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## **Sing On Holdings Limited**

**成安控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8352)**

**(Stock code on Main Board: 1751)**

### **TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

**Financial Adviser to the Company**



Reference is made to the announcement of the Company made on 9 February 2018 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of the Main Board Listing Rules.

On 9 February 2018, a formal application was made by the Company to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) the 672,000,000 Shares in issue; and (ii) any Shares which may be issued upon the exercise of any share options which may be granted under the Share Option Scheme, by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 4 June 2018. The last day of dealings in the Shares on GEM will be 11 June 2018. Dealings in the Shares on the Main Board will commence at 9:00 a.m. on 12 June 2018. The Shares will be traded on the Main Board under the new stock code “1751”.

All pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Main Board Listing Rules have, insofar as applicable, been fulfilled in relation to the Company and its Shares as at the date of this announcement.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

**The price and trading volume of the Shares has been extremely volatile since the Company's listing on GEM. The Board is not aware of any reason for such volatility and the price and trading volume of the Shares may continue to be volatile. Attention of the Shareholders and potential investors of the Company is drawn to the potential risk and they are advised to exercise caution when dealing in the Shares.**

## **TRANSFER OF THE LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD**

Reference is made to the announcement of the Company made on 9 February 2018 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of the Main Board Listing Rules.

On 9 February 2018, a formal application was made by the Company to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) the 672,000,000 Shares in issue; and (ii) any Shares which may be issued upon the exercise of any share options which may be granted under the Share Option Scheme, by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the Stock Exchange granted its approval in-principle on 4 June 2018 for the Shares to be listed on the Main Board and delisted from GEM according to Rule 9A.09(6) of the Main Board Listing Rules.

The Board confirms that all pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Main Board Listing Rules have, insofar as applicable, been fulfilled in relation to the Company and its Shares as at the date of this announcement.

## **REASONS FOR THE TRANSFER OF LISTING**

The Company has been listed on GEM since 16 December 2016. The Group is an established subcontractor engaged in concrete demolition works in Hong Kong and Macau. The Group's 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. A typical job of the Group involves one or a combination of concrete demolition methods. Depending on the complexity of the job, the Group may also devise a demolition proposal tailored to customers' needs and requirements, outlining the methods and machineries that it considers suitable for use in performing its work. The Group's services are required in many different situations including, among others, addition and alteration works and redevelopment projects in

buildings, roads, tunnels and underground facilities. The Group undertakes jobs of considerably different scales, ranging from a core drilling job which can be completed within a day to the removal of multiple sections of concrete from reinforced concrete structures in construction or redevelopment sites which can take several months to complete.

GEM has been positioned and perceived as a market designed to accommodate companies to which a higher investment risk and higher market volatility may be attached than other companies listed on the Main Board. Following the continuing development of the Group, the Directors believe that the Transfer of Listing will enhance the profile of the Group and the attractiveness of the Shares to both institutional and retail investors.

Further, given that the entry requirements for issuers listing on the Main Board is generally higher than that of the GEM, the Directors consider that the Main Board is perceived to enjoy a more advanced status by investors which could result in a larger investor base and higher trading liquidity of the Shares and promote the Company's corporate profile and recognition among public investors. Also, the Transfer of Listing will strengthen the Group's position in the industry and enhance the Group's competitive strengths in retaining and attracting professional staff and customers. Therefore, the Directors are of the view that the Transfer of Listing will be beneficial to the future growth, financing flexibility and business development of the Group which will create a long-term value to the Shareholders.

The Transfer of Listing will not involve any issue of new Shares by the Company. As at the date of this announcement, the Board does not contemplate any material change in the nature of the business activities of the Group following the Transfer of Listing.

#### **DEALINGS IN THE SHARES ON THE MAIN BOARD**

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 16 December 2016, the date on which the Shares were listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (stock code: 8352) will be 11 June 2018. Dealings in the Shares on the Main Board will commence at 9:00 a.m. on 12 June 2018. The Shares will be traded on the Main Board under the new stock code "1751" following the Transfer of Listing.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 10,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Estera Trust (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

## **SHARE OPTION SCHEME**

The Share Option Scheme was adopted by the Company on 22 November 2016 pursuant to which the Company may grant options to individuals including employee, director, adviser, consultant, service provider, agent, customer, contractor, supplier or business partner of the Company and any subsidiary to acquire shares of the Company. The Directors consider that the share option scheme assists in attracting and retaining the best available personnel, to provide additional incentive to employees, directors, consultants, advisers, contractors, suppliers, agents, business partners and service providers of the Group and to promote the success of the business of the Group.

The Share Option Scheme will remain valid and effective following the Transfer of Listing to the Main Board and will be implemented in full compliance with the requirements under Chapter 17 of the Main Board Listing Rules.

Pursuant to the Share Option Scheme, the Company may grant options in respect of a total of 67,200,000 Shares during the remaining term of the Share Option Scheme. As at the date of this announcement, no option has been granted by the Company or outstanding under the Share Option Scheme. The listing of Shares which may be issued pursuant to the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Main Board Listing Rules.

As at the date of this announcement, save for the options that may be granted under the Share Option Scheme, the Company does not have any other options, warrants or similar rights or convertible equity securities in issue which will be transferred to the Main Board.

## **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

Pursuant to Rule 9A.12 of the Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 8 June 2017 to allot new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the applicable law of the Cayman Islands to be held; and
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

## **PUBLIC FLOAT**

The Directors confirm that not less than 25% of the total issued share capital of the Company is held by the public (as defined in the Main Board Listing Rules) as at the date of this announcement. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules.

## PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of quarterly reporting of financial results and will follow the relevant requirements of the Main Board Listing Rules which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively. The Board is of the view that the investors and Shareholders will continue to have access to relevant information on the Company following the reporting requirements under the Main Board Listing Rules.

## SUMMARY OF THE GROUP'S BUSINESS

### Principal business

The Group is an established subcontractor engaged in concrete demolition works in Hong Kong and Macau. The Group's 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. The Group's services are required in many different situations including, among others, addition and alteration works and redevelopment projects in buildings, roads, tunnels and underground facilities. The key demolition methods adopted by the Group include coring, sawing, bursting and crushing. Depending on the customer's specific needs and specifications, the Group may also perform underwater concrete demolition works.

The following table sets out a breakdown of the Group's revenue for the three years ended 31 December 2017 by sector in Hong Kong and Macau, respectively:

	Year ended 31 December 2015		Year ended 31 December 2016		Year ended 31 December 2017	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue
<b>Hong Kong</b>						
– Public sector jobs	59,277	49.4	102,963	81.9	139,864	75.1
– Private sector jobs	49,155	40.9	18,002	14.3	44,625	24.0
<b>Sub-total</b>	<u>108,432</u>	<u>90.3</u>	<u>120,965</u>	<u>96.2</u>	<u>184,489</u>	<u>99.1</u>
<b>Macau</b>						
– Private sector jobs	11,640	9.7	4,706	3.8	1,679	0.9
<b>Total</b>	<u>120,072</u>	<u>100.0</u>	<u>125,671</u>	<u>100.0</u>	<u>186,168</u>	<u>100.0</u>

### Business model

The Group secures new businesses mainly through direct invitation to tender or request for quotation by customers, which is considered by the Directors to be contributable to its (i) reputation and past track records; (ii) service quality; (iii) job flexibility; and (iv) price level. The Group will submit tender and/

or quotation to customers based on its on-site inspection and/or information available. In general, the customers will confirm their engagement with the Group either by directly placing work orders or enter into a formal agreement with it. Once a contract is awarded, the Group will form a project management team whose responsibilities include (i) formulation of detailed works plan; (ii) deployment of machineries; (iii) delegation of work tasks to other subcontractors, if necessary; (iv) supervision of work progress and quality; (v) implementation of safety measures; and (vi) participation in project meetings and coordination with other working parties to assess and review the progress and to resolve any issue which may arise during the course of works, if necessary. Based on the works done, the Group will submit to the customer a payment application stating the works completed by it on a monthly basis. Once the customer has assessed and certified the amount, the Group will issue invoice to the customer.

Depending on the availability of its labour resources, the Group may subcontract works to other subcontractors. The Group selects and maintains a list of approved subcontractors and updates the list on a continuous basis, the selection of which are based on a set of criteria including their availability of labour resources and skill sets. In most subcontracting arrangement, the Group provides machineries to the subcontractors while the subcontractors would provide labour resources.

The following table sets out a breakdown of the jobs of the Group by range of revenue contribution for the three years ended 31 December 2017:

	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2016</b>	<b>Year ended 31 December 2017</b>
	<i>Number of jobs</i>	<i>Number of jobs</i>	<i>Number of jobs</i>
<b>Revenue recognised per job during the year</b>			
Below HK\$5,000	34	13	10
HK\$5,000 to below HK\$50,000	104	54	52
HK\$50,000 to below HK\$200,000	41	34	37
HK\$200,000 to below HK\$500,000	20	19	23
HK\$500,000 to below HK\$1,000,000	9	9	16
HK\$1,000,000 to below HK\$5,000,000	18	15	29
HK\$5,000,000 to below HK\$10,000,000	4	2	5
HK\$10,000,000 or above	2	4	3
<b>Total number of jobs with revenue contribution during the year</b>	<b>232<sup>(Note 1)</sup></b>	<b>150<sup>(Notes 1 &amp; 2)</sup></b>	<b>175<sup>(Notes 2)</sup></b>

*Notes:*

- 232 and 150 jobs were undertaken for each of the two years ended 31 December 2015 and 2016, respectively. 13 of such jobs undertaken in the year ended 31 December 2015 refer to the same jobs in the year ended 31 December 2016.
- 150 and 175 jobs were undertaken for each of the two years ended 31 December 2016 and 2017, respectively. 29 of such jobs undertaken in the year ended 31 December 2016 refer to the same jobs in the year ended 31 December 2017.

The following table summarises the number of tenders and/or quotations submitted by, and awarded to, the Group and the overall success rate for each of the three years ended 31 December 2017:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>	<b>For the year ended 31 December 2017</b>
Number of jobs which the Group submitted quotations and/or tenders for	334	331	328
Number of jobs awarded to us after quotation and/or tenders	240	155	150
Success rate (%)	71.9	46.8	45.7

The tender success rate for the years ended 31 December 2016 and 2017 were lower than that for the year ended 31 December 2015 mainly as a result of the Group's strategy to place relatively more focus on large scale concrete demolition jobs and the Group was occupied with various large scale demolition jobs for the years ended 31 December 2016 and 2017. Having said that, the Group remains responsive to its customers' invitations for relatively small scale demolition jobs by submitting quotations to them in order to maintain business relationships and its presence in the market as well as to keep abreast of the latest market development and pricing trends as market intelligence for the Group's management. Under the above strategies and subject to the Group's available resources from time to time, the Group may submit quotations and tenders which are not competitive enough to be awarded with the contracts, thereby leading to an overall lower tender success rates during the years ended 31 December 2016 and 2017. The Group has been able to record a steady increase of revenue from approximately HK\$120.1 million for the year ended 31 December 2015 to approximately HK\$125.7 million for the year ended 31 December 2016 and a further increase to approximately HK\$186.2 million for the year ended 31 December 2017, while maintaining a stable gross profit margin at approximately 29.8% to 31.7% during the three years ended 31 December 2017.

## Top jobs based on revenue contribution

The following table sets out details of the Group's top five jobs based on recognised revenue for each of the three years ended 31 December 2017, respectively, in descending order:

*For the year ended 31 December 2015*

Rank	Job	Customer	Type of job	Nature of scope of work	Job period	Contract sum <sup>(Note 1)</sup> HK\$'000	Revenue derived from the job for the year HK\$'000	% of total revenue of the Group for the year %
1	C1	Customer A	Demolition works in Central – Wanchai Bypass Tunnel (North Point Section) and Island Eastern Corridor Link in Hong Kong	Saw cutting of reinforced concrete beam and parapet for a bridge	April 2015 – May 2016	17,442	21,391	17.8
2	C2	Customer B	Demolition works in a private property development project in Hong Kong	Saw cutting of existing reinforced concrete structure	July 2015 – February 2016	12,736	10,094	8.4
3	C3	Customer E	Demolition works in Tseung Kwan O Industrial Estate in Hong Kong	Demolition of superstructure	July 2015 – December 2015	7,502	7,502	6.2
4	C4	Customer L <sup>(Note 2)</sup>	Demolition works in a private resort development project in Macau	Demolition of superstructure and pile caps	November 2013 – May 2015	74,533	7,209	6.0
5	C5	Customer D	Demolition works in a private commercial development project in Hong Kong	Demolition of existing slabs, columns and walls	June 2015 – March 2016	11,703	6,124	5.1

*Notes:*

1. The contract sum is based on the initial agreement between the customer and the Group and does not include additions, modifications due to subsequent variation orders, and therefore the final revenue recognised from a contract may differ from the contract sum.
2. A construction contractor in Macau, being a subsidiary of a company listed in Euronext Paris stock exchange, and one of the Forbes Global 2000 companies.

Details of background and location of the major customers and services provided by the Group are set out in the paragraph headed “Customers, suppliers and subcontractors”.



For the year ended 31 December 2016

Rank	Job	Customer	Type of job	Nature of scope of work	Job period	Contract sum <sup>(Note 1)</sup> HK\$'000	Revenue derived from the job for the year HK\$'000	% of total revenue of the Group for the year %
1	C6	Customer H	Demolition works in the Admiralty MTR station in Hong Kong	Demolition of existing reinforced concrete structural works	August 2015 – January 2017	N/A	18,738	14.9
2	C7	Customer G	Demolition works in Central – Wan Chai Bypass Tunnel – Wan Chai West Section in Hong Kong	Demolition of bulkhead wall along tunnel and forming opening on diaphragm wall	March 2016 – June 2018 <sup>(Note 2)</sup>	15,587	15,777	12.6
3	C8	Customer F	Demolition works in Central – Wan Chai Bypass Tunnel – Slip Road 8 Section in Hong Kong	Demolition of diaphragm wall	July 2015 – September 2018 <sup>(Note 2)</sup>	49,800	14,230	11.3
4	C9	Customer A	Demolition works in the eastern corridor in Hong Kong	Demolition, removal and disposal of existing bound bridge	November 2016 – February 2018 <sup>(Note 2)</sup>	26,484	10,031	8.0
5	C10	Customer F	Demolition works in Central – Wan Chai Bypass Tunnel – Causeway Bay Typhoon Shelter Section in Hong Kong	Demolition of diaphragm wall	February 2012 – August 2018 <sup>(Note 2)</sup>	45,000	7,009	5.6

Notes:

1. The contract sum is based on the initial agreement between the customer and the Group and does not include additions, modifications due to subsequent variation orders, and therefore final revenue recognised from a contract may differ from the contract sum.
2. The expected completion date is based on our management's best estimation. In making the estimation, our management considers the expected completion date specified in the relevant contract (if any), the extension period granted by our customers (if any) and the actual work schedule.

Details of background and location of the major customers and services provided by the Group are set out in the paragraph headed "Customers, suppliers and subcontractors".

For the year ended 31 December 2017

Rank	Job	Customer	Type of job	Nature of scope of work	Job period	Contract sum <sup>(Note 1)</sup> HK\$'000	Revenue derived from the job for the year HK\$'000	% of total revenue of the Group for the year %
1	C8	Customer F	Demolition works in Central – Wan Chai Bypass Tunnel – Slip Road 8 Section in Hong Kong	Demolition of diaphragm wall	July 2015 – September 2018 <sup>(Note 2)</sup>	49,800	30,478	16.4
2	C9	Customer A	Demolition works in the eastern corridor in Hong Kong	Demolition, removal and disposal of existing bound bridge	November 2016 – February 2018 <sup>(Note 2)</sup>	26,484	16,075	8.6
3	C11	Customer I	Demolition works on Kwun Tong Road in Hong Kong	Hoarding and demolition of slopes	February 2017 – October 2017	9,000	14,100	7.6
4	C12	Customer K	Demolition works between Sung Wong Toi and To Kwa Wan stations of the Shatin to Central Link in Hong Kong	Demolition of interface wall and drop slab	January 2017 – December 2017	5,400	9,413	5.1
5	C13	Customer M <sup>(Note 3)</sup>	Demolition works adjacent to Shatin to Central Link tunnels at Causeway Bay Typhoon Shelter in Hong Kong	Demolition of diaphragm wall	August 2017 – February 2018 <sup>(Note 2)</sup>	7,534	7,677	4.1

Notes:

1. The contract sum is based on the initial agreement between the customer and the Group and does not include additions, modifications due to subsequent variation orders, and therefore final revenue recognised from a contract may differ from the contract sum.
2. The expected completion date is based on our management's best estimation. In making the estimation, our management considers the expected completion date specified in the relevant contract (if any), the extension period granted by our customers (if any) and the actual work schedule.
3. A joint venture formed by a construction group listed on the Tokyo stock exchange and Nagoya stock exchange, and Customer F.

Details of background and location of the major customers and services provided by the Group are set out in the paragraph headed "Customers, suppliers and subcontractors".

For each of the three years ended 31 December 2017, the Group's revenue attributable to variation orders amounted to approximately HK\$11.1 million, HK\$6.0 million and HK\$30.3 million, respectively, representing approximately 9.3%, 4.8% and 16.3% of the Group's total revenue, respectively.

Sizeable civil engineering and building projects in Hong Kong are generally carried out by stages. As such, the main contractors would generally determine the contract sum with their subcontractors with reference to the works mainly required in the early stages of the projects. Where the main contractors intend to engage the same subcontractors as the projects proceed to later stages, they will generally prefer to confirm such engagements as variation orders by adopting the previously agreed terms and conditions in the original contracts.

In respect of jobs C1, C11 and C12, the amount of revenue recognised therefrom during the three years ended 31 December 2017 exceeded the respective contract sum mainly due to the variation orders placed by the relevant customers. Parts of such variation orders concerned items of works beyond the service scope of the original contracts. For example, in job C1, the Group received variation orders in relation to (i) demolition of temporary bridges erected in the Central – Wan Chai Bypass Tunnel for traffic diversion; and (ii) demolitions of road surfaces at additional sections located within the original job site. For job C11, the Group was initially engaged to perform demolition works on road surfaces at the job site. Subsequently, the customer placed variation order with the Group for carrying out additional underground demolition works at the original job site. The additional works set out above were required in the later stages of the projects and hence they were not included in the original contracts with the customers.

Further, depending on the overall progress of the projects, the customers have from time to time requested the Group to perform overtime works in order to accommodate their project schedules. The additional fees charged by the Group for such overtime works are generally set out in the variation orders. For instance, in job C12, the Group received variation orders in relation to the overtime works carried out in relation to the To Kwan Wan station of the Shatin to Central Link.

In view of the aforesaid, the Directors consider that the amount of revenue derived from the variation orders in respect of the aforesaid jobs is reasonable and in line with the market norm of the concrete demolition industry.

## On-going jobs

As at the Latest Practicable Date, the Group had 40 on-going jobs (representing jobs that have commenced but not yet completed and jobs that have engagement confirmed but not yet commenced). Having considered the expected completion date specified in the relevant contract (if any), the extension period granted by the customers (if any) and the actual work schedule, the management of the Group estimates that these on-going jobs are to be completed by 2018. The total revenue derived or expected to be derived from these jobs for the year ending 31 December 2018 is approximately HK\$102.6 million. The following table sets forth the details of the Group's on-going jobs as at the Latest Practicable Date with revenue derived or expected to be derived of more than HK\$2.0 million per job for the year ending 31 December 2018 in descending order:

Rank	Job	Customer	Type of job	Nature of scope of work	Contract sum (Note 1) HK\$'000	Revenue derived or expected to be derived for the year ending 31 December 2018 (Note 2) HK\$'000
1	C14	Customer I	Demolition work in Wang Lee Street in Hong Kong	Demolition work for the re-development of new office building and workshops	15,000	15,000
2	C8	Customer F	Demolition works in Central – Wan Chai Bypass Tunnel – Slip Road 8 Section in Hong Kong	Demolition of diaphragm wall	49,800	10,677
3	C24	Customer C	Demolition work in Block 2, Gateway I, Harbour City in Hong Kong	Demolition work for the alteration and addition works	10,204	10,204
4	C15	Customer N (Note 3)	Demolition work in Central-Wan Chai Bypass Tunnel – Wan Chai East Section in Hong Kong	Removal of diaphragm wall	7,488	7,488
5	C16	Customer O (Note 4)	Demolition work in Castle Peak Road – Castle Peak Bay – Area 48 in Tuen Mun in Hong Kong	Removal of underground footings and obstruction	5,100	5,100
6	C17	Customer O (Note 4)	Demolition work in Ap Lei Chau Inland Lot 136 – Lee Nam Road in Hong Kong	Demolition and removal of existing ground slabs	5,000	5,000
7	C25	Customer Y (Note 5)	Demolition work at 5 A Kung Ngam Village Road in Hong Kong	Removal of existing portion of floor slab and drop panel	3,565	3,565
8	C18	Customer P (Note 6)	Demolition work in Shatin to Central Link in Hong Kong	Demolition of capping beam and diaphragm wall	3,950	3,250
9	C26	Customer Q (Note 7)	Demolition work of Terminal 1 and Carpark of the airport in Hong Kong	Demolition of slab, beam and wall	3,064	3,064
10	C19	Customer F	Demolition work for tunnel and pier in the airport in Hong Kong	Demolition work for the re-development of tunnel and pier	3,000	3,000
11	C20	Customer Q (Note 7)	Demolition work of Terminal 1 and Carpark of the airport in Hong Kong	Demolition of concrete slab	2,878	2,878
12	C27	Customer Z (Note 8)	Demolition work at Tung Chun New Town in Hong Kong	Demolition of top slabs, side and separating wall	2,500	2,500
13	C7	Customer G	Demolition works in Central – Wan Chai Bypass Tunnel – Wan Chai West Section in Hong Kong	Demolition of bulkhead wall along tunnel and forming opening on diaphragm wall	15,587	2,257
14	C21	Customer R (Note 9)	Demolition work in Midfield Apron Development Works of the airport in Hong Kong	Demolition and coring work	2,250	2,250
15	C22	Customer S (Note 10)	Demolition work in Tuen Mun – Chek Lap Kok Link in Hong Kong	Demolition work for the footings and diaphragm wall	7,200	2,057
16	C23	Customer T (Note 11)	Demolition work in Liantong in Hong Kong	Demolition work for opening of cross passage inside tunnels	3,130	2,009

*Notes:*

1. The contract sum is based on the initial agreement between the customer and the Group and does not include additions, modifications due to subsequent variation orders, and therefore the final revenue recognised from a contract may differ from the contract sum.
2. The revenue derived or expected to be derived for the year ending 31 December 2018 is the total revenue expected to be derived based on the (i) initial contract or quotation and (ii) variation works agreed and/or communicated between the customer and the Group, net of the accumulated revenue recognised as at 31 December 2017 (if any).
3. A joint venture in Hong Kong formed by a construction group listed in Hong Kong (to which Customer J is a part), and a PRC railway group listed in Hong Kong.
4. Construction contractor in Hong Kong; being a subsidiary of a public company listed in Hong Kong which mainly engaged in foundation and substructure construction services in Hong Kong.
5. Construction contractor in Hong Kong; being a subsidiary of a Hong Kong construction contractor, which is jointly owned by a Hong Kong listed company engaged in engineering and property-related services, and infrastructure developments, and a Hong Kong listed company engaged in hospitality, entertainment and construction services.
6. Construction contractor in Hong Kong; specialising in the building, civil works and maintenance in Hong Kong and has over 30 years' history.
7. Construction contractor in Asia headquartered in Hong Kong, being a subsidiary of a public company listed on the Australian Securities Exchange which provide construction, mining, mineral processing, engineering, concessions, and operation and maintenance services to infrastructure resources and property markets.
8. A joint venture in Hong Kong formed by a subsidiary of a public company listed in Hong Kong which principally engages in construction and civil engineering projects, and a multi-national conglomerate listed on the Korea Exchange.
9. A joint venture in Hong Kong formed by a construction group listed on the Tokyo Stock Exchange, and a construction group listed in Hong Kong.
10. A joint venture in Hong Kong formed by Customer T, and a construction company listed in Euronext Paris stock exchange which is also one of the Forbes Global 2000 companies.
11. Construction contractor in Hong Kong; being a subsidiary of a company listed in Euronext Paris stock exchange, and one of the Forbes Global 2000 companies.

Details of background and location of the major customers and services provided by the Group are set out in the paragraph headed "Customers, suppliers and subcontractors".

## CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

### Customers

The Group's customers primarily include main contractors of construction or civil engineering projects in Hong Kong. For each of the three years ended 31 December 2017, the percentage of the total revenue attributable to the Group's top customer amounted to approximately 20.6%, 22.5% and 26.2%, respectively, while the percentage of the total revenue attributable to the Group's top five customers combined amounted to approximately 59.8%, 66.9% and 68.2% respectively.

Set out below are the details of the top five customers and their background information:

*For the year ended 31 December 2015*

Rank	Customer	Background and location	Services provided by the Group	Year of commencement of business relationship	Credit term	Payment method	Approximate % of the Group's total revenue
1	Customer A	A joint venture in Hong Kong formed by a construction group listed in Hong Kong (to which Customer J is a part), and a PRC railway group listed in Hong Kong which principally engages in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development, mining and merchandise trading, financial trust management, comprehensive financial services and insurance agent with its revenue and net profit recorded for the year ended 31 December 2016 for approximately RMB632.9 billion and RMB12.7 billion, respectively	Mainly saw cutting of reinforced concrete beam and parapet for a bridge	since 2013	30 days	Cheque	20.6%

Rank	Customer	Background and location	Services provided by the Group	Year of commencement of business relationship	Credit term	Payment method	Approximate % of the Group's total revenue
2	Customer B	A group of construction contractors in Hong Kong; subsidiaries of a major Hong Kong property developer listed in Hong Kong, which recorded its revenue and net profit for the year ended 30 June 2017 for approximately HK\$78.2 billion and HK\$41.8 billion, respectively	Mainly saw cutting of existing reinforced concrete structure	since 1997	30 days	Cheque	14.1%
3	Customer C	A private company and a construction contractor of alteration and addition works in, among others, commercial development projects in Hong Kong with over 10 years' history	Mainly concrete coring works, and demolition of reinforced concrete wall and staircase	since 2011	14 days	Cheque	8.8%
4	Customer D	A group of civil engineering and building construction companies in Hong Kong; subsidiaries of a major Hong Kong construction company, specialising in building and design, engineering design and providing construction services with over 39 years' history, being jointly owned by a multi-national conglomerate listed on the London Stock Exchange, Bermuda Stock Exchange and Singapore Exchange, and an international infrastructure contractor listed on the London Stock Exchange	Mainly demolition of existing slabs, columns and walls	since 1994	30 days	Bank transfer	8.5%
5	Customer E	A private company and a construction contractor in, among others, commercial development projects in Hong Kong with over 24 years' history	Mainly demolition of superstructure	since 2003	30 days	Cheque	7.8%
Total							<u><u>59.8%</u></u>

*For the year ended 31 December 2016*

<b>Rank</b>	<b>Customer</b>	<b>Background and location</b>	<b>Services provided by the Group</b>	<b>Year of commencement of business relationship</b>	<b>Credit term</b>	<b>Payment method</b>	<b>Approximate % of the Group's total revenue</b>
1	Customer F	A construction contractor in Hong Kong; subsidiary of a public construction company listed in Hong Kong, specialising in providing construction contracting services in Hong Kong, Macau and the PRC with over 35 years' history, which recorded its revenue and net profit for the year ended 31 December 2017 for approximately HK\$54.8 billion and HK\$5.5 billion, respectively	Mainly demolition of diaphragm wall	since 1996	45 days	Cheque	22.5%
2	Customer G	A joint venture in Hong Kong formed by Customer F, and a subsidiary of a public company listed in Hong Kong which principally engages in construction and civil engineering projects	Mainly demolition of bulkhead wall along tunnel and forming opening on diaphragm wall	since 2013	45 days	Cheque	16.3%
3	Customer H	A joint venture in Hong Kong formed by a construction group listed on the London Stock Exchange, which recorded its revenue and net profit for the year ended 30 June 2017 for approximately HKD45.1 billion HKD163.8 million, respectively, and a subsidiary of a public company listed in Hong Kong, specialising in providing civil engineering, buildings and environmental construction service, which recorded its revenue and net profit for the year ended 31 December 2016 for approximately HK\$4.9 billion and HK\$151 million, respectively	Mainly demolition of existing reinforced concrete structural works	since 2012	30 days	Bank transfer	14.9%



Rank	Customer	Background and location	Services provided by the Group	Year of commencement of business relationship	Credit term	Payment method	Approximate % of the Group's total revenue
4	Customer A	A joint venture in Hong Kong formed by a construction group listed in Hong Kong (to which Customer J is a part), and a PRC railway group listed in Hong Kong which principally engages in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development, mining and merchandise trading, financial trust management, comprehensive financial services and insurance agent with its revenue and net profit recorded for the year ended 31 December 2016 for approximately RMB632.9 billion and RMB12.7 billion, respectively	Mainly demolition, removal and disposal of existing bound bridge	since 2013	30 days	Cheque	9.0%
5	Customer D	A group of civil engineering and building construction companies in Hong Kong; subsidiaries of a major Hong Kong construction company, specialising in building and design, engineering design and providing construction services with over 39 years' history, being jointly owned by a multinational conglomerate listed on the London Stock Exchange, Bermuda Stock Exchange and Singapore Exchange, and an international infrastructure contractor listed on the London Stock Exchange	Mainly demolition of existing structural frame, slab, column and wall	since 1994	30 days	Bank transfer	4.2%
Total							<u><u>66.9%</u></u>

*For the year ended 31 December 2017*

<b>Rank</b>	<b>Customer</b>	<b>Background and location</b>	<b>Services provided by the Group</b>	<b>Year of commencement of business relationship</b>	<b>Credit term</b>	<b>Payment method</b>	<b>Approximate % of the Group's total revenue</b>
1	Customer I	A private company and a construction contractor of, among others, re-development construction projects in Hong Kong with over 14 years' history	Mainly hoarding and demolition of slopes	since 2004	30 days	Cheque	26.2%
2	Customer F	A construction contractor in Hong Kong; subsidiary of a public construction company listed in Hong Kong, specialising in providing construction contracting services in Hong Kong, Macau and the PRC with over 35 years' history, which recorded its revenue and net profit for the year ended 31 December 2017 for approximately HK\$54.8 billion and HK\$5.5 billion, respectively	Mainly demolition of diaphragm wall	since 1996	45 days	Cheque	18.6%
3	Customer A	A joint venture in Hong Kong formed by a construction group listed in Hong Kong (to which Customer J is a part), and a PRC railway group listed in Hong Kong which principally engages in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development, mining and merchandise trading, financial trust management, comprehensive financial services and insurance agent with its revenue and net profit recorded for the year ended 31 December 2016 for approximately RMB632.9 billion and RMB12.7 billion, respectively	Mainly demolition, removal and disposal of existing bound bridge	since 2013	30 days	Cheque	9.3%

Rank	Customer	Background and location	Services provided by the Group	Year of commencement of business relationship	Credit term	Payment method	Approximate % of the Group's total revenue
4	Customer J	A construction contractor in Hong Kong; subsidiary of a public construction company listed in Hong Kong, specialising in property development and building construction with over 49 years' history, which recorded its revenue and net profit for the year ended 31 March 2017 for approximately HK\$8.8 billion and HK\$205.5 million, respectively	Mainly demolition and coring works	since 1997	32 days	Cheque	7.7%
5	Customer K	A joint venture in Hong Kong formed by a multi-national conglomerate listed on the Korea Exchange, which recorded its revenue and net loss for the year ended 31 December 2016 for approximately HK\$9.8 billion and HK\$2.7 billion, respectively, and a construction group listed in Hong Kong, specialising in providing comprehensive construction, property and related services with over 78 years' history	Mainly demolition of interface wall and drop slab	since 2014	30 days	Cheque	6.4%
Total							<u>68.2%</u>

Revenue generated by the Group's top five customers accounted for approximately 59.8%, 66.9% and 68.2% of the Group's total revenue for the year ended 31 December 2015, 2016 and 2017 respectively. When the Group undertook a sizeable job, it can contribute to a substantial amount of its revenue in a particular period and resulting in the relevant customer becoming one of its top customers in terms of revenue contribution to us in that particular period. The Directors are of the view that most of concrete demolition jobs in Hong Kong are awarded through direct invitation from customers where job opportunities are directly referred or presented to the contractor as a result of the contractor's established relationship with the customer or with other industry players who refer the customer to the contractor. During the three years ended 31 December 2017, the Group has been able to secure new contracts from other major construction contractors in Hong Kong. Except for Customer A and D as referred to the above tables, the Group's top five customers for the year ended 31 December 2015 were different from those for the year ended 31 December 2016. Except for Customer A and F as referred to the above tables, the Group's top five customers for the year ended 31 December 2016 were different from those for the year ended 31 December 2017.

### Jobs from Customer I

During the year ended 31 December 2017, revenue derived from Customer I was approximately HK\$48.8 million. Other than job C11 (being one of the top five jobs based on recognised revenue of approximately HK\$14.1 million for the year ended 31 December 2017), the Group has undertaken 12 jobs from Customer I for the year ended 31 December 2017 and the total revenue recognised from these 12 jobs for the year ended 31 December 2017 was approximately HK\$34.7 million. The following table sets out details of the Group's revenue derived from jobs with Customer I, other than job C11, for the year ended 31 December 2017:

<b>Rank</b>	<b>Type of job</b> <i>(Note)</i>	<b>Revenue derived from jobs with Customer I recognised for the year ended 31 December 2017</b> <i>HK\$'000</i>	<b>% of total revenue derived from jobs with Customer I to the total revenue for the year ended 2017</b> <i>%</i>
1	Demolition work at Sinopec depot in Chai Wan	7,110	14.6
2	Demolition work at Wong Tai Sin Temple	6,000	12.3
3	Demolition work at the Central Market	4,200	8.6
4	Demolition work on Chung Ching Street	4,000	8.2
5	Demolition work at Sik Sik Yuen	3,690	7.6
6	Additions and alterations works at the Gateway, Tsim Sha Tsui	3,000	6.1
7	Demolition work on Seymour Road	2,150	4.4
8	Demolition work in Shum Shui Po and Yau Ma Tei	1,500	3.1
9	Demolition work at Ap Lei Chau	1,500	3.1
10	Demolition work at Lei Ning House, Ap Lei Chau	800	1.6

<b>Rank</b>	<b>Type of job</b> <i>(Note)</i>	<b>Revenue derived from jobs with Customer I recognised for the year ended 31 December 2017 HK\$'000</b>	<b>% of total revenue derived from jobs with Customer I to the total revenue for the year ended 2017 %</b>
11	Demolition work in Tuen Mun	450	0.9
12	Demolition work in Tseung Kwan O	300	0.6
		<b>Total:</b> 34,700	

*Note:* All jobs awarded by Customer I for the year ended 31 December 2017 were located in Hong Kong.

Each of job C11 and the other 12 jobs listed above were obtained by the Group through submission of quotations to Customer I upon its invitation. For the year ended 31 December 2017, the gross profit margin of the Group in respect of Customer I is approximately 26.5%, which the Directors believe were not materially different of those from other customers of the Group. Given that the demolition jobs from Customer I are relatively large scale and the Group's aim to build up business relationship with Customer I, the Directors consider it is commercially-sensible and justified to accept a relatively lower but yet reasonable gross profit margin in respect of Customer I.

As the Group made use of media advertisements to promote its services to potential clients in the earlier of its business years, the executive Directors were first acquainted with Customer I back in 2004 when it first invited the Group to submit a fee schedule for provision of different types of demolition services. Subsequently, Customer I had engaged the Group to carry out certain miscellaneous demolition works in the same year. Since then until before 2016, Customer I did not engage the Group for concrete demolition work. As the Group was awarded with more jobs from Customer I in the year ended 31 December 2017, the Directors consider that Customer I has taken into account the following key factors in engaging the Group as its subcontractor in these jobs: (i) the Group has achieved better market position in the demolition industry in Hong Kong in light of its status as a listed issuer following the GEM Listing in December 2016, which provide great assurance to main contractors on its service quality, financial strengths and reliability in business operations; (ii) Kingland (Sino) was registered as a Registered Specialist Contractor for demolition works in 2016, which indicates its expertise in undertaking demolitions under the regulatory regime of the Buildings Ordinance; and (iii) as mentioned above, the Group has focused on undertaking sizeable jobs in recent years, which is evidenced by its participation in landmark construction projects in Hong Kong, including but not limited to the Central – Wanchai Bypass Tunnel and Island Eastern Corridor Link and Admiralty MTR station in Hong Kong. The Directors consider that this provide further credence on the Group's service capacity and technical know-how in carrying out works for various sizeable projects simultaneously. The Directors believe that these are major factors for Customer I in selecting the Group as its subcontractor in multiple jobs in the year of 2017. In light of the Group's competitive strengths as set out above and its leading position in the concrete demolition service industry in Hong Kong (i.e. being the largest concrete demolition service provider in Hong Kong in 2015 according to an independent market research agent), the Directors take the view that Customer I's engagement of the Group as its subcontractor in the 13 jobs in 2017 were based on a range of commercial factors, including (i) the reliability of services; (ii) possession of relevant licence and qualifications; (iii) pricing of services; (iv) service capacity in undertaking multiple projects simultaneously; (v) past track record in landmark construction projects in Hong Kong.

## **Suppliers and Subcontractors**

The Group's suppliers and subcontractors mainly include (i) suppliers of consumables such as saw blades, cutting wires and core bits as well as machinery parts; (ii) lessors of machineries; (iii) suppliers of other miscellaneous services such as the transportation of machineries and construction wastes; and (iv) subcontractors of concrete demolition works.

For each of the three years ended 31 December 2017, the percentage of the cost of sales attributable to the Group's top supplier and subcontractor amounted to approximately 8.6%, 9.5% and 9.7%, respectively, while the percentage of the cost of sales attributable to the Group's top five suppliers and subcontractors combined amounted to approximately 28.2%, 35.3% and 32.6%, respectively.

## **BUSINESS OUTLOOK AND RECENT DEVELOPMENT**

The concrete demolition industry is one of the specific areas of the construction industry. The Directors expect that while the construction industry in Hong Kong is subject to certain factors, such as intense market competition in the market and rising construction labour and material costs, the overall market condition of the construction industry in Hong Kong is relatively stable with steady growth.

According to the Census and Statistics Department of the Government, the gross value of construction works performed by main contractors at construction sites in Hong Kong increased from HK\$104.0 billion in 2012 to HK\$159.0 billion in 2016, at a CAGR of approximately 11.2%. Going forward, the Directors believe that the gross value of construction works performed by main contractors at construction sites in Hong Kong will rise steadily and such growth is expected to be driven by the Government's initiatives to increase public housing supply, land supply for private housing and commercial buildings as well as the commencing and upcoming infrastructure project such as the Ten Mega Infrastructure Projects.

Going forward, the Group will continue its focus on undertaking sizeable jobs. During the three years ended 31 December 2017, the Group has placed relatively more focus on large scale concrete demolition jobs. The number of jobs with revenue recognised exceeding HK\$5 million has increased from 6 for the year ended 31 December 2015 to 8 for the year ended 31 December 2017. In particular, the Group has undertaken a sizeable job which involves the demolition of diaphragm wall for the Central – Wan Chai Bypass Tunnel – Slip Road 8 Section with a total contract sum of approximately HK\$49.8 million and is expected to be completed in September 2018. As the Group has and will continue to expand its services capacity by utilising the net proceeds from the GEM Listing, the Directors believe that the Group will be well-positioned to secure more sizeable jobs which may arise from the expected growth in the construction industry in Hong Kong in the foreseeable future. For further details of our expansion plan, please refer to the paragraph headed "Use of proceeds" in this announcement.

The Directors expect that the Group will continue to further develop its business by undertaking more jobs for concrete demolition work to maintain healthy revenue stream of the Group, further enhance our concrete demolition machineries and strengthen the in-house team of professional staff in order to maintain the competitive edge of the Group over the competitors in the industry.

Subsequent to 31 December 2017 and up to the Latest Practicable Date, the Group was awarded with 17 new contracts. As at the Latest Practicable Date, the Group had 40 on-going jobs and the total revenue derived or expected to be derived from these jobs for the year ending 31 December 2018 is approximately HK\$102.6 million. For further details of these on-going jobs as at the Latest Practicable Date, please refer to the paragraph headed “Summary of the Group’s business – On-going jobs” in this announcement.

## LICENCES AND QUALIFICATIONS

As at the Latest Practicable Date, the Group has obtained the following licences and qualifications that are material to its business operation in Hong Kong:

Type of licence or qualification	Issuing authority	Type(s) of works covered	Holder	Expiry date
Registered Specialist Contractor	Buildings Department	Demolition works	Kingland (Sino)	11 July 2019
Subcontractor Registration Scheme	Construction Industry Council	General demolition and others (concrete coring and saw cutting)	Kingland (Sino)	19 March 2019
Registered Minor Works Contractor	Buildings Department	Minor works	Kingland (Sino)	24 July 2018 <sup>(Note)</sup>
Certificate of registration of electrical contractor	Electrical and Mechanical Services Department	Electrical work on fixed electrical installations	Kingland (Sino)	16 March 2021

*Note:* Pursuant to section 8C(2)(c) of the Buildings Ordinance, a registered minor works contractor should apply to the Buildings Department for renewal of registration not earlier than four months and not later than 28 days prior to the date of expiry of the registration.

The Directors intend to make an application for renewal of registration within four months, and not later than 28 days of expiry of the relevant registration, which is expected to be in the second quarter of 2018.

The Group has not experienced any refusal of renewal of the above registrations necessary for its operations during the three years ended 31 December 2017 and up to the Latest Practicable Date. The Directors confirm that they are not aware of any circumstances that would significantly hinder or delay the renewal of the above registrations.

## **MATERIAL RISKS ASSOCIATED WITH THE GROUP'S BUSINESS**

***The Group is reliant on the 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***

The Group's 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 particular, during the three years ended 31 December 2017, the Group derived revenue of approximately over HK\$160 million from various jobs involving the Central-Wan Chai bypass project in Hong Kong, representing over 37% of its total revenue for the entire period. There is no assurance that the number of private sector projects and/or public sector projects will not decrease in the future. There is no assurance that the Government will continue to launch large scale civil engineering projects in Hong Kong. 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, the Group's businesses and results of operations may be adversely and materially affected.

***The Group's revenue is mainly derived from jobs which are not recurrent in nature and there is no guarantee that the customers will provide the Group with new businesses***

The Group's revenue is typically derived from jobs which are non-recurrent in nature. During the three years ended 31 December 2017, the Group secured new businesses mainly through direct invitation to tender or request for quotation by customers. The Group generally does not enter into long-term agreements with the customers and the customers are therefore under no obligation to award jobs to the Group. As such, there is no guarantee that the Group will be able to secure new business from customers. Accordingly, the number and scale of jobs and the amount of revenue the Group is able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business.

***Cancellation, suspension or delay in the commencement of public projects, which may be caused by factors such as political disagreements in relation to such projects, delay in approval of funding proposals due to political objections or legal actions by the affected members of the public, may adversely affect the Group's financial position and results of operation***

For the three years ended 31 December 2017, the Group's revenue derived from public sector jobs in Hong Kong represented 49.4%, 81.9% and 75.1% of its total revenue, respectively. The cancellation or delay in commencement of public projects may result in decrease in number of public sector jobs awarded to the Group, whereas the suspension of public projects may cause disruption to the progress of the Group's on-going public sector jobs. In either case, the demand for the Group's concrete demolition services would be adversely affected.



Cancellation, suspension or delay in the commencement of public projects may be caused by, among other things, political disagreements in relation to such projects, delays in approval of the funding proposals for public works due to political objections by law-makers and/or protests or legal actions by affected individuals or entities. The Group's engagements in public sector jobs depend on the timing of the funding approval by the committees of the Legislative Council of Hong Kong in which delays in the passing of public works funding proposals have occurred in recent years.

The cancellation, suspension or delay in the commencement of public projects may affect the Group's results of operation if it is not able to secure new business from private sector jobs at the same or similar level to offset the potential decrease in revenue derived from public sector jobs. In addition, the uncertainty on the commencement of the relevant public projects also make it more difficult for the Group to make accurate planning for the demand, deployment of its machineries and labour resources, which may adversely affect its operations and financial performance.

***The Group's business is subject to the risk of cost overrun and job extension or delay***

In pricing a tender or quotation, the Group is 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 the Group submits the tenders or quotations and the actual costs to complete the jobs may adversely affect its financial performance and profitability. For instance, if the actual progress of a project was slower than the Group anticipated, or if there is any delay or extension in the project schedule of main contractor, the Group 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 the Group's estimation. Further, in the case of job extension or delay, the Group may experience decrease in revenue derived given that the progress payment to it is based on works done by it on a monthly basis. There is no assurance that the Group would not experience cost overrun and job extension or delay, which may in turn adversely affect its profit margin and operating results.

***Failure to invest in suitable machineries or any failure, damage or loss of the Group's machineries may adversely affect its operations and financial performance***

The Group's concrete demolition services rely on the machineries and equipment owned by it. The market demand for different concrete demolition techniques and different types of machinery or equipment may change continuously. If the Group fails to remain attentive to and invest in suitable machineries to cope with any latest development in such market demand and to cater for different needs and requirements of its customers, its overall competitiveness, financial performance and operating results may be adversely affected.

In addition, there is no assurance that the Group's machinery and equipment will not be damaged or lost as a result of, among others, improper operation, accidents, fire, adverse weather conditions, theft or robbery. In addition, machineries may break down or malfunction due to wear and tear or mechanical issues. In such case, if the Group fails to make proper repair and/or replacement in a timely manner, its operations and financial performance could be adversely affected.

## LITIGATION AND LEGAL COMPLIANCE

As at the Latest Practicable Date, no litigation or claims of material importance were ongoing, pending or threatened against any member of the Group. The Directors confirm that, during the three years ended 31 December 2017 and up to the Latest Practicable Date, the Group did not have any material non-compliance.

Since the GEM Listing on 16 December 2016 and up to the Latest Practicable Date, the Group (i) has complied with laws and regulations in all material aspects for its business; and (ii) has not been subject to any disciplinary action or investigation by regulators in respect of serious or potentially serious breach of any GEM Listing Rules.

## SUMMARY OF THE GROUP'S FINANCIAL PERFORMANCE

The following table sets forth the audited consolidated statement of profit or loss and other comprehensive income of the Group for the three years ended 31 December 2015, 2016 and 2017:

	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2016</b>	<b>Year ended 31 December 2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	120,072	125,671	186,168
Cost of sales	<u>(82,006)</u>	<u>(87,357)</u>	<u>(130,665)</u>
Gross profit	38,066	38,314	55,503
Other income and net gains	87	982	67
Administrative and other operating expenses	<u>(19,999)</u>	<u>(32,543)</u>	<u>(25,027)</u>
Operating profit	18,154	6,753	30,543
Finance costs	<u>(479)</u>	<u>(264)</u>	<u>(104)</u>
Profit before income tax	17,675	6,489	30,439
Income tax expense	<u>(3,478)</u>	<u>(2,929)</u>	<u>(5,416)</u>
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>	<b><u>14,197</u></b>	<b><u>3,560</u></b>	<b><u>25,023</u></b>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings per share	<b><u>2.82</u></b>	<b><u>0.70</u></b>	<b><u>3.72</u></b>

## KEY FINANCIAL INFORMATION

The following table set forth the selected financial information of the Group for the years ended 31 December 2015, 2016 and 2017:

### Revenue

The Group's revenue was principally derived from the provision of concrete demolition services to its customers in Hong Kong and Macau. Revenue from provision of concrete demolition services during the three years ended 31 December 2017 is recognised based on the stage of completion of the job, provided that the stage of jobs completion and the gross billing value of the jobs can be measure reliably as according to the Hong Kong Accounting Standard 11 ("HKAS 11") issued by the Hong Kong Institute of Certified Public Accountants.

All projects during the three years ended 31 December 2017 were located in Hong Kong and Macau. The following table sets forth the breakdown of the revenue by geographical market for the three years ended 31 December 2017:

	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2016</b>	<b>Year ended 31 December 2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue (by location of customers)			
Hong Kong	108,432	120,965	184,489
Macau	11,640	4,706	1,679
	<u>120,072</u>	<u>125,671</u>	<u>186,168</u>

The following table sets forth the breakdown of the revenue by sectors for the three years ended 31 December 2017:

	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2016</b>	<b>Year ended 31 December 2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue (by sectors)			
Public sector jobs	59,277	102,963	139,864
Private sector jobs	60,795	22,708	46,304
	<u>120,072</u>	<u>125,671</u>	<u>186,168</u>

## Cost of sales

The Group's cost of sales consisted (i) depreciation; (ii) fuel and oil; (iii) machinery rental cost; (iv) motor vehicles expense; (v) repairs and maintenance; (vi) materials and consumables; (vii) staff costs; (viii) subcontracting charges; (ix) transportation; and (x) other expenses.

The following table sets forth a breakdown of the Group's cost of sales for the three years ended 31 December 2015, 2016 and 2017:

	Year ended 31 December		
	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	881	1,243	2,156
Fuel and oil	491	924	1,010
Machinery rental cost	8,126	6,994	7,064
Motor vehicles expense	682	689	936
Repairs and maintenance	329	404	387
Materials and consumables	14,581	16,142	15,112
Staff costs	20,150	26,499	35,920
Subcontracting charges	27,576	27,284	53,825
Transportation	8,362	6,402	13,219
Other expenses	828	776	1,036
	<u>82,006</u>	<u>87,357</u>	<u>130,665</u>

## Gross profit and gross profit margin

The following table sets forth the breakdown of the gross profit and gross profit margin by geographical market for the three years ended 31 December 2017:

	Year ended 31 December 2015		Year ended 31 December 2016		Year ended 31 December 2017	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit
	margin	margin	margin	margin	margin	margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Hong Kong	32,700	30.2	38,102	31.5	55,467	30.1
Macau	5,366	46.1	212	4.5	36	2.1
	<u>38,066</u>	<u>31.7</u>	<u>38,314</u>	<u>30.5</u>	<u>55,503</u>	<u>29.8</u>

The following table sets forth the breakdown of the gross profit and gross profit margin by sectors for the three years ended 31 December 2017:

	Year ended 31 December 2015		Year ended 31 December 2016		Year ended 31 December 2017	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit
	margin	margin	margin	margin	margin	margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector jobs	19,666	33.2	31,851	30.9	43,249	30.9
Private sector jobs	18,400	30.3	6,463	28.5	12,254	26.5
	<u>38,066</u>	<u>31.7</u>	<u>38,314</u>	<u>30.5</u>	<u>55,503</u>	<u>29.8</u>

## **Key factors affecting our revenue and gross profit margin**

### *Market demand*

The Group's revenue depends on the market demand for concrete demolition services. The market demand for different concrete demolition techniques and different types of machinery or equipment may change continuously. If the number of private and/or public sector projects in Hong Kong and Macau decreases significantly, the availability of concrete demolition jobs may decrease. In addition, concrete demolition projects are one-off projects which are not recurrent in nature. There is no guarantee that customers will provide the Group with new contracts or that the Group will secure new customers. In the event that the Group is unable to attract new customers and secure new contracts from existing customers, there may be a significant decrease in revenue. The Group's revenue and gross profit margin would hence be adversely affected.

### *Pricing of the Group's concrete demolition services*

The Group generally set tender and/or quotation price based on the Group's estimated costs to be incurred plus a certain mark-up margin. The Group estimates cost of undertaking a concrete demolition job by reference to various factors including but not limited to (i) the estimated number and types of workers required; (ii) the difficulties of the works involved; (iii) the demolition methods and techniques expected to be applied; (iv) the estimated number and types of machines required; (v) the availability of our manpower and resources; (vi) the completion time requested by customers; (vii) the need for subcontracting; (viii) the overall cost in undertaking the job; (ix) the past prices offered to the customer; and (x) the prevailing market conditions. Offering a price below the actual cost may on the other hand erode or eliminate the Group's gross profit and affect our revenue.

### *Unexpected fluctuation in contract costs*

The Group secured new businesses mainly through direct invitation for quotation or tender by customers. We generally prepare tenders and/or quotations based on our estimated costs to be incurred plus a certain mark-up margin. The main components of our estimated project costs are direct labour costs and subcontracting charges. The Group purchases materials from suppliers, such as consumables, saw blades, cutting wires and core bits as well as machinery parts which are in turn dependent on the prices of the underlying commodities such as steel reinforcements. In addition, The Group also engages subcontractors to carry out the site works delegated by it. The costs of sales may deviate from the Group's estimation. There may be fluctuations in the contract costs during the actual implementation of the project. In the event that the contract costs increase unexpectedly to the extent that the Group has to incur substantial extra costs without sufficient compensations, the Group's revenue and gross profit will be adversely affected.

## **Material fluctuations**

*The year ended 31 December 2017 compared to the year ended 31 December 2016*

### **Revenue**

For the year ended 31 December 2017, revenue amounting to approximately HK\$186.2 million (2016: HK\$125.7 million) was recorded, representing an increase of approximately 48.1% as compared to the previous year. The increase was mainly due to the increase in concrete demolition works provided by the Group as a result of (i) the overall development in construction industry in Hong Kong and (ii) the increase in the number of jobs undertaken by the Group from 150 for the year ended 31 December 2016 to 175 for the year ended 31 December 2017.

### **Cost of sales**

The Group's cost of sales amounted to approximately HK\$87.4 million and HK\$130.7 million for the years ended 31 December 2016 and 2017 respectively, representing an increase of approximately 49.5%. Such increase was primarily due to the increase of subcontracting charges, transportation and staff costs which was in line with the increase in the Group's revenue by approximately 48.1%, resulting from the increase in the number of jobs undertaken by the Group from 150 for the year ended 31 December 2016 to 175 for the year ended 31 December 2017.

### **Gross profit and gross profit margin**

The gross profit increased by approximately HK\$17.2 million or 44.9% from approximately HK\$38.3 million for the year ended 31 December 2016 to approximately HK\$55.5 million for the year ended 31 December 2017. Such increase is in line with the increase of the Group's revenue by approximately 48.1% for the year ended 31 December 2017. Gross profit margin for the year ended 31 December 2017 was approximately 29.8%, which is close to the gross profit margin of the year ended 31 December 2016 of approximately 30.5%.

### **Profit for the year attributable to the owners of the Company**

The Group's profit and total comprehensive income amounted to approximately HK\$3.6 million and HK\$25.0 million for the years ended 31 December 2016 and 2017 respectively. The increase was primarily attributable to the net effect of (i) the increase in revenue and gross profit for the year ended 31 December 2017; (ii) the fact that no listing expenses for the GEM Listing were incurred by the Group for the year ended 31 December 2017; and (iii) the increase in administrative expenses (excluding listing expenses incurred for the GEM Listing) which was mainly attributable to the increase in staff salaries due to the business expansion. Excluding the one-off exceptional expenses for the GEM Listing of the Group of approximately HK\$12.2 million (2017: nil), profit and total comprehensive income for the year ended 31 December 2016 would reach approximately HK\$15.8 million representing an increase of approximately 58.2% as compared to profit and total comprehensive income of approximately HK\$25.0 million for the year ended 31 December 2017, and the reason for such increase has explained above.

## **Revenue**

For the year ended 31 December 2016, revenue amounting to approximately HK\$125.7 million (2015: HK\$120.1 million) was recorded, representing an increase by approximately HK\$5.6 million or 4.7%. Such increase was primarily due to the increase in the number of sizeable jobs undertaken by the Group in Hong Kong for the year ended 31 December 2016 despite the decrease in the number of jobs undertaken from 232 for the year ended 31 December 2015 to 150 for the year ended 31 December 2016, representing a decrease of 35.3%. The revenue from customers in Macau decreased by approximately 59.6% and such decrease was primarily because most of the revenue from jobs with customers in Macau have been recognised in 2015 and the Group did not involve in other sizeable job in Macau for the year ended 31 December 2016.

## **Cost of sales**

The Group's cost of sales amounted to approximately HK\$82.0 million and HK\$87.4 million for the years ended 31 December 2015 and 2016 respectively, representing an increase of approximately 6.5%. Such increase was primarily due to the increase of costs from materials and consumables and staff costs which was in line with the increased revenue of the Group by approximately 4.7% for the year ended 31 December 2016.

## **Gross profit and gross profit margin**

The Group's gross profit was approximately HK\$38.1 million and HK\$38.3 million, respectively, for the year ended 31 December 2015 and 2016, while the gross profit margin decreased from approximately 31.7% for the year ended 31 December 2015 to approximately 30.5% for the year ended 31 December 2016. The decrease in the overall gross profit margin between the years ended 31 December 2016 and 2015 was mainly because of the increase in staff salaries and allowances due to (i) the increase in the number of staff among the Group and (ii) increase in subcontracting charges due to the relatively tight work schedule for certain jobs undertaken during the year ended 31 December 2016.

## **Profit for the year attributable to the owners of the Company**

The Group's profit and total comprehensive income amounted to approximately HK\$14.2 million and HK\$3.6 million for the year ended 31 December 2015 and 2016 respectively. The decrease in the year ended 31 December 2016 as compared to year ended 31 December 2015 was primarily attributable to the net effect of (i) the recognition of listing expenses for the GEM Listing of approximately HK\$12.2 million for the year ended 31 December 2016 (2015: HK\$4.4 million) and (ii) the increase in administrative expenses (excluding listing expenses incurred for the GEM Listing) which was mainly attributable to the increase in staff salaries and depreciation of fixed assets due to business expansion of the Group. Excluding the one-off exceptional listing expenses for the GEM Listing of approximately HK\$4.4 million and HK\$12.2 million for the years ended 31 December 2015 and 2016, respectively, profit and total comprehensive income for the years ended 31 December 2015 and 2016 would reach



approximately HK\$18.6 million and HK\$15.8 million, respectively, representing a decrease of approximately 15.1% between the two years ended 31 December 2015 and 2016 and the reason for the fluctuation is explained as above.

## NET CURRENT ASSETS

The following table sets out the breakdown of the Group's current assets, current liabilities and net current assets as at 31 December 2015, 2016, and 2017:

	<b>As at</b> <b>31 December 2015</b> <i>HK\$'000</i> (audited)	<b>As at</b> <b>31 December 2016</b> <i>HK\$'000</i> (audited)	<b>As at</b> <b>31 December 2017</b> <i>HK\$'000</i> (audited)
<b>Current assets</b>			
Amounts due from customers for contract work	3,568	9,965	7,651
Trade and other receivables	32,708	42,215	65,101
Amount due from a director	6,568	–	–
Amount due from a related company	1,637	–	–
Pledged bank deposit	–	–	10,014
Cash and cash equivalents	19,985	60,828	36,404
	<hr/>	<hr/>	<hr/>
<b>Total current assets</b>	<b>64,466</b>	<b>113,008</b>	<b>119,170</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Current liabilities</b>			
Amounts due to customers for contract work	174	212	–
Trade and other payables	18,433	26,368	19,014
Amounts due to directors	3,363	22	22
Borrowings	1,669	2,284	–
Tax payable	4,214	5,151	1,532
	<hr/>	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>27,853</b>	<b>34,037</b>	<b>20,568</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net current assets</b>	<b>36,613</b>	<b>78,971</b>	<b>98,602</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group had current assets of approximately HK\$64.5 million as at 31 December 2015, HK\$113.0 million as at 31 December 2016 and HK\$119.2 million as at 31 December 2017 which consisted of amounts due from customers for contract work, trade and other receivables, amount due from a director, amount due from a related company, pledged bank deposit and cash and cash equivalents. The Group had current liabilities of approximately HK\$27.9 million as at 31 December 2015, HK\$34.0 million as at 31 December 2016 and HK\$20.6 million as at 31 December 2017, which consisted of amounts due to customers for contract work, trade and other payables, amounts due to directors, borrowings and tax payable.

The increase in current assets as at 31 December 2015 as compared to 31 December 2016 was mainly due to (i) increase in cash and cash equivalents of approximately HK\$40.8 million mainly due to receipt of proceeds from the GEM listing in December 2016 and (ii) increase in trade and other receivables of approximately HK\$9.5 million attributable to the increase of contract receivables by approximately HK\$3.6 million and increase of retention receivables by approximately HK\$5.8 million. The Group has recorded an increase of current liabilities from approximately HK\$27.9 million as at 31 December 2015 to approximately HK\$34.0 million as at 31 December 2016. Such increase was driven by the increase of trade and other payables by approximately HK\$7.9 million and partially offset by the settlement of amounts due to directors of approximately HK\$3.3 million before Listing.

The current assets of the Group as at 31 December 2017 increased to approximately HK\$119.2 million (2016: HK\$113.0 million). Such increase was primarily due to the increase in trade and other receivables by approximately HK\$22.9 million which was in line to the increase of the Group's revenue by approximately 48.1% for the year ended 31 December 2017, while partially offset by the decrease of aggregate of cash and cash equivalents and pledged bank deposit of approximately HK\$14.4 million. The current liabilities of the Group as at 31 December 2017 decreased to approximately HK\$20.6 million (2016: HK\$34.0 million). Such decrease was a result of (i) the decrease of trade and other payables of approximately HK\$7.4 million which was due to a faster repayment pattern of balance due to the Group's suppliers and subcontractors during the year, (ii) the full settlement of the current portion of borrowings of approximately HK\$2.3 million and (iii) the net repayment of tax payable of approximately HK\$3.6 million.

## **CERTAIN OTHER FINANCIAL INFORMATION OF THE GROUP**

### **Property, plant and equipment**

The Group's property, plant and equipment mainly consist of (i) plant and machinery including coring machines, wire saw machines, etc.; (ii) furniture, fixture and equipment; and (iii) motor vehicles. The carrying amount of plant and machinery increased from approximately HK\$7.2 million as at 31 December 2015 to approximately HK\$10.6 million as at 31 December 2016 and to approximately HK\$15.0 million as at 31 December 2017 mainly because of acquisition of additional machinery for project execution under the business expansion of the Group.

## Amounts due from/(to) customers for contract work

The following tables set out the details of the amounts due from/to customers for contract works as at 31 December 2015, 2016 and 2017:

	<b>As at</b> <b>31 December 2015</b> <i>HK\$'000</i> (audited)	<b>As at</b> <b>31 December 2016</b> <i>HK\$'000</i> (audited)	<b>As at</b> <b>31 December 2017</b> <i>HK\$'000</i> (audited)
<b>Amounts due from customers for contract work:</b>			
Contract costs incurred plus recognised profits less recognised losses	95,341	96,798	169,263
Less: Progress billings received and receivables	(91,773)	(86,833)	(161,612)
	<u>3,568</u>	<u>9,965</u>	<u>7,651</u>
<b>Amounts due to customers for contract work:</b>			
Progress billings received and receivables	4,636	3,940	–
Less: Contracts costs incurred plus recognised profits less recognised losses	(4,462)	(3,728)	–
	<u>174</u>	<u>212</u>	<u>–</u>

Revenue from contracts is recognised based on the stage of completion of the contracts. The stage of completion is recorded by reference to construction costs incurred. There is normally a timing difference between the project progress (in terms of percentage of project completion) recorded by the Group and the issuance of written payment approval and billing of our projects. The Group records gross amounts due from customers for contract work when the sum of the costs incurred for a project and the respective recognised profit (less recognised loss) is greater than the amount of progress billings of the project. On the other hand, the Group records gross amounts due to customers for contract work when the sum of the costs incurred for a project and the respective recognised profit (less recognised loss) is less than the amount of progress billings of the project. The Group normally submits payment applications to its customers on a regular basis.

The amounts due from/to customers for contract work are normally affected by (i) the amount of works handled by the Group at the time close to the end of each reporting period by reference to the construction costs incurred for and the budgeted costs of the projects; and (ii) the timing of issuing written payment approval by customers for the project progress recorded by the Group, which can vary significantly from period to period.

### Trade and other receivables

The following table shows the Group's trade and other receivables for the periods indicated:

	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>	<b>As at 31 December 2017</b>
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Contract receivables	19,240	22,779	40,094
Retention receivables	9,971	15,792	18,264
	<hr/>	<hr/>	<hr/>
Total trade receivables	29,211	38,571	58,358
Other receivables, deposits and prepayments	3,497	3,644	6,743
	<hr/>	<hr/>	<hr/>
	<b><u>32,708</u></b>	<b><u>42,215</u></b>	<b><u>65,101</u></b>

Generally, payment from customers is due around 14 to 60 days after the issue of the progress certificate/invoice.

The Group's contract receivables increased from approximately HK\$22.8 million as at 31 December 2016 to approximately HK\$40.1 million as at 31 December 2017, as a result of (i) the increase in total revenue of the Group for the year ended 31 December 2017 by approximately 48.1%; and (ii) higher amount of work done has been certified and billed to its customers in the fourth quarter for the year ended 31 December 2017 amounted to approximately HK\$53.3 million, which was higher than the revenue recognised in the fourth quarter for the year ended 31 December 2016 amounted to approximately HK\$38.1 million, representing an increase of approximately 39.9%.

As at the Latest Practicable Date, approximately 91.0% of the Group's contract receivables as at 31 December 2017 has been subsequently settled.

The following table illustrates the aging analysis of the contract receivables, based on the invoice date, for the three years ended:

	<b>As at</b> <b>31 December 2015</b> <i>HK\$ '000</i> (audited)	<b>As at</b> <b>31 December 2016</b> <i>HK\$ '000</i> (audited)	<b>As at</b> <b>31 December 2017</b> <i>HK\$ '000</i> (audited)
0-30 days	4,202	13,515	13,776
31-60 days	4,852	6,400	8,207
61-90 days	2,460	720	8,990
91-365 days	7,350	1,757	8,496
Over 365 days	376	387	625
	<u>19,240</u>	<u>22,779</u>	<u>40,094</u>

Contract receivables of approximately HK\$15.0 million, HK\$9.6 million and HK\$23.5 million as at 31 December 2015, 2016 and 2017 respectively, were past due but not impaired. The increase of the Group's contract receivables past due but not impaired from approximately HK\$9.6 million as at 31 December 2016 to approximately HK\$23.5 million as at 31 December 2017 was consistent to the increase of sizeable jobs for the year ended 31 December 2017. It is explained that some of the Group's customers, being main contractors, required the settlement of progress payment due to the Group on a back-to-back basis, i.e. the main contractor would settle the progress payment due by it to the Group only after such main contractor receiving the corresponding progress payment due by the project's employer. Also, some project employers may undergo internal procedure with their finance departments for making payment pursuant to the certificate issued by the consultant of the project. These factors usually prolong the timing of settlement which the Directors consider such factors is a common practice in the industry. In particular, based on the Directors' experience, customers usually take a longer period in settling our payments for variation orders due to the additional time required by the finance departments of the customers and/or the project employers in making payment after the payment certificates are issued to the Group, as compared to those works performed and covered under the original contract. To the Directors' best knowledge, the reason for a longer period required in settling payment for variation orders is that it may involve additional cost allocation and budget planning on the part of the customers and/or the project employers. Approximately HK\$5.1 million, HK\$4.4 million and HK\$10.4 million of the Group's total contract receivables as at 31 December 2015, 2016 and 2017 was attributable to variation orders.

In light of the above, the Directors consider that the increase in the contract receivables past due but not impaired from approximately HK\$9.6 million as at 31 December 2016 to approximately HK\$23.5 million as at 31 December 2017 was in line with (i) the increase in the revenue recognised (particularly in relation to works done for variation orders) during the year ended 31 December 2017; and (ii) the fact that a higher amount of work done has been certified and billed to its customers in the fourth quarter for the year ended 31 December 2017 as explained above. The Directors considered that these contract receivable past due but not impaired were related to a number of independent customers of whom there is no history of default and no provision has therefore been made.

As at the Latest Practicable Date, approximately 92.6% of the Group's contract receivables that were past due but not impaired as at 31 December 2017 has been subsequently settled.

The following table sets forth the debtors' turnover days of the contract receivables for the periods indicated:

	<b>Year ended 31 December 2015</b> (audited)	<b>Year ended 31 December 2016</b> (audited)	<b>Year ended 31 December 2017</b> (audited)
Debtors' turnover day	<u>42.5 days</u>	<u>61.0 days</u>	<u>61.6 days</u>

The debtors' turnover days for the years ended 31 December 2015, 2016 and 2017 is approximately 42.5 days, 61.0 days and 61.6 days, respectively, which is consistent with the credit periods granted to our customers.

The debtor's turnover days for years ended 31 December 2016 and 2017 are higher than that in the year ended 31 December 2015, mainly due to the largest job in 2014 (in terms of revenue contributed in 2014), job C2014, was substantially completed in July 2014. Since job C2014 was substantially completed several months before 31 December 2014, with the credit term ranging from 14 to 60 days after the issue of the progress certificate, the outstanding balance due to job C2014 was settled before 31 December 2014. Accordingly, the outstanding contract receivables relating to job C2014 as at 31 December 2014 was HK\$nil.

Since the debtors' turnover days of the contract receivables is calculated based on the average of beginning and ending trade receivable balances for the relevant period, the exceptionally low outstanding contract receivable as at 31 December 2014 resulted in lower debtors' turnover day for the year ended 31 December 2015. Therefore, the debtor's turnover days for year ended 31 December 2016 and 2017 are higher than that in the year ended 31 December 2015.

## Trade and other payables

The following table shows the Group's trade and other payables and creditors' turnover days for the periods indicated:

	<b>As at 31 December 2015</b> <i>HK\$'000</i> (audited)	<b>As at 31 December 2016</b> <i>HK\$'000</i> (audited)	<b>As at 31 December 2017</b> <i>HK\$'000</i> (audited)
Trade payables	10,006	15,617	11,514
Accruals and other payables	8,427	10,751	7,500
	<u>18,433</u>	<u>26,368</u>	<u>19,014</u>
	<b>Year ended 31 December 2015</b> (audited)	<b>Year ended 31 December 2016</b> (audited)	<b>Year ended 31 December 2017</b> (audited)
Creditors' turnover day	<u>28.8 days</u>	<u>53.5 days</u>	<u>37.9 days</u>

Please refer to the annual reports of the Company for the years ended 31 December 2016 and 2017 for further details of the annual results and management discussion and analysis of the Group during the corresponding period.

## WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources and existing facilities available to the Group, the Group has sufficient working capital for its requirements for at least next 12 months from the date of this announcement.

## FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

On 8 May 2018, the Company announced the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2018. For details, please refer to the said announcement and the first quarterly report for the three months ended 31 March 2018 published on 10 May 2018.

## NO MATERIAL ADVERSE CHANGE

The Directors confirm that subsequent to 31 December 2017 and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group and there have been no trends or developments which may have a material adverse impact on the Group's business operations or financial performance.

## USE OF PROCEEDS

The net proceeds from the GEM Listing, after deducting listing related expenses, were approximately HK\$33.1 million. The actual figures was different from the estimated net proceeds of approximately HK\$34.1 million as set out in the announcement of the Company in relation to the allotment result dated 14 December 2016 and the actual net proceeds has been applied towards the use of proceeds in the same manner and same proportion as specified in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

An analysis of the utilisation of the net proceeds from the GEM Listing up to 31 December 2017 is set out below:

	<b>Adjusted use of proceeds in the same manner as stated in the Prospectus from the GEM Listing and up to 30 June 2018 HK\$ million</b>	<b>Planned use of net proceeds as stated in the Prospectus up to 31 December 2017 HK\$ million</b>	<b>Actual use of net proceeds up to 31 December 2017 HK\$ million</b>
Further enhancing our machineries	9.7	6.2	6.4
Further strengthening our manpower ( <i>Note 1</i> )	9.8	7.7	7.1
Leasing an additional warehouse ( <i>Note 2</i> )	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
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>33.1</b>	<b>27.1</b>	<b>26.7</b>

*Note 1:* The actual use of proceeds to further strengthen the Group’s manpower is lower than the planned use of net proceeds up to 31 December 2017 by approximately HK\$0.6 million as the time required to select suitable candidates with appropriate skills and experience was longer than expected in the view of labour shortage among the construction industry, including the concrete demolition industry in Hong Kong and Macau. Hence, the recruitment of a project manager and other site staff as planned in 2016 was delayed to mid of 2017.

*Note 2:* The actual use of proceeds to lease an additional warehouse is lower than the planned use of net proceeds up to 31 December 2017 by approximately HK\$0.6 million as the time required to locate a suitable warehouse for storage of the Group’s machineries was longer than expected in the view of the increased market rate of rental cost. Hence, the commencement of leasing an additional warehouse as planned in 2016 was delayed to mid of 2017.



The remaining net proceeds of approximately HK\$6.4 million which had not yet been utilised is expected to be applied in accordance with the future plans and use of proceeds for the period from 1 January 2018 to 30 June 2018 as set out in the Prospectus.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

## **BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT**

The biographical information of each current Director as at the date of this announcement is as follows:

### **EXECUTIVE DIRECTORS**

**Mr. CHEUNG Shek On** (張錫安), aged 56, is one of the Controlling Shareholders, an executive Director and the chief executive officer of the Group. He joined the Group since its establishment in 1985. Mr. Cheung is responsible for the overall management and administration of the Group's business operations. He is also a director of each wholly-owned subsidiary of the Group. Mr. Cheung has more than 32 years of experience in the concrete demolition industry.

As at the date of this announcement, Mr. Cheung is interested in 189,000,000 Shares held through Sino Continent Holdings Limited ("**Sino Continent**") (representing 28.125% of the issued share capital of the Company). The entire issued share capital of Sino Continent is legally and beneficially owned by Mr. Cheung. Mr. Cheung is the sole director for Sino Continent.

As at the date of this announcement, Ms. Luk Pui Kei Peggy, being the spouse of Mr. Cheung, is deemed to be interested in the 189,000,000 Shares held by Mr. Cheung pursuant to the SFO.

Save as disclosed above, Mr. Cheung (i) has not held any other position within the Group and has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years; and (ii) does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO. Mr. Cheung has no relationships with any Directors, senior management or substantial shareholders of the Company.

## ***Directorships in Hong Kong companies***

Mr. Cheung was a director of the following company incorporated in Hong Kong, which was deregistered (but not due to member's voluntary winding-up) and, if applicable, ceased business immediately prior to its dissolution, with voluntarily disclosed details as follows:

<b>Name of company</b>	<b>Date of dissolution</b>	<b>Nature of proceeding</b>	<b>Nature of business before dissolution</b>
Kingland Construction & Demolition Co. Limited (景聯創展工程有限公司) <i>(Note 1)</i>	28 February 2014	Deregistration	No business operation <i>(Note 2)</i>

### *Notes:*

1. Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all members of such company agree to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.
2. It was then established for the purpose of carrying out business in construction and demolition business. However, due to subsequent change in the business plan, no business has ever been carried out by it since its incorporation and until it was deregistered.

Mr. Cheung was a director of the following companies incorporated in Hong Kong that have been struck off:

<b>Name of company</b>	<b>Date of dissolution</b>	<b>Nature of proceeding</b>	<b>Nature of business before dissolution</b>
Kingland Concrete Cutting Technology Limited (景聯混凝土切割科技有限公司)	5 January 2007	Struck off	No business operation <i>(Note 1)</i>
Kingland Concrete Drilling (China) Company Limited (景聯混凝土鑽鑿(中國)有限公司)	2 February 2007	Struck off	No business operation <i>(Note 1)</i>
Kingland Construction Company Limited (景聯建築工程有限公司)	9 February 2007	Struck off	No business operation <i>(Note 1)</i>
Kingland Development (Hong Kong) Company Limited (景聯發展(香港)有限公司)	15 May 2009	Struck off	No business operation <i>(Note 1)</i>

<b>Name of company</b>	<b>Date of dissolution</b>	<b>Nature of proceeding</b>	<b>Nature of business before dissolution</b>
Lucky Golden International Limited (金得國際有限公司)	29 December 2006	Struck off	No business operation <i>(Note 2)</i>

*Notes:*

1. These companies were then established for the purpose of carrying out business in various sectors of construction. However, due to subsequent change in the business plan, no business has ever been carried out by these companies since their incorporation and until they were struck off.
2. This company was then established in August 2001 as investment holding vehicle. However, due to subsequent change in the business plan, no business or investment has ever been carried out by this company since its incorporation and until it was struck off.

Mr. Cheung confirmed that there have been no claims against him in relation to the above-mentioned companies that have been deregistered or struck off, and the above-mentioned companies were solvent at the time of being deregistered or struck off. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned companies.

Mr. Cheung has been a director of the following companies against which winding-up petitions were filed:

<b>Company</b>	<b>Date of incorporation</b>	<b>Current nature of business</b>	<b>Nature of proceeding and amounts involved</b>	<b>Date of commencement of proceeding</b>	<b>Outcome of proceeding</b>
Kingland Concrete	9 July 1985	No business operation	Winding-up petition	24 December 2001	Dismissed on 20 September 2004
Kingland Holdings	13 November 1998	Investment holdings	Winding-up petition	24 December 2001	Dismissed on 20 September 2004

Mr. Cheung has entered into a service agreement with the Company for an initial term of three years, subject to the rotation required under the Articles of Association of the Company, the GEM Listing Rules and/or other applicable rules, commencing from 16 December 2016 until terminated by either party giving not less than three months' notice in writing to the other. Pursuant to the service agreement, he is entitled to an annual salary and he may receive a discretionary bonus subject to the approval by the remuneration committee of the Company and the Board. His remuneration and discretionary bonus are determined with reference to, amongst other things, market level of remuneration and compensation paid by comparable companies, his responsibilities and performance of the Group. For the year ended 31 December 2017, the Director's emolument of Mr. Cheung amounted to approximately HK\$1.8 million.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

**Mr. CHAN Yuk Sing (陳玉成)**, aged 58, is one of the Controlling Shareholders, a co-founder of the Group and an executive Director. He is responsible for the overall business development and financial and strategic planning of the Group. He is also a director of Kingland (Sino). Mr. Chan co-founded the Group in 1985 and has more than 32 years of experience in the concrete demolition industry.

As at the date of this announcement, Mr. Chan is interested in 189,000,000 Shares held through Supreme Voyage Limited (“**Supreme Voyage**”) (representing 28.125% of the issued shares capital of the Company). The entire issued share capital of Supreme Voyage is legally and beneficially owned by Mr. Chan. Mr. Chan is the sole director for Supreme Voyage.

As at the date of this announcement, Ms. Cho Bik Nung, being the spouse of Mr. Chan, is deemed to be interested in the 189,000,000 Shares held by Mr. Chan pursuant to the SFO.

Save as disclosed above, Mr. Chan (i) has not held any other position within the Group and has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years; and (ii) does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO. Mr. Chan has no relationships with any Directors, senior management or substantial shareholders of the Company.

#### ***Directorships in Hong Kong companies***

Mr. Chan was a director of the following companies, which were deregistered (but not due to member’s voluntary winding-up) and, if applicable, had ceased business immediately prior to their dissolution, with voluntarily disclosed details as follows:

<b>Name of company</b>	<b>Date of dissolution</b>	<b>Nature of proceeding</b>	<b>Nature of business before dissolution</b>
B.B.C. Company Limited (必必勝有限公司) <i>(Note 1)</i>	21 July 2000	Deregistration	Food and beverage
Kingland Construction & Demolition Co. Limited (景聯創展工程有限公司) <i>(Note 1)</i>	28 February 2014	Deregistration	No business operation <i>(Note 2)</i>
Lubi Jian Cai (Hong Kong) Company Limited (香港魯碧建材公司) <i>(Note 1)</i>	30 May 2008	Deregistration	Trading

Notes:

1. Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all members of such company agree to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.
2. It was then established for the purpose of carrying out business in construction and demolition business. However, due to subsequent change in the business plan, no business has ever been carried out by it since its incorporation and until it was deregistered.

Mr. Chan was a director of the following companies that have been struck off:

<b>Name of company</b>	<b>Date of dissolution</b>	<b>Nature of proceeding</b>	<b>Nature of business before dissolution</b>
Kingland Concrete Cutting Technology Limited (景聯混凝土切割科技有限公司)	5 January 2007	Struck off	No business operation <i>(Note 1)</i>
Kingland Concrete Drilling (China) Company Limited (景聯混凝土鑽鑿(中國)有限公司)	2 February 2007	Struck off	No business operation <i>(Note 1)</i>
Kingland Construction Company Limited (景聯建築工程有限公司)	9 February 2007	Struck off	No business operation <i>(Note 1)</i>
Sheung Sze Wan Village Company Limited (相思灣魚村有限公司)	25 April 2003	Struck off	No business operation <i>(Note 2)</i>
Kingland Development (Hong Kong) Company Limited (景聯發展(香港)有限公司)	15 May 2009	Struck off	No business operation <i>(Note 1)</i>
Lucky Golden International Limited (金得國際有限公司)	29 December 2006	Struck off	No business operation <i>(Note 3)</i>

Notes:

1. These companies were then established for the purpose of carrying out business in various sectors of construction. However, due to subsequent change in the business plan, no business has ever been carried out by these companies since their incorporation and until they were struck off.
2. This company was then established in June 1997 by Mr. Chan and other independent third parties, for the purpose of carrying out catering business. The company was in operation for several years until it ceased business in around 2000.

3. This company was then established in August 2001 as investment holding vehicle. However, due to subsequent change in the business plan, no business or investment has ever been carried out by this company since its incorporation and until it was struck off.

Mr. Chan confirmed that there have been no claims against him in relation to the above-mentioned companies that have been deregistered or struck off, and the above-mentioned companies were solvent at the time of being deregistered or struck off. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned companies.

Mr. Chan has been a director of the following companies against which winding-up petitions were filed:

<b>Company</b>	<b>Date of incorporation</b>	<b>Current nature of business</b>	<b>Nature of proceedings</b>	<b>Date of commencement of proceeding</b>	<b>Outcome of proceeding</b>
Kingland Concrete	9 July 1985	No business operation	Winding-up petition	24 December 2001	Dismissed on 20 September 2004
Kingland Holdings	13 November 1998	Investment holdings	Winding-up petition	24 December 2001	Dismissed on 20 September 2004

Mr. Chan has entered into a service agreement with the Company for an initial term of three years, subject to the rotation required under the Articles of Association of the Company, the GEM Listing Rules and/or other applicable rules, commencing from 16 December 2016 until terminated by either party giving not less than three months' notice in writing to the other. Pursuant to the service agreement, he is entitled to an annual salary and he may receive a discretionary bonus subject to the approval by the remuneration committee of the Company and the Board. His remuneration and discretionary bonus are determined with reference to, amongst other things, market level of remuneration and compensation paid by comparable companies, his responsibilities and performance of the Group. For the year ended 31 December 2017, the Director's emolument of Mr. Chan amounted to approximately HK\$1.6 million.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

## **NON-EXECUTIVE DIRECTOR**

**Mr. KUAN Hong Kin Daniel (關匡建)**, aged 27, is a non-executive Director. Mr. Kuan is responsible for providing legal advice on the Group's legal compliance matters.

Mr. Kuan was admitted as a barrister in Hong Kong in March 2014. He obtained from The Chinese University of Hong Kong a bachelor's degree in law in November 2012 and the Postgraduate Certificate in Laws in July 2013.

As at the Latest Practicable Date, Mr. Kuan does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Kuan (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Mr. Kuan has no relationships with any Directors, senior management or substantial shareholders of the Company.

Mr. Kuan has entered into an appointment letter with the Company for an initial term of three years commencing from 22 November 2016, subject to his re-election following retirement by rotation or otherwise in accordance with the provisions of the Articles of Association of the Company at any subsequent annual general meeting at which he is required to retire, until terminated by either party giving not less than one month's notice in writing to the other. Pursuant to the appointment letter, he is entitled to an annual salary. His remuneration is determined with reference to, amongst other things, market level of remuneration and compensation paid by comparable companies, his responsibilities and performance of the Group. For the year ended 31 December 2017, the Director's emolument of Mr. Kuan amounted to HK\$180,000.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. CHAN Ngai Sang Kenny (陳毅生)**, aged 53, is an independent non-executive Director. He is responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct.

Mr. Chan has more than 20 years of experience in accounting, taxation, auditing and corporate finance. He is a partner and founder of Kenny Chan & Co., a Certified Public Accountant firm. Mr. Chan obtained a bachelor's degree of commerce from The University of New South Wales in Australia. He has been a member of the Hong Kong Institute of Certified Public Accountants since February 1992.

Mr. Chan's directorships in other listed companies in the last three years as an independent non-executive director are listed as follows:

<b>Company</b>	<b>Period</b>
AMCO United Holding Limited (stock code: 630)	June 2015 to August 2017
Combest Holdings Limited (stock code: 8190)	September 2002 to February 2018
Convoy Global Holdings Limited (stock code: 1019)	March 2015 to November 2017
Hebei Construction Group Corporation Limited (stock code: 1727)	June 2017 to present
Minsheng Education Group Company Limited (stock code: 1569)	March 2017 to present
TSC Group Holdings Limited (stock code: 206)	October 2005 to present
WLS Holdings Limited (stock code: 8021)	April 2015 to December 2017
Zhongyuan Bank Co., Ltd. (stock code: 1216)	May 2017 to present

As at the Latest Practicable Date, Mr. Chan does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Chan (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Mr. Chan has no relationships with any Directors, senior management or substantial shareholders of the Company.



In December 2017, Convoy Global Holdings Limited (stock code: 1019) (“**Convoy**”, together with its subsidiaries, the “**Convoy Group**”) and two of its subsidiaries have instigated legal proceedings (the “**Legal Action**”) in the High Court of Hong Kong (the “**Court**”) against 28 defendants (the “**Defendants**”), including certain directors of the Convoy Group. Pursuant to the Statement of Claims in respect of the Legal Action, it was alleged (the “**Allegations**”), among other things, that an executive director of Convoy (the “**Convoy’s Former Director**”) and his associates on the board of Convoy and/or the two subsidiaries had improperly used their power to allot shares and to grant loans on a non-commercial or commercially irrational basis to the detriment of the Convoy Group in order to entrench the control of the Convoy’s Former Directors over Convoy, in circumstances where certain placees, who had participated in a capital-raising exercise of Convoy in October 2015, purported to pay the subscription price only on the condition that such payment would be directly or indirectly funded by Convoy itself.

According to an announcement of Convoy dated 8 March 2018, the Case Management Conference in respect of, among others, the Legal Action was held on 6 March 2018. According to the directions made by the Court, another Case Management Conference has been scheduled for the Legal Action to be held on 26 July 2018.

Mr. Chan, being a former independent non-executive director of Convoy and is referred to as one of the associates of the Convoy’s Former Director in the Statement of Claim, is thus a defendant in the Legal Action. Based on public information and to their best knowledge upon reasonable enquiries, none of the Directors was aware of any adverse Court findings against Mr. Chan personally in respect of the Allegations as at the Latest Practicable Date. Mr. Chan has confirmed to the Company that (i) he was a director taking a non-executive role during his former directorship in Convoy and did not involve in the day-to-day operation or management or made any decision on the day-to-day operation and management activities of Convoy; (ii) the Legal Action would not affect him to discharge his duties as an independent non-executive director of the Company; and (iii) save as disclosed in this announcement, there was no other matter that needs to be brought to the attention of the shareholders of the Company. Having considered the above, the Directors are of the view that the Legal Action does not constitute matters which affect Mr. Chan’s suitability to act as the independent non-executive director of the Group.

Mr. Chan has entered into a letter of appointment with the Company for an initial term of three years commencing on 22 November 2016 and, subject to retirement by rotation or re-election in accordance with the Articles of Association, will continue thereafter until terminated in accordance with the terms of the agreement and the initial annual salary for him is HK\$216,000.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

**Mr. CHOW Chun To (鄒振濤)**, aged 34, is an independent non-executive Director. He is responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct.

Mr. Chow has more than 11 years of experience in accounting and auditing. He worked at PCP CPA Limited as an accountant III from June 2006 to June 2007. He then joined HLB Hodgson Impey Cheng (currently known as HLB Hodgson Impey Cheng Limited) as an accountant I in June 2007 until December 2007. In February 2008, Mr. Chow joined Deloitte Touche Tohmatsu as an associate and was promoted to a senior in October 2008 until he left the company in April 2011. Mr. Chow worked as a financial manager at Chiho-Tiande (HK) Limited, a wholly-owned subsidiary of Chiho-Tiande Group Limited (stock code: 976), the issued shares of which are listed on the Stock Exchange, between May 2011 and May 2013. He then worked as a financial controller at JC Group Holdings Limited (stock code: 8326), the issued shares of which are listed on the Stock Exchange, from May 2013 to September 2014. Mr. Chow worked as the financial controller at In Construction Holdings Limited (stock code: 1500), the issued shares of which are listed on the Stock Exchange, between September 2014 and February 2017. Mr. Chow is currently an independent non-executive director of Geotech Holdings Ltd. (stock code: 1707) and AV Promotions Holdings Limited (stock code: 8419).

Mr. Chow obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in December 2006 and has been a member of the Hong Kong Institute of Certified Public Accountants since July 2013.

As at the Latest Practicable Date, Mr. Chow does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Chow (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Mr. Chow has no relationships with any Directors, senior management or substantial shareholders of the Company.

Mr. Chow has entered into a letter of appointment with the Company for an initial term of three years commencing on 22 November 2016 and, subject to retirement by rotation or re-election in accordance with the Articles of Association, will continue thereafter until terminated in accordance with the terms of the agreement and the initial annual salary for him is HK\$216,000.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

**Mr. YAM Chiu Fan Joseph (任超凡)**, aged 63, is an independent non-executive Director. He is responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct.

Mr. Yam has served the Hong Kong Police Force for over 32 years. He joined the Royal Hong Kong Police (currently known as the Hong Kong Police Force) as a probationary inspector in 1977. He was promoted to a senior inspector and a chief inspector in 1987 and November 1990, respectively. He was further promoted to a superintendent in June 2004. Mr. Yam has retired from the Hong Kong Police Force in December 2009 and subsequently joined Hong Yip Service Co. Ltd. as the head of security in June 2010. Mr. Yam also joined Prime Intelligence Solutions Group Limited as a director in November 2015. Prime Intelligence Solutions Group Limited is a solution provider of biometrics identification systems in Hong Kong, Macau and the PRC. Mr. Yam is currently an independent non-executive director of Cloud Investment Holdings Limited (stock code: 8129).

As at the Latest Practicable Date, Mr. Yam does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Yam (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Mr. Yam has no relationships with any Directors, senior management or substantial shareholders of the Company.

Mr. Yam has entered into a letter of appointment with the Company for an initial term of three years commencing on 22 November 2016 and, subject to retirement by rotation or re-election in accordance with the Articles of Association, will continue thereafter until terminated in accordance with the terms of the agreement and the initial annual salary for him is HK\$216,000.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

## **SENIOR MANAGEMENT**

The biographical information of each current member of senior management as at the date of this announcement is as follows:

**Mr. MAK Banna (麥寶雅)**, aged 54, is the chief technical officer of the Group principally responsible for the overall operation of our concrete demolition business including tendering and work processing, quality control and work safety supervision. Mr. Mak first joined the Group in July 1996 as a project manager and was subsequently promoted to the current position in December 2012. Mr. Mak is also a director of Kingland (Sino) and Kingland Macau.

Mr. Mak has over 32 years of experience in the construction industry. Prior to joining the Group, he was employed, among others, by (i) Hsin Chong Construction Co., Ltd. from July 1985 to May 1988 with his

last position as a contract coordinator; and (ii) Sun Fook Kong Construction Limited after he resigned from Hsin Chong Construction Co., Ltd. and up to February 1995 with his last position as a senior project manager.

Mr. Mak obtained a diploma in Building Studies from the Technical Education and Industrial Training Department Hong Kong in July 1982. He received a higher diploma in Building Technology and Management and an associateship in Building Technology and Management from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1984 and November 1985 respectively. He completed a course on Construction Safety conducted by the Industrial Safety Training Centre of the Labour Department, Hong Kong in November 1985. He also obtained a diploma in Construction Management from the Construction Industry Training Authority in October 1991. He completed the Lead Assessor Examination organised by BSI Quality Assurance in October 1992 and a master degree in Construction Management from the City University of Hong Kong in November 2001. He was awarded the certificate of Metal Scaffold Erecting and Dismantling Supervision Training Course from the Construction Industry Training Authority (currently known as the Construction Industry Training Board) in May 2004, and the certificate of an Introductory Course on Conservation of Built Heritage from the Construction Industry Council Training Academy in June 2008.

Mr. Mak has been a member of the Chartered Institute of Building since May 1995 and a member of the Hong Kong Institution of Engineers since June 1995. He was registered as a Registered Professional Engineer in September 1998.

As at the Latest Practicable Date, Mr. Mak does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Mak (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Mr. Mak has no relationships with any Directors, senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed and there are no other matters that need to be brought to the attention of the Shareholders.

**Mr. CHEN Yeung Tak (陳仰德)**, aged 33, has joined the Group as a financial controller and company secretary since March 2015. He is mainly responsible for our financial reporting, financial planning, treasury, financial control and company secretarial matters.

Mr. Chen has over 11 years of experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Chen was employed, among others, by (i) Fung, Yu & Co. CPA Limited from July 2006 to December 2010 with his last position as an assistant manager; (ii) Deloitte Touche Tohmatsu as a senior auditor from January 2011 to October 2012; and (iii) PYI Corporation Limited (stock code: 0498), the issued shares of which are listed on the Main Board of the Stock Exchange, from February 2013 to February 2015 with his last position as an accounting manager. Mr. Chen is currently

an independent non-executive director of AV Promotions Holdings Limited (stock code: 8419) and Gain Plus Holdings Limited (stock code: 8522).

Mr. Chen obtained a bachelor's degree in Accountancy (honours) from The Hong Kong Polytechnic University in December 2006. Mr. Chen has been a member of the Hong Kong Institute of Certified Public Accountants since January 2011.

As at the Latest Practicable Date, Mr. Chen does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Chen (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Mr. Chen has no relationships with any Directors, senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed and there are no other matters that need to be brought to the attention of the Shareholders.

**Mr. YIP Wai Man (葉偉文)**, aged 48, has joined the Group as a sales manager since January 1995. Mr. Yip is principally responsible for the overall operation of our marketing and customer relationship activities, and procurement of plant and machinery. Mr. Yip has over 27 years of experience in the construction industry. Prior to joining the Group, he was employed, among others, by (i) Chen Hsong Foundry Co., Ltd. from August 1990 to September 1990 as a summer engineer trainee; (ii) Coleman Engineering Co (Hong Kong) Ltd from October 1991 to July 1993 as a sales engineer; and (iii) Mason S. & E. Co. Ltd. from October 1994 to December 1995 as a sales executive.

Mr. Yip obtained a higher diploma in Mechanical Engineering from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1991. He was awarded the certificate of completion of Metal Scaffold Erecting and Dismantling Supervision Training Course by the Construction Industry Training Authority in May 2004. He has also obtained the Construction Industry Safety Training Certificate from the Construction Industry Council in May 2013 and the Certificate of Certified Worker from the Hong Kong Human Resources Ltd. in January 2014.

As at the Latest Practicable Date, Mr. Yip does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Yip (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Mr. Yip has no relationships with any Directors, senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed and there are no other matters that need to be brought to the attention of the Shareholders.

**Ms. TSU Fung Ling (徐鳳玲)**, aged 51, first joined the Group as an administrative manager in April 1994 and left in January 2005. She has rejoined the Group as consultant from September 2014 to November 2014 and became the administrative manager of the Group since December 2014. Ms. Tsu is principally responsible for the overall administration of our business operations.

Prior to joining us, Ms. Tsu was employed, among others, by (i) Argos Engineering & Heavy Industries Co., Ltd. from April 1988 to March 1993 as a senior accounts clerk; and (ii) the Dynasty Club Limited from April 1993 to April 1994 as a supervisor. Ms. Tsu obtained the certificates of Higher Accounting and Third Level Cost Accounting from the London Chamber of Commerce and Industry Examinations Board in 1986 and 1990 respectively.

As at the Latest Practicable Date, Ms. Tsu does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Ms. Tsu (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Ms. Tsu has no relationships with any Directors, senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed and there are no other matters that need to be brought to the attention of the Shareholders.

**Mr. TAI Cheuk Fung (戴卓峯)**, aged 35, joined the Group as a foreman since February 2012. He is mainly responsible for overall site operation. Prior to joining the Group, Mr. Tai was employed, among others, by Chong Shing Construction & Engineering Co., Ltd. as site foreman from August 2008 to February 2012.

Mr. Tai obtained a diploma in Civil Engineering and a higher diploma in Civil Engineering from the Vocational Training Council in July 2003 and July 2010 respectively. He also completed a Construction Safety Supervisor Course held by the Construction Industry Training Authority (currently known as the Construction Industry Training Board) in July 2006.

As at the Latest Practicable Date, Mr. Tai does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Tai (i) has not held any other position within the Group and (ii) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years. Mr. Tai has no relationships with any Directors, senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed and there are no other matters that need to be brought to the attention of the Shareholders.

## **COMPETING INTERESTS**

At the time of the GEM Listing and up to the Latest Practicable Date, Kingland Guangzhou was not included in the Group in order to streamline the core business focus of the Group. Kingland Guangzhou was established in the PRC with limited liability on 22 March 2000, and was directly owned as to 45% by Mr. Chan, as to 45% by Mr. Cheung and as to 10% by Mr. Mak Banna as at the Latest Practicable Date. Up to the Latest Practicable Date, Kingland Guangzhou remains clearly delineated and not competing directly or indirectly with the Group due to the following reasons:

- Kingland Guangzhou is engaged in the provision of concrete demolition services in the PRC only. Therefore, geographical delineation demonstrates absence of competition between them and the Group;
- there was no overlapping in the individual customers of Kingland Guangzhou and the Group during the three years ended 31 December 2015, 2016 and 2017;
- the operations of Kingland Guangzhou and the Group were undertaken by two distinct and different groups of individuals during the years ended 31 December 2015, 2016 and 2017.

As at the Latest Practicable Date, the Directors do not plan to expand the Group's business to the PRC.

As at the date of this announcement, none of Controlling Shareholders or the Directors or their respective close associates has any interest in any business which competes or potentially competes, either directly or indirectly, with the business of the Group pursuant to Rule 9A.09(10) of the Main Board Listing Rules.

## **CONTROLLING SHAREHOLDERS**

As at the date of this announcement, each of Mr. Cheung and Mr. Chan is interested in 189,000,000 Shares (representing 28.125% of the issued share capital of the Company). Mr. Cheung and Mr. Chan have had a mutual understanding all along to actively cooperate with each other to jointly control the Group. Given the aforesaid and for the purposes of the GEM Listing Rules, Mr. Cheung and Mr. Chan are a group of Controlling Shareholders. As such, Mr. Cheung and Mr. Chan together control approximately 56.25% of the entire issued share capital of the Company.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for viewing on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.singon.com.hk](http://www.singon.com.hk):

- (a) the Memorandum of Association and the Articles of Association;
- (b) the quarterly report of the Company for the three months ended 31 March 2018;
- (c) the Directors' report and the annual report of the Company for the financial year ended 31 December 2017;

- (d) the interim report of the Company for the six months ended 30 June 2017;
- (e) the third quarterly report of the Company for the nine months ended 30 September 2017;
- (f) the circular of the Company dated 8 May 2017 in respect of the general mandates to issue and repurchase Shares, retirement of directors, re-election of Directors, re-appointment of auditors and notice of annual general meeting; and
- (g) a copy of each of the announcements and other corporate communications made by the Company as required under the GEM Listing Rules and the Main Board Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Articles of Association”	the articles of association of the Company adopted on 22 November 2016 and as amended from time to time
“associate(s)”	has the meaning ascribed to them in the Main Board Listing Rules
“Board”	the board of Directors
“Buildings Department”	the Buildings Department of Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the operation procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“close associate(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Company”	Sing On Holdings Limited (成安控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 5 January 2015
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Main Board Listing Rules and in the context of the Company and for the purpose of this announcement, means Mr. Chan, Mr. Cheung, Sino Continent Holdings Limited and Supreme Voyage Limited



“Director(s)”	the director(s) of the Company
“Electrical and Mechanical Services Department”	the Electrical and Mechanical Services Department of Hong Kong
“GEM”	the GEM (formerly known as the Growth Enterprise Market) of the Stock Exchange
“GEM Listing”	the listing of Shares on GEM
“GEM Listing Date”	16 December 2016, on which dealing in Shares first commence on GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Government”	The Government of Hong Kong
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kingland Concrete”	Kingland Concrete Drilling Company Limited (景聯混凝土鑽鑿有限公司), a company incorporated in Hong Kong with limited liability on 9 July 1985, which was owned as to 1.25% by Mr. Cheung, as to 1.25% by Mr. Chan and as to 97.5% by Kingland Holdings as at the Latest Practicable Date
“Kingland Guangzhou”	廣州好景聯切割科技有限公司 (translated as Guangzhou Good Kingland Concrete Demolition Company Limited), a company established in the PRC with limited liability on 22 March 2000 and was owned as to 45% by Mr. Cheung, as to 45% by Mr. Chan and as to 10% by Mr. Mak as at the Latest Practicable Date
“Kingland Holdings”	Kingland Holdings (Hong Kong) Limited (景聯控股(香港)有限公司), a company incorporated in Hong Kong with limited liability on 13 November 1998 and was owned as to 37% by Mr. Cheung, as to 37% by Mr. Chan and as to 26% by Kingland Concrete as at the Latest Practicable Date

“Kingland (Sino)”	Kingland (Sino) Company Limited (景聯(大中華)有限公司), a company incorporated in Hong Kong with limited liability on 16 January 2015, which was an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	28 May 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement
“Macau”	The Macau Special Administrative Region of the PRC
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM, and for the avoidance of doubt, it does not include GEM for the purpose hereof
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Association”	the memorandum of association of the Company adopted on 22 November 2016 and as amended from time to time
“Mr. Chan”	Mr. CHAN Yuk Sing (陳玉成), an executive Director and one of the Controlling Shareholders
“Mr. Cheung”	Mr. CHEUNG Shek On (張錫安), an executive Director, the chairman of the Board, the chief executive officer, and one of the Controlling Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and the Taiwan region
“Predecessor Companies Ordinance”	the predecessor Companies Ordinance (Chapter 32 of the laws of Hong Kong) as in force from time to time before 3 March 2014
“private sector jobs”	private sector jobs refer to jobs that are not public sector jobs
“Prospectus”	the prospectus of the Company dated 29 November 2016
“public sector jobs”	public sector jobs refer to jobs of which the main contractors are employed by the governments or their respective related organisations or corporations

“Registered Minor Works Contractor”	A contractor whose name is entered into the register of minor works contractors, being kept by the Buildings Department
“Registered Specialist Contractor”	A contractor whose name is entered into the register of specialist contractors, being kept by the Buildings Department
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Longxin”	上海龍鑫建築裝飾工程有限公司 (translated as Shanghai Longxin Construction Decoration Engineering Company Limited), a company established in the PRC with limited liability on 26 May 1994 and was owned as to 42% by Kingland Concrete and as to 58% by a PRC entity as at the Latest Practicable Date
“Shanghai Longxin GZ Branch”	上海龍鑫建築裝飾工程有限公司廣州分公司 (translated as Shanghai Longxin Construction Decoration Engineering Company Limited Guangzhou Branch), a branch company of Shanghai Longxin established in Guangzhou on 30 November 1999
“Share(s)”	the ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme approved and adopted by the Company on 22 November 2016
“Shigaoba”	廣州史高巴潛水服務有限公司 (translated as Guangzhou Shigaoba Diving Services Company Limited), a company established in the PRC with limited liability on 12 October 2010 and was owned as to 20% by Mr. Chan and as to 80% by an individual as at the Latest Practicable Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Main Board Listing Rules

“Transfer of Listing”

the transfer of listing of the Shares from GEM to the Main Board pursuant to Chapter 9A of the Main Board Listing Rules

“%”

*per cent.*

By order of the Board  
**Sing On Holdings Limited**  
**Cheung Shek On**  
*Chairman and Executive Director*

Hong Kong, 4 June 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 document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 document misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and will also be published on the “Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company’s website at [www.singon.com.hk](http://www.singon.com.hk).*