For the six months ended 30 June 2017, the calculation of the basic earnings/(loss) per share attributable to owners of the Company was based on (i) the profit/(loss) attributable to owners of the Company and (ii) the weighted average number of ordinary shares issued during the period as stated above.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the six months ended 30 June 2017 (2016: Nil).

8 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 <i>HK\$'000</i> (Unaudited)	At December 2016 <i>HK\$'000</i> (Audited)
Contract receivables	24,789	22,779
Retention receivables	<u>16,826</u>	<u>15,792</u>
Total trade receivables	41,615	38,571
Other receivables, deposits and prepayments	<u>11,045</u>	<u>3,644</u>
	<u>52,660</u>	<u>42,215</u>

Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted customers is 14 to 60 days generally. Trade receivables are denominated in HK\$.

8 TRADE AND OTHER RECEIVABLES (continued)

(b) The ageing analysis of the contract receivables based on invoice date is as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At December 2016 HK\$'000 (Audited)
0 – 30 days	18,843	13,515
31 – 60 days	2,007	6,400
61 – 90 days	1,886	720
91 – 365 days	1,567	1,757
Over 365 days	486	387
	<u>24,789</u>	<u>22,779</u>

Contract receivables of approximately HK\$8,681,000 (31 December 2016: HK\$9,594,000) as at 30 June 2017 were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

	At 30 June 2017 HK\$'000 (Unaudited)	At December 2016 HK\$'000 (Audited)
0 – 30 days	4,727	6,570
31 – 60 days	1,783	681
61 – 90 days	574	370
91 – 365 days	1,144	1,580
Over 365 days	453	393
	<u>8,681</u>	<u>9,594</u>

Retention receivables were not yet past due as at 30 June 2017, and were settled in accordance with the terms of respective contract.

(c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

9 TRADE AND OTHER PAYABLES

	At 30 June 2017 HK\$'000 (Unaudited)	At December 2016 HK\$'000 (Audited)
Trade payables	12,889	15,617
Accruals and other payables	<u>5,760</u>	<u>10,751</u>
	<u>18,649</u>	<u>26,368</u>

Notes:

- (a) Payment terms granted by suppliers are generally 15 to 90 days from the invoice date of the relevant purchases. However, the majority of credit terms granted are 30 days.

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

	At 30 June 2017 HK\$'000 (Unaudited)	At December 2016 HK\$'000 (Audited)
0 – 30 days	6,594	4,546
31 – 60 days	938	4,436
61 – 90 days	1,342	2,981
Over 90 days	<u>4,015</u>	<u>3,654</u>
	<u>12,889</u>	<u>15,617</u>

- (b) All trade and other payables are denominated in HK\$.

10 CAPITAL COMMITMENTS

Capital commitments outstanding at each statement of financial position date not provided for in the consolidated financial statements are as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At December 2016 HK\$'000 (Audited)
Contracted but not provided for property, plant and equipment	<u>1,332</u>	<u>70</u>

BUSINESS REVIEW AND OUTLOOK

The Group's principal activity is the provision of concrete demolition service in Hong Kong and Macau mainly as a subcontractor. Our services are mainly required in the removal of pieces or sections of concrete from concrete structures and the demolition of the entire concrete structures or buildings by applying a variety of methods, such as core drilling, sawing and crushing. Our services are required in many different situations including, among others, addition and alteration works and redevelopment projects in buildings, roads, tunnels and underground facilities.

We have been operating in the concrete demolition industry in Hong Kong since 1985. We have also been providing concrete demolition services in Macau since 2006. We are a registered subcontractor for general demolition and others (concrete coring and saw cutting) works under the Subcontractor Registration Scheme of the Construction Industry Council and a Registered Minor Works Contractor at the Buildings Department.

In general, our customers are main contractors in various types of construction and civil engineering projects in Hong Kong and construction projects in Macau. We undertake jobs in both public and private sectors. Public sector jobs refer to jobs which the main contractors are employed by the Hong Kong Government, the Macau Government or their respective related organisations or corporations, while private sector jobs refer to jobs that are not public sector jobs.

Looking forward, the Directors consider that the future opportunities and challenges facing the Group will continue to be affected by the development of the policies of the Hong Kong Government as well as factors affecting the labour costs and material costs. According to the 2016-2017 Budget of the Hong Kong Government, the Hong Kong Government will invest about HK\$86.1 billion on infrastructure between 2016 and 2017. The amount was mainly derived from infrastructure investments and plans for increasing both land and housing. The Directors believe that the availability of private and public sector construction projects is expected to grow in the coming years, and with our experienced management team and reputation, we can further strengthen our position as an established concrete demolition service provider by continuing to pursue the business strategies as set out in the prospectus of the Company dated 29 November 2016 (the "Prospectus").

FINANCIAL REVIEW

During the Reporting Period, all of our Group's revenue was derived from concrete demolition business in Hong Kong and Macau. The Group's revenue for the Reporting Period was approximately HK\$86.8 million, representing an increase of approximately 43.0% from approximately HK\$60.7 million for the six months ended 30 June 2016. Such increase was mainly due to the increase in number of jobs undertaken from 86 to 115 jobs for the six months ended 30 June 2016 to the Reporting Period.

Our Group's gross profit increased from approximately HK\$17.7 million for the six months ended 30 June 2016 to approximately HK\$26.9 million for the Reporting Period, and the gross profit margin for our Group increased from approximately 29.2% for the six months ended 30 June 2016 to approximately 31.0% for the Reporting Period. Such increase was mainly due to the less increment of the Group's overall cost of sales during the Reporting Period.

Administrative expenses decreased by HK\$2.9 million (representing an decrease of approximately 19.5%) to HK\$12.0 million for the Reporting Period, compared with HK\$14.9 million for the six months ended 30 June 2016, which mainly due to the decrease in the listing related expenses. The listing expenses incurred for the listing application in the six months ended 30 June 2016 was HK\$5.1 million while no such expense has been incurred for the Reporting Period. Net profit increased by HK\$10.0 million to approximately HK\$12.0 million in the Reporting Period compared to HK\$2.0 million in the six months ended 30 June 2016 (representing an increase of approximately 500.0%) as a result of the simultaneous occurrence of the factors in the Reporting Period as discussed above.

Liquidity, financial resources and capital structure

As at 30 June 2017, the Group's current ratio was approximately 5.2 compared to approximately 3.3 at 31 December 2016. The Group had total assets of approximately HK\$121.3 million, which is financed by total liabilities and shareholders' equity of approximately HK\$23.1 million and HK\$98.2 million, respectively. As at 30 June 2017, the Group had cash and bank balances of approximately HK\$49.4 million (31 December 2016: approximately HK\$60.8 million).

The gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the respective reporting date. As at 30 June 2017, the Group had no loans and borrowings (31 December 2016: approximately 4.6%), as the Group have settled all finance lease liabilities after the listing of the Company's shares on GEM (the "Listing").

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 16 December 2016. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. As at 30 June 2017, the Company's issued share capital was HK\$6,720,000 and the number of its issued ordinary shares was 672,000,000 of HK\$0.01 each.

Capital commitments

As at 30 June 2017, capital commitment was HK\$1.3 million, which was used in the purchase of property, plant and equipment (31 December 2016: approximately HK\$70,000).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing on 16 December 2016 (the "Listing Date") to 30 June 2017 is set out below:

Objectives	Implementation plan up to 30 June 2017	Actual business progress up to 30 June 2017
Further enhancing our machineries	<ul style="list-style-type: none">– To purchase one set of forklift– To purchase one set of loader and one motor vehicle	<ul style="list-style-type: none">– One set of forklift cost HK\$1.4 million has been purchased– Four light goods vehicles totally cost HK\$1.4 million have been purchased– Approximately HK\$0.6 million deposit has been paid for purchasing a remote controlled demolition robot
Further strengthening our manpower	<ul style="list-style-type: none">– To carry out recruitment including one project manager, one engineer, one safety officer, one site agent, one mechanic staff and one office staff– To monitor and evaluate the performance of the new recruits	<ul style="list-style-type: none">– Five engineers, one site agent, one mechanic staff and one office staff have been recruited– Appraisal is made to new recruits after probation period
Leasing an additional warehouse	<ul style="list-style-type: none">– To carry out preparatory work, including but not limited to site visits and conducting negotiation with relevant landlord and/or estate agent, and enter into tenancy agreement for the warehouse	<ul style="list-style-type: none">– An additional warehouse has been rented with monthly rent amounting to approximately HK\$53,000
Reserving more capital to satisfy our potential customers' requirement for performance bond	<ul style="list-style-type: none">– To finance the deposit required for securing performance bond following the award of jobs to us	<ul style="list-style-type: none">– Sufficient capital has been reserved to satisfy our potential customers' requirement for performance bond. As at 30 June 2017, no on-going job required for performance bond.
Settlement of finance lease liabilities	<ul style="list-style-type: none">– To repay certain finance leases in an one-off manner	<ul style="list-style-type: none">– Finance lease liabilities amounted to approximately HK\$4.0 million has been settled and approximately HK\$104,000 interest has been paid

USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The net proceeds from the Listing was approximately HK\$33.1 million, after deducting listing related expenses. The actual net proceeds from the Listing was different from the estimated net proceeds of approximately HK\$25.0 million as set out in the Prospectus and approximately HK\$34.1 million as set out in the announcement of the Company in relation to the allotment result dated 14 December 2016 (the “Allotment Result Announcement”).

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Allotment Result Announcement, which is (i) approximately 29.2% of the net proceeds, representing approximately HK\$9.7 million for further enhancing our machineries, (ii) approximately 29.7% of the net proceeds, representing approximately HK\$9.8 million for further strengthening our manpower, (iii) approximately 6.3% of the net proceeds, representing approximately HK\$2.1 million for leasing an additional warehouse, (iv) approximately 22.5% of the net proceeds, representing approximately HK\$7.4 million for reserving more capital to satisfy our potential customers’ requirements for performance bond, (v) approximately 10.6% of the net proceeds, representing HK\$3.5 million for settlement of finance lease liabilities, and (vi) approximately 1.7% of the net proceeds, representing HK\$0.6 million for working capital.

An analysis of the utilisation of the net proceeds from the Listing Date up to 30 June 2017 is set out below:

	Adjusted use of proceeds in the same manner as stated in prospectus <i>HK\$ million</i>	Planned use of net proceeds as stated in the Prospectus up to 30 June 2017 <i>HK\$ million</i>	Actual use of net proceeds up to 30 June 2017 <i>HK\$ million</i>
Further enhancing our machineries	9.7	3.5	5.3
Further strengthening our manpower	9.8	1.8	0.2
Leasing an additional warehouse	2.1	0.4	0.4
Reserving more capital to satisfy our potential customers’ requirement for performance bond	7.4	7.4	7.4
Settlement of finance lease liabilities	3.5	3.5	4.1
Working capital	0.6	0.6	0.6

Significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies

Save as disclosed herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the Reporting Period.

Foreign Exchange Exposure

Since the Group generated most of the revenue and incurred most of the costs in Hong Kong dollars for the Reporting Period, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk.

Charge over our Group's assets

As at 30 June 2017, the Group had no finance lease liabilities (31 December 2016: approximately HK\$4.0 million) as the Group have settled all finance lease liabilities. The personal guarantees given by the controlling shareholders of the Company have also been released.

Contingent Liabilities

As at 30 June 2017, the Group did not have any significant, contingent liabilities (31 December 2016: Nil).

Employees and emolument policies

The Group has 114 full-time employees as at 30 June 2017 (30 June 2016: 97 full-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$22.6 million for the Reporting Period as compared to HK\$16.7 million for the six months ended 30 June 2016.

The remuneration committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the share option scheme of the company adopted on 22 November 2016 (the "share option scheme").

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interest and Short Position in Shares, Underlying Shares and Debentures

As at 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long positions in ordinary shares of the Company

Name of director	Nature of interest	Number of shares held/ interested in	Percentage of shareholding
Mr. Cheung Shek On	Interest in a controlled corporation (<i>Note 1</i>)	189,000,000	28.125%
Mr. Chan Yuk Sing	Interest in a controlled corporation (<i>Note 2</i>)	189,000,000	28.125%

Notes:

1. Mr. Cheung Shek On (“Mr. Cheung”) beneficially owns 100% of the issued share capital of Sino Continent Holdings Limited (“Sino Continent”) which in turn owns 189,000,000 ordinary shares of the Company. By virtue of the SFO, Mr. Cheung is deemed to be interested in the same number of the Shares held by Sino Continent.
2. Mr. Chan Yuk Sing (“Mr. Chan”) beneficially owns 100% of the issued share capital of Supreme Voyage Limited (“Supreme Voyage”) which in turn owns 189,000,000 ordinary shares of the Company. By virtue of the SFO, Mr. Chan is deemed to be interested in the same number of the Shares held by Supreme Voyage.

(ii) Short positions in ordinary shares of the Company

Save as disclosed above, as at 30 June 2017, there is no interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO).

SUSTANTIAL SHAREHOLDERS' INTERESTS AND POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2017, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

(i) Long positions in ordinary shares of the Company:

Name of shareholder	Nature of interest	Number of shares held/interested in	Long/short position	Total issued share capital of the Company
Sino Continent	Beneficial owner	189,000,000	Long	28.125%
Supreme Voyage	Beneficial owner	189,000,000	Long	28.125%
Applewood Developments Limited	Beneficial owner	126,000,000	Long	18.750%
Ms. Luk Pui Kei Peggy (<i>Note 1</i>)	Interest of spouse	189,000,000	Long	28.125%
Ms. Cho Bik Nung (<i>Note 2</i>)	Interest of spouse	189,000,000	Long	28.125%
Mr. Kwok Shun Tim	Interest in a controlled corporation (<i>Note 3</i>)	126,000,000	Long	18.750%
Ms. Yip Nga Wan (<i>Note 4</i>)	Interest of spouse	126,000,000	Long	18.750%

Notes:

- Ms. Luk Pui Kei Peggy, the spouse of Mr. Cheung, is deemed under the SFO to be interested in all the shares of the Company in which Mr. Cheung is deemed to be interested.
- Ms. Cho Bik Nung, the spouse of Mr. Chan, is deemed under the SFO to be interested in all the shares of the Company in which Mr. Chan is deemed to be interested.
- Mr. Kwok beneficially owns 100% of the issued share capital of Applewood Developments Limited (“Applewood Developments”). By virtue of the SFO, Mr. Kwok is deemed to be interested in the same number of the shares of the Company held by Applewood Developments.
- Ms. Yip Nga Wan, the spouse of Mr. Kwok, is deemed under the SFO to be interested in all the shares of the Company in which Mr. Kwok is deemed to be interested.

(ii) Short positions in shares of the Company:

Save as disclosed above, as at 30 June 2017, the Directors are not aware of any other persons/entities who had, or were deemed or taken to have any interests or short position in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete 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 Reporting Period.

INTEREST OF COMPLIANCE ADVISOR

As at 30 June 2017, as notified by the Company's compliance advisor, Ample Capital Limited (the "Compliance Advisor"), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated 23 November 2016, neither the Compliance Advisor nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code during the Reporting Period except the following deviation:

Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cheung is the Chairman and the chief executive officer of our Company. In view that Mr. Cheung has been operating and managing our Group since our establishment, our Board believes that it is in the best interest of our Group to have Mr. Cheung taking up both roles for effective management and business development. In addition, major decisions are made after consultation with the Board and appropriate Board committees, as well as senior management. The Board is therefore of the view that there are adequate safeguards in place to ensure the balance of power and authority within the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “Code of Conduct”). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Reporting Period.

DIVIDENDS

The Board did not recommend payment of interim dividend to shareholders of the Company for the Reporting Period (2016: Nil).

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 22 November 2016 (the “Share Option Scheme”). The principal terms of the Share Option Scheme is summarised in Appendix IV to the Prospectus and are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 June 2017.

CHANGE OF INFORMATION OF DIRECTORS

Mr. Chan receives an emolument package comprising director’s fee, contribution to retirement benefit scheme, salary and other benefits having reference to his position as Director. Mr. Chan’s annual emolument will be increased from HK\$100,000 to HK\$140,000 (by the addition of a housing allowance of HK\$40,000) which will take effect from 9 August 2017, all other benefits remaining unchanged.

Mr. Chan Ngai Sang, Kenny was appointed as an independent non-executive director of Minsheng Education Group Company Limited (stock code: 1569) since March 2017 and an independent non-executive director of Zhongyuan Bank Co., Ltd. (stock code: 1216) since May 2017.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) on 22 November 2016 with its written terms of reference in compliance with paragraphs C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, nominate and monitor external auditors and to provide advices and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Chow Chun To, Mr. Chan Ngai Sang Kenny and Mr. Yam Chiu Fan Joseph, all being independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Reporting Period and is of the view that the unaudited condensed consolidated financial statements comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

By order of the Board
Sing On Holdings Limited
Cheung Shek On
Chairman

Hong Kong, 9 August 2017

As at the date of this announcement, the executive Directors are Mr. Cheung Shek On and Mr. Chan Yuk Sing; the non-executive Director is Mr. Kuan Hong Kin Daniel; and the independent non-executive Directors are Mr. Chan Ngai Sang Kenny, Mr. Chow Chun To and Mr. Yam Chiu Fan Joseph.