



SINGASIA
Holdings Limited

星亞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8293

First Quarterly
2018 Report



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 report, for which the directors (the “Directors”) of SingAsia Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report 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 report misleading.

The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.



HIGHLIGHTS

- The unaudited revenue of the Company and its subsidiaries (collectively the “Group”) amounted to approximately S\$4,745,000 for the three months ended 31 October 2017, representing an increase of approximately S\$162,000 or 3.53% as compared with the three months ended 31 October 2016.
- The unaudited administrative expenses of the Group was approximately S\$1,998,000 for the three months ended 31 October 2017, representing an increase of approximately S\$509,000 or 34.18% as compared with the three months ended 31 October 2016. The substantial increase was mainly attributable to higher staff costs and higher depreciation due to increase in acquisition of computers and equipment.
- The unaudited loss of the Group was approximately S\$606,000 for the three months ended 31 October 2017, compared with the unaudited profit of the Group of approximately S\$64,000 for the three months ended 31 October 2016.
- Basic and diluted loss per share was 0.242 Singapore cents for the three months ended 31 October 2017 compared with basic and diluted earnings per share of 0.026 Singapore cents for the three months ended 31 October 2016.
- The Board does not recommend the payment of interim dividend for the three months ended 31 October 2017.

FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months ended 31 October 2017, together with the unaudited comparative figures for the corresponding period in 2016, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 October 2017

		Three months ended 31 October	
	Notes	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
REVENUE	4	4,745,318	4,582,627
Cost of services		(3,264,279)	(3,047,030)
Gross profit		1,481,039	1,535,597
Other income and gains	4	47,495	105,566
Administrative expenses		(1,998,133)	(1,489,112)
Other operating expenses		(139,624)	(60,881)
Finance costs		—	(2,971)
(LOSS)/PROFIT BEFORE TAX	5	(609,223)	88,199
Income tax credit/(expense)	6	3,450	(24,302)
(LOSS)/PROFIT FOR THE PERIOD		(605,773)	63,897
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Exchange differences on translation of foreign operations		157	(286)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		157	(286)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD		(605,616)	63,611

		Three months ended 31 October	
Notes	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	
(Loss)/profit attributable to:			
	(605,773)	63,800	
Owners of the Company			
	—	97	
Non-controlling interests			
	(605,773)	63,897	
Total comprehensive (loss)/income attributable to:			
	(605,616)	63,571	
Owners of the Company			
	—	40	
Non-controlling interests			
	(605,616)	63,611	
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	(0.242)	0.026	
Basic and diluted (Singapore cents)	7		

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 October 2017

	Attributable to owners of the Company					Retained profits/(losses)	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Other reserve	Exchange fluctuation reserve			
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
2017 (Unaudited)								
At 1 August 2017	433,000	12,079,017	(2,379,552)	(4,958)	(376)	116,526	—	10,243,657
Loss for the period	—	—	—	—	—	(605,773)	—	(605,773)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	—	157	—	—	157
Total comprehensive loss for the period	—	—	—	—	157	(605,773)	—	(605,616)
At 31 October 2017	433,000	12,079,017	(2,379,552)	(4,958)	(219)	(489,247)	—	9,638,041
2016 (Unaudited)								
At 1 August 2016	433,000	12,079,017	(2,379,552)	—	—	734,796	—	10,867,261
Acquisition of a subsidiary	—	—	—	—	—	—	17,172	17,172
Profit for the period	—	—	—	—	—	63,800	97	63,897
Other comprehensive loss for the period:								
Exchange difference on translation of foreign operation	—	—	—	—	(229)	—	(57)	(286)
Total comprehensive income for the period	—	—	—	—	(229)	63,800	40	63,611
At 31 October 2016	433,000	12,079,017	(2,379,552)	—	(229)	798,596	17,212	10,948,044

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three months ended 31 October 2017

1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's registered office address is Clifton House, 75 Fort Road, PO Box 1350, Grand Cayman KY1-1108 Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance") on 22 December 2015 and the principal place of business in Hong Kong registered is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group is at 27 New Bridge Road, Singapore 059391.

The Company is an investment holding company. The Group was involved in the following principal activities:

- manpower outsourcing
- manpower recruitment
- manpower training

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 July 2017, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which include International Accounting Standards (“IASs”) and Interpretations promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 July 2017, except for the adoption of the following IFRS which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 August 2017.

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior periods.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements are presented in Singapore dollars (“S\$” or “\$”) except when otherwise indicated.

3. SEGMENT INFORMATION

The Group is principally engaged in the provision of manpower services. Information reported to the Group’s management for the purpose of resources allocation and performance assessment presents the operating results of the Group as a whole since the Group’s resources are integrated and no discrete operating segment is available. Accordingly, no operating segment information is presented.

During the three months ended 31 October 2017, revenue, operating expenses, assets and liabilities are mainly derived from the Group’s operations in Singapore.

At the end of each reporting period, the Group’s non-current assets were mainly located in Singapore.

4. REVENUE, OTHER INCOME AND GAINS

	Three months ended 31 October	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Revenue		
Manpower outsourcing	4,318,498	4,047,738
Manpower recruitment	119,535	159,672
Manpower training	307,285	375,217
	4,745,318	4,582,627
Other income and gains		
Government grants	4,920	19,875
Sundry income	6,445	15,152
Foreign exchange gain, net	9,536	33,850
Forfeiture income	15,825	20,425
Sale of merchandise	10,686	16,238
Interest income	83	26
	47,495	105,566

5. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

	Three months ended 31 October	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Cost of services	3,264,279	3,047,030
Depreciation	122,816	92,214
Employee benefit expense (excluding Directors' remuneration):		
— Salaries and bonuses ⁽¹⁾	3,644,885	3,199,562
— Central Provident Fund contributions ⁽²⁾	357,567	345,121
— Mandatory Provident Fund contributions	14,407	—
— Foreign Worker Levy ⁽³⁾	273,848	265,896
— Short-term benefits	14,615	25,236

- (1) Salaries and bonuses included casual labour costs of S\$2,674,596 (2016: S\$2,468,100) for the three months ended 31 October 2017. These amounts have been included in the cost of services.
- (2) Central Provident Fund contributions included casual labour costs of S\$276,232 (2016: S\$265,757) for the three months ended 31 October 2017. These amounts have been included in the cost of services.
- (3) Foreign Worker Levy included casual labour costs of S\$231,537 (2016: S\$231,449) for the three months ended 31 October 2017. These amounts have been included in the cost of services.

6. INCOME TAX (CREDIT)/EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Singapore corporate tax has been provided at the rate of 17% (2016: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the period.

MAJOR COMPONENTS OF INCOME TAX (CREDIT)/EXPENSE

The major components of income tax (credit)/expense for the three months ended 31 October 2017 and 2016 are:

	Three months ended 31 October	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Current income tax:		
Charge for the period	16,295	2,410
Deferred income tax:		
(Credit)/charge for the period	(19,745)	21,892
Total tax (credit)/expense for the period	(3,450)	24,302

7. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Three months ended 31 October	
	2017	2016
	S\$	S\$
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (S\$)	(605,773)	63,800
Weighted average number of shares in issue	250,000,000	250,000,000
Basic and diluted (loss)/earnings per share (Singapore cents)	(0.242)	0.026

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to owners of the Company and the weighted average number of shares in issue.

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as the Group had no potentially dilutive ordinary shares in issue during the three months ended 31 October 2017 and 2016.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 October 2017 (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

Our Group's revenue comprised of revenue from manpower outsourcing, manpower recruitment and manpower training services. Our revenue increased by approximately S\$162,000 or 3.53% from approximately S\$4,583,000 for the three months ended 31 October 2016 to approximately S\$4,745,000 for the three months ended 31 October 2017. The increase was principally due to increase in revenue from manpower outsourcing services and partially offset by decrease in revenue from manpower training and manpower recruitment services.

The growth in the manpower outsourcing services was mainly attributable to higher demand for our services from our existing customers in hotel and resort, food and beverage ("F&B") and retail sectors.

GROSS PROFIT

The overall gross profit decreased by approximately S\$55,000 or 3.58% from approximately S\$1,536,000 for the three months ended 31 October 2016 to approximately S\$1,481,000 for the three months ended 31 October 2017.

The overall gross profit margin decreased slightly from 33.51% for the three months ended 31 October 2016 to 31.21% for the three months ended 31 October 2017. The gross profit margin for manpower outsourcing services was lower for the three months ended 31 October 2017 as we had to charge more competitive prices amid the sluggish economic conditions.

OTHER INCOME AND GAINS

Other income and gains decreased by approximately S\$59,000 from approximately S\$106,000 for the three months ended 31 October 2016 to approximately S\$47,000 for the three months ended 31 October 2017 due to lower unrealised foreign exchange gain on bank balances which are denominated in Hong Kong dollars and lower government grant.

ADMINISTRATIVE EXPENSES

The administrative expenses increased by approximately S\$509,000, or 34.18%, from approximately S\$1,489,000 for the three months ended 31 October 2016 to approximately S\$1,998,000 for the three months ended 31 October 2017. The substantial increase was mainly attributable to higher staff costs and higher depreciation due to increase in acquisition of computers and equipment.

OTHER OPERATING EXPENSES

Other operating expenses increased from approximately S\$61,000 for the three months ended 31 October 2016 to approximately S\$140,000 for the three months ended 31 October 2017 mainly due to higher transport and travelling expenses.

INCOME TAX (CREDIT)/EXPENSE

The Group recorded a tax credit of approximately S\$3,000 for the three months ended 31 October 2017 which arose from the excess of tax values over net book values of the plant and equipment.

LOSS FOR THE PERIOD

Due to the combined effect of lower gross profit and higher administrative expenses, the unaudited loss for the Group was approximately S\$606,000 for the three months ended 31 October 2017, compared to the unaudited profit of the Group of S\$64,000 for the three months ended 31 October 2016.

EMPLOYEE INFORMATION

As at 31 October 2017, the Group had an aggregate of 267 employees (2016: 225), comprising of 4 executive Directors (2016: 2), 103 support staff (2016: 98), and 160 full-time deployment staff (2016: 125).

Our Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of job scope and responsibilities. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). Our employees are also entitled to discretionary bonus depending on their respective performance. Our foreign workers are employed on contractual basis and are remunerated according to their work skills.

BUSINESS REVIEW AND OUTLOOK

The Group is a one-stop workforce solutions provider for companies and organisations looking to streamline their operations in the hotel and resort, retail, F&B sectors and other sectors outside the hospitality industry. We specialise in on-demand manpower outsourcing services with the objective of providing our customers with a reliable contingent labour workforce to enhance the performance of their businesses. We also provide complementary manpower recruitment services to our customers, focusing on blue-collared workers. In addition, we provide manpower training services to overseas candidates who are pursuing employment in the hotel and resort, retail and F&B sectors to develop their skills and knowledge.

During the current financial period, the Group recorded net loss of approximately S\$606,000 which was mainly due to an increase in administrative expenses. Increase in administrative expenses was mainly attributable to higher staff costs and higher depreciation due to increase in acquisition of computers and equipment. The Group always considers its employees as the most valuable asset of the Group and offers competitive remuneration package to attract and retain high-caliber individuals.

Although there was a loss for the three months ended 31 October 2017, which was mainly due to the increase in administrative expenses, the Group has continuously tried to seek for different opportunities to broaden the income stream, as well as the market presence of the Group. The Group will continue to step up its efforts in expanding the customer base and sources of revenue in the future.

Looking forward, the Group considers that the deterioration of the economy and overall lower market demand will continue to affect the Group's revenue.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 October 2017, the interests and short positions of each Director and chief executive in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY

Name of Director	Note	Number of shares held, capacity and nature of interest			Percentage of the issued share capital
		Directly beneficially owned	Through controlled corporation	Total	
Mr. Sim Hak Chor	(1)	—	80,000,000	80,000,000	32%

Note:

- (1) Centrex Treasure Holdings Limited is beneficially owned as to approximately 94.89% by Mr. Sim Hak Chor. Under the SFO, Mr. Sim Hak Chor is deemed to be interested in all the shares held by Centrex Treasure Holdings Limited. Details of the interest in the Company held by Centrex Treasure Holdings Limited are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company" below.

LONG POSITION IN THE SHARES OF ASSOCIATED CORPORATION

Name of associated corporation	Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital
Centrex Treasure Holdings Limited (Note 1)	Mr. Sim Hak Chor	Beneficial owner	4,826	94.89%
Centrex Treasure Holdings Limited (Note 1)	Ms. Serene Tan	Beneficial owner	109	2.14%

Note:

- Centrex Treasure Holdings Limited is beneficially owned as to approximately 94.89% and 2.14% by Mr. Sim Hak Chor and Ms. Serene Tan respectively.

Save as disclosed above, as at 31 October 2017, none of the Directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 October 2017, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name	Number of shares held, capacity and nature of interest				Total	Percentage of the issued share capital
	Directly beneficially owned	Interest of spouse	Through controlled corporation			
Centrex Treasure Holdings Limited	80,000,000	—	—		80,000,000	32.00%
Mr. Yeung Chun Wai, Anthony	8,640,000 (Note 1)	4,320,000	52,400,000		65,360,000	26.14%
Ms. Lui Lai Yan	4,320,000 (Note 1)	61,040,000	—		65,360,000	26.14%
Rising Elite Global Limited	52,400,000 (Note 2)	—	—		52,400,000	20.96%
Mr. Li Haifeng	42,000,000	—	—		42,000,000	16.80%

Note:

- 1 Ms. Lui Lai Yan is the spouse of Mr. Yeung Chun Wai, Anthony. Ms. Lui Lai Yan is deemed to be interested in all the shares of the Company in which Mr. Yeung Chun Wai, Anthony is interested under Part XV of the SFO.
- 2 Rising Elite Global Limited is beneficially wholly-owned by Mr. Yeung Chun Wai, Anthony. Under the SFO, Mr. Yeung Chun Wai, Anthony is deemed to be interested in all the shares of the Company held by Rising Elite Global Limited.

Save as disclosed above, as at 31 October 2017, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section “Directors’ and chief executive’s interests and short positions in shares and underlying shares and debentures of the Company or its associated corporations” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had any interests in any businesses which competed with or might compete with the business of the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Vinco Capital Limited, as at 31 October 2017, save for the compliance adviser agreement dated 4 July 2016 entered into between the Company and Vinco Capital Limited, neither Vinco Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, REDEMPTION OR SALE 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 period under review.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the three months ended 31 October 2017.

AUDIT COMMITTEE

The Group established an Audit Committee on 20 June 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors namely Mr. Tan Eng Ann, Mr. Lim Cheng Hock, Lawrence and Mr. Jong Voon Hoo. Mr. Tan Eng Ann, our Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the unaudited results for the three months ended 31 October 2017 and has provided advice and comments thereon.

By order of the Board
SingAsia Holdings Limited
Sim Hak Chor
Chairman

Hong Kong, 14 December 2017

As at the date of this report, the executive Directors are Mr. Sim Hak Chor and Ms. Serene Tan; Mr. Yeung Chun Sing Standly and Ms. Wang Chunyang; and the independent non-executive Directors are Mr. Tan Eng Ann, Mr. Lim Cheng Hock, Lawrence and Mr. Jong Voon Hoo.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the day of its publication. This report will also be published on the Company's website at www.singasia.com.sg.