



SINGASIA
Holdings Limited

星亞控股有限公司*

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

FIRST QUARTERLY REPORT 2017



*For identification purpose only.

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.

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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\$4,582,000 for the three months ended 31 October 2016, representing a decrease of approximately S\$1,276,000 or 21.8% as compared with the three months ended 31 October 2015.
- The unaudited profit for the period of the Group was approximately S\$69,000 for the three months ended 31 October 2016, representing a decrease of approximately S\$542,000 as compared to the profit for the three months ended 31 October 2015.
- Basic and diluted earnings per share was 0.025 Singapore cents for the three months ended 31 October 2016 compared to basic and diluted earnings per share of 0.292 Singapore cents for the three months ended 31 October 2015.
- The Board does not recommend the payment of interim dividend for the three months ended 31 October 2016.

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 2016, together with the unaudited comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 October 2016

	Notes	Three months ended 31 October	
		2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
REVENUE	4	4,582,627	5,858,646
Cost of services		(3,047,030)	(4,001,050)
Gross profit		1,535,597	1,857,596
Other income and gains	4	105,566	24,285
Administrative expenses		(1,489,112)	(1,167,964)
Other operating expenses		(60,881)	(45,561)
Finance costs		(2,971)	(15,987)
PROFIT BEFORE TAX	5	88,199	652,369
Income tax expense	6	(24,302)	(46,457)
PROFIT FOR THE PERIOD		63,897	605,912
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation of foreign operation		(286)	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(286)	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		63,611	605,912

		Three months ended 31 October	
	Notes	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Attributable to:			
Owners of the Company		63,571	584,069
Non-controlling interests		40	21,843
		63,611	605,912
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (Singapore cents)	7	0.025	0.292

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 October 2016

	Attributable to owners of the Company						Total equity
	Share capital	Share premium	Merger reserve	Retained profits	Exchange fluctuation reserve	Non-controlling interests	
	S\$	S\$	S\$	S\$	S\$	S\$	
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
Exchange difference on translation of foreign operation	—	—	—	—	(229)	(57)	(286)
At 31 October 2016	433,000	12,079,017	(2,379,552)	798,596	(229)	17,212	10,948,044
2015 (Unaudited)							
At 1 August 2015	—	—	977,295	1,851,231	—	254,726	3,083,252
Total comprehensive income for the period	—	—	—	584,069	—	21,843	605,912
At 31 October 2015	—	—	977,295	2,435,300	—	276,569	3,689,164

NOTES TO THE FINANCIAL STATEMENTS

Three months ended 31 October 2016

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 shares of the Company were listed on GEM on 15 July 2016 (the "Listing Date").

The Company is a subsidiary of Centrex Treasure Holdings Limited ("Centrex Treasure"), incorporated in British Virgin Islands, which is also the Company's ultimate holding company.

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

- manpower outsourcing
- manpower recruitment
- manpower training

2. REORGANISATION AND BASIS OF PREPARATION

Prior to the Reorganisation (as defined below), all the entities comprising the Group were under the common control of Mr. Sim Hak Chor ("Mr. Sim" or the "Controlling Shareholder") and held by him directly or indirectly. In preparation for the listing (the "Listing") of the Company's shares on GEM of the Stock Exchange, the entities now comprising the Group underwent a group reorganisation (the "Reorganisation") to enable the Company to become the holding company of the Group. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Group Structure" in the prospectus of the Company dated 5 July 2016 (the "Prospectus").

The companies now comprising the Group were under the common control of the Controlling Shareholder before and after the Reorganisation. The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated financial statements have been prepared to include the results of the companies now comprising the Group as if the group structure upon the completion of the Reorganisation had been in existence throughout the period, or since the date when the subsidiaries first came under the common control of the Controlling Shareholder where this is a shorter period.

Equity interests in subsidiaries held by parties other than the Controlling Shareholder prior to the Reorganisation are presented as non-controlling interests in equity.

The condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 July 2016, 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 accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 July 2016.

All IFRSs effective for the accounting period commencing from 1 August 2016, together with the relevant transitional provisions, have been adopted by the Group in preparation of these condensed consolidated financial statements. The adoption of these new/revised IFRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.

The condensed consolidated financial statements have been prepared under the historical cost convention. The condensed consolidated financial 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 2016, 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	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Revenue		
Manpower outsourcing	4,047,738	5,230,786
Manpower recruitment	159,672	217,103
Manpower training	375,217	410,757
	4,582,627	5,858,646
Other income and gains		
Government grants	19,875	14,668
Sundry income	15,152	9,617
Foreign exchange gain	33,850	—
Forfeiture income	20,425	—
Sale of merchandise	16,238	—
Interest income	26	—
	105,566	24,285

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Three months ended 31 October	
	2016	2015
	S\$	S\$
	(Unaudited)	(Unaudited)
Cost of services	3,047,030	4,001,050
Depreciation	92,214	71,166
Auditors' remuneration	32,866	12,375
Employee benefit expense (excluding Directors' remuneration):		
— Salaries and bonuses ⁽¹⁾	3,199,562	3,693,516
— Central Provident Fund contributions ⁽²⁾	345,121	402,301
— Foreign Worker Levy ⁽³⁾	265,896	275,791
— Short-term benefits	25,236	23,000

- (1) Salaries and bonuses included casual labour costs of S\$2,468,100 (2015: S\$3,080,788) for the three months ended 31 October 2016. These amounts have been included in the cost of services.
- (2) Central Provident Fund contributions included casual labour costs of S\$265,757 (2015: S\$334,658) for the three months ended 31 October 2016. These amounts have been included in the cost of services.
- (3) Foreign Worker Levy included casual labour costs of S\$231,449 (2015: S\$215,048) for the three months ended 31 October 2016. These amounts have been included in the cost of services.

6. INCOME TAX 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% (2015: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

MAJOR COMPONENTS OF INCOME TAX EXPENSE

The major components of income tax expense for the three months ended 31 October 2016 and 2015 are:

	Three months ended 31 March	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Current income tax:		
Charge for the period	2,410	57,138
Deferred income tax:		
Charge for the period	21,892	(10,681)
Total tax charge for the period	24,302	46,457

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Three months ended 31 March	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Profit attributable to owners of the Company (S\$)	63,571	584,069
Weighted average number of shares in issue	250,000,000	200,000,000
Basic and diluted earnings per share (Singapore cents)	0.025	0.292

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share for the period ended 31 October 2015 is based on the assumption that 200,000,000 ordinary shares of the Company are in issue and issuable, comprising an aggregate 10,000 ordinary shares and 199,990,000 ordinary shares issuable upon capitalisation of share premium, as if the Reorganisation was effective on 1 August 2015.

The diluted earnings per share is the same as the basic earnings per share as the Group had no potentially dilutive ordinary shares in issue during the periods ended 31 October 2016 and 2015.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 October 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

For the three months ended 31 October 2016, the Group recorded an unaudited revenue of approximately S\$4,583,000, representing a decrease of approximately S\$1,276,000 or 21.8% as compared with the three months ended 31 October 2015. The decrease was mainly attributable to lower revenue from manpower outsourcing services.

Revenue from manpower outsourcing services is predominantly from the hotel and resort, food and beverage ("F&B") and retail sectors. Revenue derived from manpower outsourcing services decreased by approximately \$1,183,000 for the three months ended 31 October 2016, accounting for approximately 93% of the total revenue decrease. Our customers for manpower outsourcing services are in the hospitality industry which was adversely affected by the unexpected Zika virus outbreak in Singapore in August 2016. Due to the Zika virus outbreak and subsequent travel advisories against travel to Singapore, the number of visitors to Singapore dropped significantly for the months of September and October 2016. The unexpected virus outbreak also resulted in cancellation of travel bookings and events in hotels. In addition, economic growth was affected by concerns over surprising events like United Kingdom's withdrawal from the European Union and a general weak global demand. These factors had a negative impact on market sentiment and consumers' already low propensity to spend. As a result, our revenue from manpower outsourcing services was lower for the three months ended 31 October 2016 as compared to the corresponding period in 2015.

GROSS PROFIT

The overall gross profit decreased from approximately S\$1,858,000 for the three months ended 31 October 2015 to approximately S\$1,536,000 for the three months ended 31 October 2016, mainly due to decrease in revenue from manpower outsourcing services. The overall gross profit margin increased slightly from 31.7% for the three months ended 31 October 2015 to 33.5% for the three months ended 31 October 2016. The slight increase in gross profit margin is attributable to better gross profit margin for manpower training services for the three months ended 31 October 2016 as we generated more agency fees with high gross profit margin during this period.

OTHER INCOME AND GAINS

Other income and gains for the three months ended 31 October 2016 included approximately S\$34,000 relating to unrealised foreign exchange gain for cash and bank balances which are denominated in Hong Kong dollars.

ADMINISTRATIVE EXPENSES

Administrative expenses comprised mainly of depreciation of property, plant and equipment, staff costs, office rental, auditor's remuneration and professional fees. Total administrative expenses increased from approximately S\$1,168,000 for the three months ended 31 October 2015 to approximately S\$1,489,000 for the three months ended 31 October 2016.

Depreciation of property, plant and equipment increased by approximately S\$21,000 due to increase in acquisition of computers and equipment.

Staff costs comprised of directors' remuneration and remuneration of support staff from the accounts and finance, operations, marketing and communication, and information technology departments. Staff costs increased by approximately S\$167,000 due to salary increment and increase in number of staff.

Auditor's remuneration and professional fees increased by approximately S\$20,000 and S\$90,000 respectively after the Group's Reorganisation.

OTHER OPERATING EXPENSES

Other operating expenses increased from approximately S\$46,000 for the three months ended 31 October 2015 to approximately S\$61,000 for the three months ended 31 October 2016 mainly due to more sponsorships and donations made.

FINANCE COSTS

Finance costs decreased from approximately S\$16,000 for the three months ended 31 October 2015 to approximately S\$3,000 for the three months ended 31 October 2016 due to lower utilisation of banking facilities.

INCOME TAX EXPENSE

Income tax expense for the Group decreased from approximately S\$46,000 for the three months ended 31 October 2015 to approximately S\$24,000 for the three months ended 31 October 2016. The decrease is in line with decrease in chargeable income.

Certain entities in the Group are not subject to income tax. Accordingly, losses incurred by these entities in the three months ended 31 October 2016 were not deductible for tax purposes. As income tax is calculated on an entity basis, this resulted in a higher effective tax rate in the three months ended 31 October 2016 for the Group.

PROFIT FOR THE PERIOD

Due to the combined effect of lower gross profit and higher administrative expenses, the Group recorded a profit for the three months ended 31 October 2016 of approximately S\$64,000 compared to the profit of approximately S\$606,000 for the three months ended 31 October 2015.

EMPLOYEE INFORMATION

As at 31 October 2016, the Group had an aggregate of 225 employees (2015: 234), comprising of 2 executive Directors (2015: 2), 98 support staff (2015: 92) and 125 full-time deployment staff (2015: 140).

Our employees are remunerated according to their job scope and responsibilities. Our local 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.

Total staff costs, including Directors' remuneration, amounted to approximately S\$3,943,000 for the three months ended 31 October 2016 (2015: S\$4,474,000). Total staff costs included casual labour costs of approximately S\$2,949,000 for the three months ended 31 October 2016 (2015: S\$3,647,000) which are also included in the cost of services.

BUSINESS REVIEW AND OUTLOOK

The Group is a Singapore-based workforce solutions provider. We provide manpower outsourcing services, manpower recruitment services and manpower training services. Our workforce solutions meet customers' needs for a reliable and efficient workforce in the hotel and resort, F&B and other sectors (including event organisers and various industries) across Singapore.

Consistent with the outlook shared in the Chairman's Statement in our 2016 Annual Report, we foresee a slowdown of economic growth in Singapore. In addition, the unexpected Zika virus outbreak during the summer of 2016 may continue to dampen the future prospects of the hospitality industry which is heavily reliant on visitor arrivals to Singapore, as the worry that Zika will remain in the community continues. Amid the challenging economy, the Group will focus more on our core business of providing

manpower outsourcing services. We are confident of achieving revenue growth in the next quarter as the hospitality industry recovers from the Zika virus outbreak and as we move into the year-end holiday season. We will also continuously seek out new customers so as to broaden our customer base.

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 2016, 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)	—	187,500,000	187,500,000	75%

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:

- 1 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 2016, 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 2016, 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	Capacity and nature of interest	Number of ordinary shares held	Percentage of the issued share capital
Centrex Treasure Holdings Limited	Directly beneficially owned	187,500,000	75%

Save as disclosed above, as at 31 October 2016, 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, Grand Vinco Capital Limited, as at 31 October 2016, save for the compliance adviser agreement dated 4 July 2016 entered into between the Company and Grand Vinco Capital Limited, neither Grand 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 2016.

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 CG 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 2016 and has provided advice and comments thereon.

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

Hong Kong, 12 December 2016

As at the date of this report, the executive Directors are Mr. Sim Hak Chor and Ms. Serene Tan; 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 Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This report will also be published on the Company's website at www.singasia.com.sg.