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 ANNUAL RESULT FOR THE YEAR ENDED 31 DECEMBER 2017

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "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.

ANNUAL RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017, together with the audited comparative figures for the year ended 31 December 2016. These information should be read in conjunction with the prospectus of the Company dated 29 November 2016 (the "Prospectus").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
Revenue	*3*	**186,168**	125,671
Cost of sales	*4*	**(130,665)**	(87,357)
Gross profit		**55,503**	38,314
Other income and net gains	*3*	**67**	982
Administrative and other operating expenses	*4*	**(25,027)**	(32,543)
Operating profit		**30,543**	6,753
Finance costs		**(104)**	(264)
Profit before income tax		**30,439**	6,489
Income tax expense	*5*	**(5,416)**	(2,929)
Profit and total comprehensive income for the year attributable to owners of the Company		**25,023**	3,560
		HK cents	*HK cents*
Basic and diluted earnings per share	*6*	**3.72**	0.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**15,020**	10,597
Current assets			
Amounts due from customers for contract work	*8*	**7,651**	9,965
Trade and other receivables	*9*	**65,101**	42,215
Pledged bank deposit		**10,014**	–
Cash and cash equivalents		**36,404**	60,828
		119,170	113,008
Total assets		**134,190**	123,605
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	*10*	**6,720**	6,720
Reserves		**104,561**	79,538
Total equity		**111,281**	86,258
LIABILITIES			
Non-current liabilities			
Borrowings		**–**	1,726
Liabilities for long service payments		**721**	768
Deferred taxation		**1,620**	816
		2,341	3,310
Current liabilities			
Amounts due to customers for contract work	*8*	**–**	212
Trade and other payables	*11*	**19,014**	26,368
Amounts due to directors		**22**	22
Borrowings		**–**	2,284
Tax payable		**1,532**	5,151
		20,568	34,037
Total liabilities		**22,909**	37,347
Total equity and liabilities		**134,190**	123,605
Net current assets		**98,602**	78,971
Total assets less current liabilities		**113,622**	89,568

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company				
	Share capital	**Share premium**	**Merger reserve**	**Retained earnings**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 10)				
Balance at 1 January 2016	1,348	14,998	–	23,907	40,253
Profit and total comprehensive income for the year	–	–	–	3,560	3,560
Interim dividend declared	–	–	–	(8,900)	(8,900)
Reorganisation	(1,348)	(14,998)	16,313	–	(33)
Shares issued pursuant to the capitalisation issue	5,040	(5,040)	–	–	–
Shares issued pursuant to the placing	1,680	58,800	–	–	60,480
Shares issuance costs	–	(9,102)	–	–	(9,102)
Balance at 31 December 2016	6,720	44,658	16,313	18,567	86,258
Balance at 1 January 2017	**6,720**	**44,658**	**16,313**	**18,567**	**86,258**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**25,023**	**25,023**
Balance at 31 December 2017	**6,720**	**44,658**	**16,313**	**43,590**	**111,281**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

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 the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (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 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.

The consolidated financial statements have been prepared as if the Company had been the ultimate holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation where this is a shorter period.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 7 February 2018.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended standards adopted by the Group

HKFRSs (Amendments)	Annual Improvements 2014-2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Lossess

The adoption of these amendments and improvements to standards did not have significant impact on the results and financial position for the current and prior years.

(b) New and amended standards not yet adopted

The following new standards and amendments to standards relevant to the Group's operations have been issued and are effective for the financial year beginning 1 January 2018 or after and have not been early adopted.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarification of HKFRS15)[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 Revenue and HKAS 11 Construction Contracts and related interpretations.

Currently, revenue arising from construction contracts (and the provision of services) is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed.

The application of HKFRS 15 may further affect the timing and amount of revenue going forward if the contracts contain separate performance obligations and are subject to modification. The group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from construction contracts now.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial Information. The directors of the Company anticipate that the application of HKFRS 16 in the future will have an impact on the Group's financial statements.

The total operating lease commitment of the Group as at 31 December 2017 amounted to approximately HK$4,393,000. The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group's financial performance, but it is expected that certain portion of the lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The directors of the Company anticipate that the application of the other new standards and amendments will have no material impact on the consolidated financial Information of the Group.

3 REVENUE AND SEGMENT INFORMATION

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Provision of concrete demolition services	**186,168**	125,671
Other income and net gains		
Sundry income	**14**	89
Interest income	**14**	–
Gain on disposal of property, plant and equipment	**39**	893
	67	982

The chief operating decision-maker has been identified as the board of the Company. The board of directors 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:

	2017	2016
	HK$'000	*HK$'000*
Revenue (by location of customers)		
– Hong Kong	**184,489**	120,965
– Macau	**1,679**	4,706
	186,168	125,671

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

Information about major customers

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

	2017	2016
	HK$'000	*HK$'000*
Customer A	**34,659**	28,261
Customer B	**N/A[1]**	20,541
Customer C	**N/A[1]**	18,738
Customer D	**48,800**	N/A[1]

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

4 EXPENSES BY NATURE

	2017	2016
	HK$'000	*HK$'000*
Cost of sales		
Depreciation of owned assets	**2,156**	1,243
Fuel and oil	**1,010**	924
Machine rental cost	**7,064**	6,994
Motor vehicles expense	**936**	689
Repair and maintenance	**387**	404
Materials and consumables	**15,112**	16,142
Staff costs	**35,920**	26,499
Subcontracting charges	**53,825**	27,284
Transportation	**13,219**	6,402
Other expenses	**1,036**	776
	130,665	87,357
Administrative and other operating expenses		
Auditors' remuneration	**600**	706
Building management fee	**175**	131
Depreciation of owned assets	**2,107**	384
Depreciation of assets under finance lease	**173**	1,855
Entertainment	**1,856**	2,488
Insurance	**1,090**	1,017
Legal and professional fees	**1,494**	56
Listing expenses	**–**	12,174
Operating lease rental on premises	**3,285**	2,192
Staff costs, including directors' emoluments	**12,026**	9,217
Travelling	**71**	80
Other expenses	**2,150**	2,243
	25,027	32,543

5 INCOME TAX EXPENSE

For the years ended 31 December 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 year.

	2017	2016
	HK$'000	*HK$'000*
Current tax		
Hong Kong		
– Current year	**4,387**	2,702
– Under provision in prior year	**378**	–
	4,765	2,702
Macau		
– Current year	**–**	–
– Over-provision in prior year	**(153)**	–
	(153)	–
Deferred tax	**804**	227
Income tax expense	**5,416**	2,929

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax	**30,439**	6,489
Calculated at a tax rate of 16.5%	**5,023**	1,071
Expenses not deductible for tax purposes	**139**	2,061
Tax losses not recognised	**–**	18
Temporary differences previously not recognised	**29**	(189)
Tax concession	**–**	(29)
Effect of different tax rate of group entity operating in jurisdiction other than Hong Kong	**–**	(3)
Adjustment in respect of prior year	**225**	–
Income tax expense	**5,416**	2,929

6 EARNINGS PER SHARE

The calculation of the basic earnings per share of the year ended 31 December 2017 is based on the profit for the year of approximately HK$25,023,000 (2016: approximately HK$3,560,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2017 of approximately 672,000,000 (2016: 511,803,000) on the assumption that the Reorganisation and the Capitalisation Issue as defined in notes 1 and 10 respectively, had been completed on 1 January 2015. No diluted earnings per share is presented for both years as there was no potential ordinary share outstanding.

7 DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Interim dividend	**–**	8,900

During the year ended 31 December 2016, the Company declared interim dividends of HK$8,900,000 to the then shareholders of the Company. Interim dividends of approximately HK$1,400,000 was settled by cash and the remaining balance of approximately HK$7,500,000 was settled by offset against the amounts due from directors.

No final dividend was proposed by the Board for the year ended 31 December 2017 (2016: Nil).

8 AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2017	2016
	HK$'000	*HK$'000*
Amounts due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	**169,263**	96,798
Less: Progress billings received and receivables	**(161,612)**	(86,833)
	7,651	9,965
Amounts due to customers for contract work		
Progress billings received and receivables	**–**	3,940
Less: Contract costs incurred plus recognised profits less recognised losses	**–**	(3,728)
	–	212

9 TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Contract receivables	**40,094**	22,779
Retention receivables	**18,264**	15,792
Total trade receivables	**58,358**	38,571
Other receivables, deposits and prepayments	**6,743**	3,644
	65,101	42,215

Notes:

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

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

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**13,776**	13,515
31-60 days	**8,207**	6,400
61-90 days	**8,990**	720
91-365 days	**8,496**	1,757
Over 365 days	**625**	387
	40,094	22,779

Contract receivables of approximately HK$23,509,000 (2016: approximately HK$9,594,000) as at 31 December 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.

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**7,067**	6,570
31-60 days	**8,428**	681
61-90 days	**2,045**	370
91-365 days	**5,361**	1,580
Over 365 days	**608**	393
	23,509	9,594

Retention receivables were not yet past due as at 31 December 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.

10 SHARE CAPITAL

	Note	**Number of shares**	**Share capital** *HK$'000*
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 January 2016		**38,000,000**	**380**
Increase in authorised share capital	*b*	**962,000,000**	**9,620**
As at 31 December 2016 and 2017		**1,000,000,000**	**10,000**
Issued and fully paid:			
As at 1 January 2016		**2**	**–**
Shares issued upon Reorganisation	*c*	**998**	**–**
Shares issued pursuant to the capitalisation issue	*d*	**503,999,000**	**5,040**
Shares issued pursuant to the placing	*e*	**168,000,000**	**1,680**
As at 31 December 2016 and 2017		**672,000,000**	**6,720**

Notes:

(a) The balance of share capital at 1 January 2016 represents the aggregate of the paid-up share capital of the subsidiaries comprising the Group prior to the Reorganisation.

(b) On 22 November 2016, the then shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$10,000,000 by the creation of an additional 962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.

(c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Platinum Faith from Mr. Cheung, Mr Chan and Applewood Developments, respectively, on 22 November 2016, (i) the one nil-paid share held by each of Sino Continent and Supreme Voyage was credited as fully paid; and (ii) 374, 374 and 250 new shares were issued and allotted to Sino Continent, Supreme Voyage and Applewood Developments, all credited as fully paid, respectively.

(d) Pursuant to the written resolutions of the shareholders of the Company passed on 22 November 2016, the Company issued and allotted a total of 503,999,000 ordinary shares of the Company credited as fully paid to the then shareholders of the Company's shares on the register of members at the close of business on 22 November 2016 by way of capitalisation ("Capitalisation Issue") of the sum of HK$5,039,990 standing to the credit of the share premium account of the Company.

(e) On 15 December 2016, 168,000,000 ordinary shares of HK$0.01 each were issued to the public at a price of HK$0.36 per share for cash totalling HK$60,480,000 by way of placing. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK$9,102,000, were credited to the share premium account of the Company.

11 TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**11,514**	15,617
Accruals and other payables	**7,500**	10,751
	19,014	26,368

Notes:

(a) Payment terms granted by suppliers/subcontractors are ranged from 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:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**4,737**	4,546
31 – 60 days	**2,821**	4,436
61 – 90 days	**771**	2,981
Over 90 days	**3,185**	3,654
	11,514	15,617

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

MANAGEMENT DISCUSSION AND ANALYSIS

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. We undertook 175 jobs in Hong Kong and Macau for the Financial Year 2017 and had 23 on-going jobs (either in progress or yet to be commenced) with outstanding contract sum over HK$42.2 million as at 31 December 2017.

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 2017-2018 Budget of the Hong Kong Government, the Hong Kong Government will invest more than HK$86.0 billion on infrastructure between 2017 and 2018. The amount was mainly derived from infrastructure investments especially for transportation 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 in the market, 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 Financial Year 2017, all of our Group's revenue was derived from concrete demolition business in Hong Kong and Macau. The Group's revenue for the Financial Year 2017 was approximately HK$186.2 million, representing an increase of approximately 48.1% from approximately HK$125.7 million for the Financial Year 2016. Such increase was mainly due to the increase in number of jobs undertaken from 150 to 175 jobs for the Financial Year 2016 to 2017.

Our Group's gross profit increased from approximately HK$38.3 million for the Financial Year 2016 to approximately HK$55.5 million for the Financial Year 2017, and the gross profit margin for our Group slightly decreased from approximately 30.5% for the Financial Year 2016 to approximately 29.8% for the Financial Year 2017. Such decrease was mainly due to the increase of sub-contracting charges.

Administrative and other operating expenses decreased by HK$7.5 million (representing a decrease of approximately 23.1%) to HK$25.0 million for the Financial Year 2017, compared with HK$32.5 million for the Financial Year 2016, which mainly due to the decrease in the listing related expenses. The listing expenses incurred for the listing application in the Financial Year 2016 was HK$12.2 million while no such expense has been incurred for the Financial Year 2017. Net profit increased by HK$21.4 million to approximately HK$25.0 million in the Financial Year 2017 compared to HK$3.6 million in the Financial Year 2016 (representing an increase of approximately 594.4%) as a result of the simultaneous occurrence of the factors in the Financial Year 2017 as discussed above. By excluding the aforementioned non-recurring listing expenses, the Group's profits attributable to owners of the Company would be approximately HK$15.8 million for the Financial Year 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2017, the Group's current ratio was approximately 5.8 compared to approximately 3.3 at 31 December 2016. The Group had total assets of approximately HK$134.2 million, which is financed by total liabilities and shareholders' equity of approximately HK$22.9 million and HK$111.3 million, respectively. As at 31 December 2017, the Group had cash and cash equivalents of approximately HK$36.4 million (31 December 2016: approximately HK$60.8 million).

Gearing ratio

The gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the respective reporting date. As at 31 December 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 shares of the Company on the GEM of the Stock Exchange (the "Listing") on 16 December 2016 (the "Listing Date").

Capital Expenditure

During the Financial Year 2017, there was capital expenditure of approximately HK$9.6 million which was used in the purchase of property, plant and equipment, compared to HK$7.0 million for the Financial Year 2016.

Treasury Policy

The Group adopts a prudent approach in capital management towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital Structure

There has been no change in the capital structure of the Group during the Financial Year 2017. The share capital of the Group only comprises of ordinary shares. As at 31 December 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.

Foreign Exchange Exposure

Since the Group generated most of the revenue and incurred most of the costs in Hong Kong dollars for the Financial Year 2017, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk.

PRINCIPAL RISKS AND UNCERTAINTIES

Availability of construction and civil engineering projects in Hong Kong and Macau

Our results of operations are affected by the number and availability of construction and civil engineering projects from the public and private sectors in Hong Kong and construction projects from the private sector in Macau, which in turn are affected by various factors, including but not limited to the general economic conditions in Hong Kong and Macau, changes in government policies relating to the Hong Kong and Macau property markets, the general conditions of the property markets in Hong Kong and Macau, and the amount of investment in the construction of new infrastructure and improvement of existing infrastructure.

In the event that the availability of concrete demolition jobs decreases as a result of the decrease in the number of private and/or public sector projects in Hong Kong and/or Macau, our businesses and results of operations may be adversely and materially affected.

Our business is subject to the risk of cost overrun and job extension or delay

In pricing a tender or quotation, we are required to estimate the job costs based on various factors such as (i) the estimated number and types of workers required; (ii) the estimated number and types of machineries required; and (iii) the need for subcontracting and machinery leasing. Any deviation between the estimated cost by the time we submit the tenders or quotations and the actual costs to complete the jobs may adversely affect our financial performance and profitability. For instance, if the actual progress of a project was slower than we anticipated, or if there is any delay or extension in the project schedule of main contractor, we may have to engage subcontractors and/or lease the required machineries for a longer period, and hence the amounts of subcontracting fees or machinery rental cost incurred may exceed our estimation. Further, in the case of job extension or delay, we may experience decrease in revenue derived given that the progress payment to us is based on works done by us on a monthly basis. There is no assurance that we would not experience cost overrun and job extension or delay, which may in turn adversely affect our profit margin and operating results.

Issue of labour shortage

The construction industry, including the concrete demolition industry in Hong Kong and Macau has been facing the issue of labour shortage. The growing demand for construction works exacerbated the shortage issue, pushing up the daily wage of a worker in concrete demolition industry in Hong Kong from 2012 to 2016 from approximately HK$928.9 per day per worker to approximately HK$1,293.8 per day per worker, and the average daily wage per worker in the construction industry in Macau from approximately MOP670.0 per day per worker to approximately MOP994.0 per day per worker.

If our Group is unable to recruit or retain sufficient workers or fails to effectively manage our staff costs as a result of shortage of local labour supply, our business operations and financial performance may be materially and adversely affected.

RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS AND EMPLOYEES

Customers

We have established long-term relationships with a number of our top five customers who are primarily main contractors in the construction industry. The Company is of the view that a good relationship with customers, concrete demolition contracting service providers have an advantage in gaining new and repeated business. Therefore, our Directors believe that main contractors generally give priority to subcontractors with whom they are familiar and who have a proven track record in providing quality concrete demolition works in a timely manner. We are of the view that our long-term relationships with a number of our top five customers are our competitive advantages that cannot be easily replicated by other concrete demolition works subcontractors, and have enabled and will continue to enable us to differentiate ourselves in the industry in Hong Kong and Macau.

Suppliers and Subcontractors

During the Financial Year 2017, our suppliers and subcontractors mainly consisted of lessors of machinery, suppliers of consumables and machinery parts, and transportation, courier service providers and subcontractors of concrete demolition works. We have established long-term relationship with a number of our suppliers.

We believe our established relationships with these suppliers and subcontractors have been enabling us to take up jobs of various scale and service type and fulfill our customers' requirements. This could also ensure stable and timely delivery of materials or services from these suppliers, which in turn shall minimise potential disruption to our works.

Employees

Our Directors consider that we have maintained good relationship with our employees in general. We had not experienced any significant problems with our employees or any disruption to our operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Financial Year 2017.

EMPLOYEES

The Group had over 112 full-time employees as at 31 December 2017 (31 December 2016: 100 full-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$47.9 million for the Financial Year 2017 as compared to approximately HK$35.7 million for the Financial Year 2016.

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subjected to an annual review that are based on performance appraisals and other relevant factors. The Group strongly encourages internal promotion and a variety of job opportunities is offered to the existing staff when it is best suited. Remuneration package is comprised of salary, a performance-based bonus, and other benefits including training and provident funds.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office and warehouse premises and the Director's quarter. The Group's operating lease commitments amounted to approximately HK$4.4 million as at 31 December 2017 (31 December 2016: approximately HK$5.2 million). As at 31 December 2017, capital commitment was approximately HK$2.8 million, which was used in the purchase of property, plant and equipment (31 December 2016: HK$70,000).

CONTINGENT LIABILITIES

As at 31 December 2017, there was no significant contingent liabilities for the Group.

CHARGE OVER OUR GROUP'S ASSETS

As at 31 December 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.

A pledged deposit of approximately HK$10 million has been reserved to satisfy our potential customers' requirement for performance bond.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this announcement, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the Financial Year 2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of 31 December 2017.

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 Date to 31 December 2017 is set out below:

Objectives	Implementation Plan up to 31 December 2017	Actual business progress up to 31 December 2017
Further enhancing our Machineries	– To purchase one set of forklift, one set of loader, one motor vehicle and one set of remote controlled demolition robots	– One set of forklift, four motor vehicles and one set of remote controlled electro-hydraulically demolition robot have been ordered and purchased.
Further strengthening our Manpower	– 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	– A project manager, engineers, a team of site agents and operators (in which one of them has completed the construction safety supervisor course organised by the Construction Industry Council), a mechanic staff and office staffs have been recruited. – Appraisal is made to new recruits after probation period.
Leasing an additional warehouse	– 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	– Two additional warehouses have been rented.
Reserving more capital to satisfy our potential customers' requirement for performance bond	– To finance the deposit required for securing performance bond following the award of jobs to us	– A pledged deposit of approximately HK$10 million has been reserved to satisfy our potential customers' requirement for performance bond.
Settlement of finance lease liabilities	– To repay certain finance leases in an one-off manner	– 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 Date 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 31 December 2017 is set out below:

	Adjust use of proceeds in the same manner as stated in prospectus *HK$ million*	**Planned use of net proceeds as stated in the Prospectus up to 31 December 2017** *HK$ million*	**Actual use of net proceeds up to 31 December 2017** *HK$ million*
Further enhancing our machineries	**9.7**	**6.2**	**6.4**
Further strengthening our manpower	**9.8**	**7.7**	**7.1**
Leasing an additional warehouse	**2.1**	**1.7**	**1.1**
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**

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 year ended 31 December 2017.

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules. The Group's consolidated financial statements for the Financial Year 2017 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Financial Year 2017 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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 for the Financial Year 2017 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.

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 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 Financial Year 2017.

Non-Competition Undertaking

In relation to the deed of non-competition dated 22 November 2016 (the "Deed of Non-Competition") given by Sino Continent Holdings Limited, Supreme Voyage Limited, Mr. Cheung and Mr. Chan (each the "Covenantor") in favour of the Company and its subsidiaries as set out in the Prospectus, each of the Covenantor has made an annual declaration to the Company that during the Financial Year 2017, the Covenantor has complied with the terms of the Deed of Non-Competition given in favour of the Company including but not limited to:

(i) as long as the Deed of Non-Competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group), among other things, not to carry on or be engaged, concerned with or interested in or otherwise be involved in directly or indirectly, in any business in competition with or likely to be in competition with the then existing business activity of any member of the Group within Hong Kong, Macau and such other parts of the world where any member of the Group may operate from time to time, save for the holding of not more than 5% shareholding interests (individually or with his/its close associates) in any company listed on a recognised stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Covenantor (individually or with his/its close associates); and

(ii) he/it shall provide all information necessary for the annual review as is reasonably required by the Group, as a basis to decide whether to exercise the right of first refusal by the Company from time to time.

The independent non-executive Directors ("INEDs") have also reviewed the status of compliance by each of the covenantors with the undertakings stipulated in the Deed of Non-Competition and have confirmed that, as far as the INEDs can ascertain, there is no breach of any of such undertakings.

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 Financial Year 2017.

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes of information of the Directors of the Company are set out below:

Mr. Chan Ngai Sang Kenny resigned as an independent non-executive director of AMCO United Holding Limited (stock code: 630), Convoy Global Holdings Limited (stock code: 1019) and WLS Holdings Limited (stock code: 8021) in August 2017, November 2017 and December 2017 respectively, and was appointed as an independent non-executive director of Hebei Construction Group Corporation Limited (stock code: 1727) on June 2017.

Mr. Chow Chun To was appointed as an independent non-executive director of Geotech Holdings Ltd. (stock code: 1707) and AV Promotions Holdings Limited (stock code: 8419) in September 2017 and December 2017 respectively.

Mr. Yam Chiu Fan Joseph was appointed as an independent non-executive director of Cloud Investment Holdings Limited (formerly known as China Bio Cassava Holdings Limited) (stock code: 8129) in April 2017.

FINAL DIVIDENDS

The Board did not recommend payment of final dividend to shareholders of the Company for the Financial Year 2017.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at www.singon.com.hk. The annual report of the Company for the Financial Year 2017 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Sing On Holdings Limited
CHEUNG Shek On
Chairman and executive Director

Hong Kong, 7 Feb 2018

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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.singon.com.hk.