Shuang Yun Holdings Limited
雙運控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1706)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board of Directors (the "Board") of Shuang Yun Holdings Limited (the "Company") is pleased to present the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017 together with comparative figures for 2016, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2017	2016
	Notes	***S$***	*S$*
Revenue	*3*	**65,640,278**	51,469,726
Cost of services		**(45,757,397)**	(34,080,060)
Gross profit		**19,882,881**	17,389,666
Other income	*4*	**619,429**	344,621
Administrative expenses		**(11,454,197)**	(8,195,375)
Other losses	*5*	**(193,676)**	(468,420)
Listing expenses		**(3,460,627)**	–
Finance costs	*6*	**(1,560,448)**	(954,944)
Profit before taxation		**3,833,362**	8,115,548

	Notes	Year ended 31 December **2017** ***S$***	 2016 *S$*
Profit before taxation		**3,833,362**	8,115,548
Income tax expense	*7*	**(1,216,720)**	(1,064,874)
Profit for the year		**2,616,642**	7,050,674
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
(Loss) Gain on revaluation of properties, net of related income tax		**(6,445)**	251,072
Total comprehensive income for the year		**2,610,197**	7,301,746
EARNING PER SHARE			
Basic *(S$ cents)*	*9*	**0.33**	**0.94**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2017	2016
	Notes	***S$***	*S$*
Non-current assets			
Property, plant and equipment	*10*	**22,857,868**	21,674,805
Investment properties		**2,280,000**	2,320,000
Bank deposit	*14*	**170,000**	–
		25,307,868	23,994,805
Current assets			
Trade receivables	*11*	**48,684,786**	33,307,414
Other receivables, deposits and prepayments		**1,178,780**	996,115
Amounts due from customers for construction work	*12*	**8,694,499**	2,928,462
Amounts due from directors	*13*	**–**	22,834
Bank balances and cash	*14*	**15,426,789**	395,514
		73,984,854	37,650,339
Current liabilities			
Amount due to a director	*13*	**–**	42,196
Trade and other payables	*15*	**15,450,656**	9,604,379
Obligations under finance leases	*16*	**3,113,179**	3,186,694
Income tax payable		**1,391,569**	1,874,647
Borrowings	*17*	**22,497,856**	14,985,869
		42,453,260	29,693,785
Net current assets		**31,531,594**	7,956,554

		As at 31 December	
		2017	2016
	Notes	***S$***	*S$*
Non-current liabilities			
Obligations under finance leases	*16*	**5,082,247**	5,436,776
Borrowings	*17*	**5,123,935**	6,025,097
Deferred tax liabilities		**638,186**	616,824
		10,844,368	12,078,697
Net assets		**45,995,094**	19,872,662
Capital and reserves			
Share capital	*18*	**17,381,244**	7,500,000
Share premium		**5,130,991**	–
Reserves		**23,482,859**	12,372,662
Equity attributable to owners of the Company		**45,995,094**	19,872,662

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium *(Note (a))*	Reserves: Other reserves *(Note (b))*	Reserves: Revaluation reserves	Reserves: Accumulated profits	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
At 1 January 2016	5,500,000	–	–	420,251	6,804,665	12,724,916
Profit for the year	–	–	–	–	7,050,674	7,050,674
Gain on revaluation of properties, net of related income tax	–	–	–	251,072	–	251,072
Total comprehensive income for the year	–	–	–	251,072	7,050,674	7,301,746
Shares issuance	2,000,000	–	–	–	–	2,000,000
Dividends *(Note 8)*	–	–	–	–	(2,154,000)	(2,154,000)
At 31 December 2016	7,500,000	–	–	671,323	11,701,339	19,872,662
Profit for the year	–	–	–	–	2,616,642	2,616,642
Loss on revaluation of properties, net of related income tax	–	–	–	(6,445)	–	(6,445)
Total comprehensive income for the year	–	–	–	(6,445)	2,616,642	2,610,197
Transaction with owners, recognised directly in equity:						
Dividends *(Note 8)*	–	–	–	–	(2,200,000)	(2,200,000)
Issue of share of operational subsidiaries	3,200,000	–	–	–	–	3,200,000
Transfer upon the Group reorganisation	(10,700,000)	–	10,700,000	–	–	–
Issue of shares under the capitalisation issue	13,043,608	(13,043,608)	–	–	–	–
Issue of share under the share offer	4,337,636	20,026,735	–	–	–	24,364,371
Transaction costs directly attributable to issue of shares	–	(1,852,136)	–	–	–	(1,852,136)
At 31 December 2017	17,381,244	5,130,991	10,700,000	664,878	12,117,981	45,995,094

Note (a): Share premium represents the excess of proceeds from share issue over the par value.

Note (b): Other reserve arose on the group reorganisation as disclosed in Note 1 to the consolidated financial statements, in which Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong transferred 10,700,000 shares in Double-Trans Pte. Ltd. ("**Double-Trans**") and Samco Civil Engineering Pte. Ltd. ("**Samco**") to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

The Company is a company incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 June 2017. Its shares are listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The registered office of the Company is Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Unit B , 17/F United Centre, 95 Queensway, Hong Kong. The principal place of business of the Group is at No. 4, Sungei Kadut Street 2, Singapore.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of road construction services (including new road construction, road widening, and construction of road-related facilities), construction ancillary services (including road maintenance works), and lease of construction machineries.

The operating subsidiaries of the Group include Double-Trans and Samco, companies incorporated in Singapore, were controlled by Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong, who are sibling (together referred to the "**Controlling Shareholders**"). In preparing for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the companies comprising the Group underwent a group reorganisation as described below:

(i) Jian Sheng Holdings Limited ("**Jian Sheng**", a company is not forming part of the Group) was incorporated in the British Virgin Islands ("**BVI**") on 15 June 2017 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each. 8 shares and 2 shares were allotted and issued to Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong at a consideration of US$1.00 each respectively on the same day.

(ii) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 June 2017 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each. The entire issued share capital of the Company, one fully paid share at par, was allotted and issued to an initial subscriber. The initial subscriber transferred the Company to Jian Sheng by transferring one fully paid share to Jian Sheng at par value on the same day.

(iii) Shuang Yun (BVI) Limited ("**Shuang Yun (BVI)**") was incorporated in the BVI on 21 June 2017 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each. One share was allotted and issued to the Company at a consideration of US$1.00 on the same day.

(iv) On 19 October 2017, pursuant to the terms of a share swap agreement entered between Mr. Tan Chai Ling, Ms. Alynda Tan Hue Hong, Jian Sheng and Shuang Yun (BVI):

- Mr. Tan Chai Ling, Ms. Alynda Tan Hue Hong agreed to transfer 7,360,000 shares and 1,840,000 shares, respectively, in Double-Trans to Shuang Yun (BVI); Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong agreed to transfer 1,200,000 shares and 300,000 shares, respectively, in Samco to Shuang Yun (BVI); and

- in consideration of above transfers, Jian Sheng issued and allotted 80 shares in Jian Sheng to Mr. Tan Chai Ling and 20 shares in Jian Sheng to Ms. Alynda Tan Hue Hong.

After completion of the above share transfers, Double-Trans and Samco became the indirect wholly-owned subsidiaries of the Company.

The Group, comprising the Company, resulting from the reorganisation has always been under the common control of the Controlling Shareholders during the financial year ended 31 December 2017 and 2016 or from the respective date of incorporation to 31 December 2017, regardless of the actual dates when they formally and legally became subsidiaries of the Company. Therefore, the Group is regarded as a continuing entity and merger accounting has been applied for the preparation of the consolidated financial statements.

The consolidated financial statements has been prepared under the principles of common control combination as if the Company had been the holding company of the Group throughout the financial years and as at each reporting date taking into account the respective date of incorporation of the group entities. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year ended 31 December 2017 and 2016 include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence during financial year ended 31 December 2017 and 2016, or since their respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2016 and 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable.

The functional currency of the Company is Singapore dollars ("**S$**"), which is also the presentation currency of the consolidated financial statements.

2. Adoption of new and revised international financial reporting standards ("IFRSs")

The Group has adopted all the new and amendments to IFRSs and new Interpretation of IFRS ("**IFRIC**") effected and revised to its operations since the beginning of the current financial year.

At the date of issuance of this announcement, the Group has not applied the following new and revised IFRSs, International Accounting Standards ("**IASs**") and the new IFRIC relevant to the Group that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *Effective for annual periods beginning on or after a date to be determined*

Except as described below, the management of the Group considers that the application of the other new and amendments to IFRSs, IASs and the new interpretations is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in future.

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at 'fair value through other comprehensive income' (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39 *Financial Instruments*: *Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanism currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

In the opinion of the directors of the Company, based on the historical experience of the Group, the default rate of the outstanding balances with customers is low. Hence, the directors of the Company anticipate that the application of IFRS 9 would not have material impact on the Group's future consolidated financial statements. The above assessments were made based on an analysis of the Group's financial assets as at 31 December 2017 on the basis of the facts and circumstances that existed at that date. It is also expected that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2017.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group has performed a review of the existing contractual arrangements with its customers as at 31 December 2017 and the directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures but will not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the IFRS 16 lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of S$897,028. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the consolidated statement of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no significant impact on the total expenses recognised over the lease term. The directors of the Company anticipate that the application of IFRS 16 would not have significant impact on the net financial position and performance of the Group comparing with IAS 17 currently adopted by the Group. In addition, the application of new requirements may result changes in presentation and disclosure as indicated above.

3. Revenue and Segment Information

Revenue represents the fair value of amounts received and receivable from the provision of road construction services (including new road construction, road widening, and construction of road related facilities), construction ancillary services (including road maintenance works), and lease of construction machineries by the Group to external customers.

Information is reported to the Controlling Shareholders, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies. The CODM reviews revenue by nature of services, i.e. provision of road construction services, provision of construction ancillary services and lease of construction machineries, and profit for the year as a whole. No further detailed analysis of the Group's results by type of services nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the year is as follows:

	Year ended 31 December	
	2017	2016
	S$	*S$*
Revenue from:		
Road construction services	**21,576,925**	12,517,186
Construction ancillary services	**43,820,908**	38,933,540
Lease of construction machineries	**242,445**	19,000
	65,640,278	51,469,726

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the year are as follows:

	Year ended 31 December	
	2017	2016
	S$	*S$*
Revenue from:		
Customer I	**19,290,350**	25,340,866
Customer II	**18,826,763**	N/A*
Customer III	**8,785,451**	N/A*
Customer IV	**N/A***	13,038,844
Customer V	**N/A***	5,765,864

* *The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective reporting period.*

Geographical information

The Group principally operates in Singapore. Approximately 100% (2016: 99%) of revenue are derived from Singapore based on the location of services delivered and substantially all of the Group's non-current assets are located in Singapore.

4. Other Income

	Year ended 31 December	
	2017	2016
	S$	*S$*
Sales of miscellaneous parts	**966**	90,179
Training and projects support services income	**280,068**	–
Government grants *(note)*	**143,535**	114,592
Rental income from investment properties	**110,490**	95,620
Sundry income	**84,370**	44,230
	619,429	344,621

Note:

Government grants mainly include subsidy from the Productivity and Innovation Credit Scheme ("**PIC**"), the Special Employment Credit and the Wages Credit Scheme, all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the year ended 31 December 2016 and 2017, grants amounting to S$71,668, and S$40,373 respectively, under Special Employment Credit were received. Under the Special Employment Credit, the government aims to encourage and facilitate Singapore-registered business to hire older Singaporean workers and persons with disabilities.

During the year ended 31 December 2016 and 2017, grant amounting to S$30,555 and S$24,734 respectively, under Wages Credit Scheme were received. Under this credit scheme, the government provides assistance to Singapore-registered businesses by way of provide co-fund 40% and 20% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S$4,000 and below in 2016 and 2017.

During the year ended 31 December 2016 and 2017, grants amounting to S$12,369 and S$68,524 respectively, under Temporary Employment Credit Scheme and Spring Singapore's Capability Development Grant were received. Under the Temporary Employment Credit Scheme, the government provides assistance to businesses employing Singapore citizens and Singapore Permanent Residents by way of co-funding 1.0% and 0.5% of monthly wage of Singapore citizen and Singapore Permanent Resident employees, up to S$6,000 monthly wage per employee in 2016 and 2017. Under the Spring Singapore's Capability Development Grant, the government aims to encourage Singapore-registered businesses to scale up business capabilities which include business processes enhancements for productivity and overseas expansion.

5. Other Losses

	Year ended 31 December	
	2017	2016
	S$	*S$*
Loss arising on disposal of property, plant and equipment	**153,676**	258,420
Loss on fair value change of investment properties	**40,000**	210,000
	193,676	468,420

6. Finance Costs

	Year ended 31 December	
	2017	2016
	S$	*S$*
Interest on:		
Borrowings	**1,209,132**	685,473
Finance leases	**351,316**	269,471
	1,560,448	954,944

7. Income Tax Expense

	Year ended 31 December	
	2017	2016
	S$	*S$*
Tax expense comprises:		
Current tax		
– Singapore corporate income tax ("**CIT**")	**1,194,036**	1,161,979
– Over provision in prior years	**–**	(123,620)
	1,194,036	1,038,359
Deferred tax expense	**22,684**	26,515
	1,216,720	1,064,874

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 40% (2016: 50%), capped at S$15,000 (2016: S$25,000), all determined based on financial year end date of respective group companies. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of chargeable income and a further 50% tax exemption on the next S$290,000 of chargeable income.

The taxation for the financial year ended 31 December 2017 and 2016 can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2017	2016
	S$	*S$*
Profit before taxation	**3,833,362**	8,115,548
Tax at applicable tax rate of 17%	**651,672**	1,379,643
Tax effect of expenses not deductible for tax purpose	**83,441**	77,957
Tax effect of income not taxable for tax purpose	**(2,054)**	(9,590)
Effect of tax concessions and partial tax exemption *(Note)*	**(251,375)**	(209,516)
Overprovision in prior years	**–**	(123,620)
Tax rebate	**(30,000)**	(50,000)
Effect of different tax rate on company operating in other jurisdictions	**765,036**	–
Taxation for the year	**1,216,720**	1,064,874

Note:

Included the amounts are additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the PIC scheme in Singapore for the Year of Assessment ("**YA**") 2017 and 2018.

8. Dividends

During the year ended 31 December 2016, Samco declared dividends of S$1,000,000 and Double-Trans declared dividends of S$1,154,000. Both dividends were paid during the year ended 31 December 2016.

During the year ended 31 December 2017, prior to the Group reorganisation, Samco declared dividends of S$2,200,000, of which, S$1,700,000 was paid during the year ended 31 December 2017 and S$500,000 was subsequently offset with amount receivable from the Controlling Shareholders in relation to share capital contribution.

No dividend was paid or declared by the Company subsequent to the Group reorganisation or subsequent to year end.

The rate of dividend and number of shares ranking for the above dividends are not presented as dividends were declared prior to the completion of Group reorganisation as described in Note 1.

9. Earnings Per Share

The calculation of the basic and diluted earnings per share for the year ended 31 December 2017 and 2016 were based on the following data:

	Year ended 31 December	
	2017	2016
	S$	*S$*
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**2,616,642**	7,050,674
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**782,191,780**	749,999,999
Basic earnings per share *(S$ cents)*	**0.33**	0.94

The number of shares for the purpose of calculating basis earnings per share for the years ended 31 December 2017 and 2016 have been determined on the assumption that the Group reorganisation and the capitalisation issue as set out in Note 1 has been effective since 1 January 2016.

For the years ended 31 December 2017 and 2016, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

10. Property, Plant and Equipment

	Buildings at revalued amount	Motor vehicles	Plant and machinery	Computers	Furniture and fittings	Equipment	Leasehold improvement	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Cost or valuation								
At 1 January 2016	2,530,000	3,276,986	11,283,130	152,315	74,063	1,642,728	233,582	19,192,804
Additions	6,811,267	4,314,297	1,897,400	49,544	25,136	286,066	9,500	13,393,210
Disposals	–	(229,881)	(759,849)	–	–	–	–	(989,730)
Transfer to investment properties	(2,530,000)	–	–	–	–	–	–	(2,530,000)
Revaluation decrease	(11,267)	–	–	–	–	–	–	(11,267)
At 31 December 2016	6,800,000	7,361,402	12,420,681	201,859	99,199	1,928,794	243,082	29,055,017
Additions	–	2,811,429	2,552,700	24,435	–	137,190	–	5,525,754
Disposals	–	(669,098)	(706,625)	–	–	–	–	(1,375,723)
Revaluation decrease	(800,000)	–	–	–	–	–	–	(800,000)
At 31 December 2017	6,000,000	9,503,733	14,266,756	226,294	99,199	2,065,984	243,082	32,405,048
Accumulated depreciation								
At 1 January 2016	–	1,744,249	2,859,288	102,256	50,437	525,178	32,145	5,313,553
Charge for the year	313,764	1,059,188	1,177,897	52,671	21,753	179,423	23,516	2,828,212
Elimination on disposal	–	(102,860)	(344,929)	–	–	–	–	(447,789)
Eliminated on revaluation	(313,764)	–	–	–	–	–	–	(313,764)
At 31 December 2016	–	2,700,577	3,692,256	154,927	72,190	704,601	55,661	7,380,212
Charge for the year	792,233	1,542,965	1,285,917	28,569	15,104	197,510	24,308	3,886,606
Elimination on disposal	–	(333,222)	(594,183)	–	–	–	–	(927,405)
Elimination on revaluation	(792,233)	–	–	–	–	–	–	(792,233)
At 31 December 2017	–	3,910,320	4,383,990	183,496	87,294	902,111	79,969	9,547,180
Carrying values								
At 31 December 2016	6,800,000	4,660,825	8,728,425	46,932	27,009	1,224,193	187,421	21,674,805
At 31 December 2017	6,000,000	5,593,413	9,882,766	42,798	11,905	1,163,873	163,113	22,857,868

11. Trade Receivables

	As at 31 December	
	2017	2016
	S$	*S$*
Trade receivables	**22,239,624**	9,198,571
Unbilled revenue *(Note a)*	**25,507,431**	23,190,323
Retention receivables *(Note b)*	**937,731**	918,520
	48,684,786	33,307,414

(a) Unbilled revenue relates to maintenance service rendered and yet to invoice the customer as at end of reporting period.

(b) Retention monies held by customers for construction work are classified as current as they are expected to be realised within the Group's normal operating cycle.

The aging analysis of trade receivables that are past due but not impaired based on invoice date is as follows:

	As at 31 December	
	2017	2016
	S$	*S$*
Less than 30 days	**1,175,625**	4,015,620
31 days to 60 days	**5,605,384**	392,502
61 days to 90 days	**6,618,690**	142,988
More than 90 days	**1,372,875**	2,817,975
	14,772,574	7,369,085

In the opinion of the management of the Group, the trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

The Group does not charge interest or hold any collateral over these balances.

12. Amounts Due From Customers for Construction Work

	As at 31 December	
	2017	2016
	S$	*S$*
Contract costs incurred plus recognised profits (less recognised losses to date)	**38,169,260**	16,591,411
Less: progress billings	**(29,474,761)**	(13,662,949)
Amount due from customers for construction work	**8,694,499**	2,928,462

13. Amount Due From (To) Directors

a. Amounts due from directors

	As at 31 December		Maximum amount outstanding during the year ended 31 December	
	2017	2016	**2017**	2016
	S$	*S$*	***S$***	*S$*
Non-trade related				
Mr. Tan Chai Ling	**–**	22,834	**245,524**	430,806
Ms. Alynda Tan Hue Hong	**–**	–	**–**	540,805
	–	22,834		

The balances at 31 December 2016 were non-trade related, unsecured, non-interest bearing and without a fixed repayment term.

b. Amount due to a director

The balance as at 31 December 2016, representing amount due to Ms. Alynda Tan Hue Hong, were non-trade related, unsecured, non-interest bearing and without a fixed repayment term.

14. Bank Deposit/Bank Balances and Cash

As at 31 December 2017, the bank deposit of S$170,000 represents amount placed to a bank for securing overdraft facilities granted to the Group and will be released in 2019.

Bank balances and bank deposit carry interest at prevailing market interest rate of 0.14% (2016: 0.14%) per annum.

15. Trade and Other Payables

	As at 31 December	
	2017	2016
	S$	*S$*
Trade payable	**9,538,501**	6,626,618
Accrued operating expenses	**2,928,369**	262,227
Other payables		
GST payables	**833,805**	469,246
Payroll payable	**1,642,360**	1,472,858
Advance payments received from customer	**–**	485,734
Others	**507,621**	287,696
	15,450,656	9,604,379

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2017	**2016**
	S$	*S$*
Within 90 days	**7,478,396**	3,665,968
91 days to 180 days	**1,070,255**	1,951,181
Over 180 days	**989,850**	1,009,469
	9,538,501	6,626,618

The credit period on purchases from suppliers and subcontractors is between 30 to 120 days or payable upon delivery.

16. Obligations Under Finance Leases

	Minimum lease payments As at 31 December		Present value of minimum leases payments As at 31 December	
	2017	2016	**2017**	2016
	S$	*S$*	***S$***	*S$*
Amounts payable under finance lease				
Within one year	**3,380,789**	3,502,179	**3,113,179**	3,186,694
In more than one year but no more than two years	**2,474,899**	2,596,690	**2,317,425**	2,435,999
In more than two years but no more than five years	**2,861,092**	3,083,001	**2,764,822**	3,000,777
	8,716,780	9,181,870	**8,195,426**	8,623,470
Less: future finance charges	**(521,354)**	(558,400)		
Present value of lease obligations	**8,195,426**	8,623,470		
Less: Amounts due for settlement within one year (shown under current liabilities)			**(3,113,179)**	(3,186,694)
Amounts due for settlement after one year			**5,082,247**	5,436,776

17. Borrowings

	As at 31 December	
	2017	2016
	S$	*S$*
Bank overdrafts – secured *(Note a)*	**3,773,792**	4,782,669
Bank loans – secured		
Bank factoring *(Note b)*	**2,512,039**	1,010,900
Trade financing *(Note c)*	**14,592,759**	7,813,773
Other loans *(Note d)*	**6,743,201**	7,403,624
	27,621,791	21,010,966

	As at 31 December	
	2017	2016
	S$	*S$*
Analysed as:		
Carrying amount repayable		
– on demand or within one year	**22,497,856**	14,985,869
– more than one year, but not exceeding two years	**1,642,598**	1,242,323
– more than two years, but not exceeding five years	**2,430,074**	3,630,383
– more than five years	**1,051,263**	1,152,391
	27,621,791	21,010,966
Less: Amounts due within one year shown under current liabilities	**22,497,856**	14,985,869
Amounts shown under non-current liabilities	**5,123,935**	6,025,097

Note:

a. The overdraft is secured by legal mortgages of the Group's properties and personal guarantees issued by Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong, the directors of the Company.

b. The loans are secured by fixed charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and personal guarantees issued by Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong, the directors of the Company. The factoring arrangements are repayable within 90 days upon the issuance of fund disbursement.

c. The loans are secured by fixed charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and personal guarantees issued by the directors of the Company. The loans are repayable within 45 to 150 days upon the issuance of fund disbursement.

d. The loan is secured by fixed and floating charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and personal guarantees issued by Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong, the directors of the Company and a legal mortgage over the properties.

	As at 31 December	
	2017	2016
	S$	*S$*
Fixed rate borrowings	**1,269,681**	778,448
Variable rate borrowings	**26,352,110**	20,232,518
	27,621,791	21,010,966

18. Share Capital

For the purpose of presenting the share capital of the Group prior to the group reorganisation in the consolidated statement of financial position, the balance as at 1 January 2016 and 31 December 2016 represented the share capital of the Singapore subsidiaries.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 June 2017 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each. The entire issued share capital of the Company, one fully paid Share at par, was allotted and issued to an initial subscriber. On 21 June 2017, the initial subscriber transferred the one fully paid share to Jian Sheng, a company owned by Mr. Tan and Ms. Tan at par value.

On 20 October 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$200,000,000 by the creation of an additional of 1,996,200,000 shares of HK$0.10 each, each ranking pari passu with the shares then in issue in all respects.

As part of the Share Offer, the Company allotted and issued a total of 749,999,999 shares of the Company to Jian Sheng, credited as fully paid at par, by way of capitalisation of the sum of HK$75,000,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").

In connection with the Company's initial public offering, 250,000,000 ordinary the shares of HK$0.10 each were issued at a price of HK$0.56 per share. Dealing in the shares on the Main Board of The Stock Exchange of Hong Kong Limited commenced on 15 November 2017. The net proceeds were approximately HK$109.5 million in equivalent to S$19 million.

	No of shares	*Par Value*	*Share Capital*
		HK$	*HK$*
Authorised share capital of Shuang Yun Holdings Limited:			
At date of incorporation	3,800,000	0.10	380,000
Increase on 20 October 2017	1,996,200,000	0.10	199,620,000
	2,000,000,000	0.10	200,000,000

	No. of shares	*HK$*	*S$*
Issued and fully paid			
At date of incorporation	1	–	–
Shares issued under the Capitalisation Issue	749,999,999	75,000,000	13,043,608
Shares issued under the Share Offer	250,000,000	25,000,000	4,337,636
	1,000,000,000	100,000,000	17,381,244

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group is a Singapore based contractor engaged in road works services and construction ancillary services. The road works services provided comprise of mainly: (i) road construction services (i.e. new road construction, road widening, and construction of road-related facilities); and (ii) construction ancillary services (e.g. road pavement and marking maintenance works, and road upgrading services).

Our Group recorded a revenue growth of approximately 27.53%, from approximately S$51.5 million for the year ended 31 December 2016 to S$65.6 million for the year ended 31 December 2017. The recognition of listing expenses of approximately S$3.5 million for the year ended 31 December 2017 resulted the decrease of profit for the year by 62.89%, from approximately S$7.1 million for the year ended 31 December 2016 to approximately S$2.6 million for the year ended 31 December 2017.

During the year ended 31 December 2017, our Group was awarded with six new road construction services projects and three new construction ancillary services term contracts with total value of approximately S$32.7 million and S$24.6 million, respectively. During the year ended 31 December 2017, we recognised revenue of approximately S$21.6 million and S$43.8 million for road construction services projects and construction ancillary services, respectively.

Our Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly pertaining to our Group's business. The key risks and uncertainties identified by our Group are (i) we rely on suppliers and subcontractors to complete certain part of our road works projects and (ii) majority of our workforce is made up of foreign workers and inability to obtain foreign workers.

FINANCIAL REVIEW

Revenue

Our Group's revenue for the year ended 31 December 2017 was approximately S$65.6 million, representing a growth of approximately 27.53% as compared to that of approximately S$51.5 million for the previous year. The increase in revenue is attributable to increase in revenue from (i) road construction services, whereby a few projects that commenced in 2016 were in full swing in 2017; and (ii) construction ancillary services with increase in road maintenance works projects awarded. Although revenue contribution from our top customer has decreased from approximately S$25.3 million to S$19.3 million, the Group has generated higher revenue with more projects on hand.

Gross Profit

Our Group's gross profit increased from approximately S$17.4 million for the year ended 31 December 2016 to approximately S$19.9 million for the year ended 31 December 2017. Such increase was mainly due to the increase in the corresponding revenue discussed above.

Our Group's gross profit margin decreased from approximately 33.8% for the year ended 31 December 2016 to approximately 30.3% for the year ended 31 December 2017. Such decrease in the gross profit margin was mainly due to lower profit margin for the newly awarded construction ancillary service contracts. The Group has to compete and tender at lower profit margin to get more project in the current competitive construction market.

Other income

Other income increased from approximately S$0.3 million for the year ended 31 December 2016 to approximately S$0.6 million for the year ended 31 December 2017. Such increase was mainly due to the increase in consultancy services, training and projects support services during the year.

Administrative expenses

Administrative expenses increased by approximately S$3.3 million from approximately S$8.2 million to approximately S$11.5 million for the year ended 31 December 2017 mainly due to the (i) increase in staff costs with the increase in number of staff and general salary increments; and (ii) increase in depreciation expenses.

Finance Cost

Finance costs increased by approximately 63.4% from approximately S$1.0 million to approximately S$1.6 million for the year ended 31 December 2017 due to higher borrowings.

Income tax expenses

Our Group's income tax expenses increased by approximately S$0.1 million from S$1.1 million to S$1.2 million for the year ended 31 December 2017 even though profit before taxation has decreased from approximately S$8.1 million to approximately S$3.8 million. The increase was primarily due to the combined effect of a decrease in the profit before taxation and the incurrence of listing expenses, which is non-deductible for tax purposes.

Profit for the year

For the year ended 31 December 2017, profit for the year decreased from approximately S$7.1 million to approximately S$2.6 million mainly due to listing expenses of approximately S$3.5 million.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on the Listing Date with net proceeds from the global offering of the Shares of HK$109.5 million.

The use of the net proceeds from the Listing as at 31 December 2017 was approximately as follows:

Use of net proceeds	**Percentage of net proceeds** (%)	**Net proceeds** *(in HK$ million)*	**Amount utilised** *(in HK$ million)*	**Amount remaining** *(in HK$ million)*
– Purchase equipment and machinery to strengthen market position	13.7	15.0	7.2	7.8
– Acquire a property for (i) our ancillary office; (ii) dormitory for our foreign workers; (iii) workshop to prepare asphelt premix for our own usage; and (iv) our machinery warehouse	67.4	73.8	–	73.8
– Increase manpower for market expansion and competing for more projects	7.4	8.1	1.4	6.7
– Upgrade of information technology system	1.8	2.0	–	2.0
– Working capital	9.7	10.6	10.6	–
Total	100.0	109.5	19.2	90.3

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our Group believes that due performance of environmental responsibility would definitely improve the effectiveness of the utilisation of our resources and the quality of customer service, and would raise the economic efficiency to our Group. Our Group abides by all the applicable environmental laws and regulations of the places where our Group has business operations. The Group has established the environmental protection actions that include implementation of the Green and Gracious practices scheme initiated by the Building and Construction Authority of Singapore in order to monitor and manage our carbon emission, efficient usage of resources and paper consumption.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Our Group's operations are mainly carried out by the Company's subsidiaries incorporated in Singapore while the Company itself is incorporated in the Cayman Islands with its shares listed on Stock Exchange. Our Group's establishment and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, Hong Kong and Singapore. During the year ended 31 December 2017 and up to the date of this announcement, there is no material breach of or non-compliance with the applicable law and regulations by our Group that has a significant impact on the business and operations of our Group.

PROSPECTS

Our Directors believe that in 2017, there was no material adverse change in the general economic and market conditions in Singapore or the industry in which it operates that had affected or would affect the business operations or financial condition materially and adversely.

According to the Building and Construction Authority of Singapore (the "**BCA**"), the projected total construction demand in Singapore in 2018 ranges between S$26.0 billion and $31.0 billion, representing an increase from the $24.5 billion (preliminary estimate) awarded in 2017.

The BCA further explains that the projected higher construction demand is due to an anticipated increase in public sector construction demand, which is expected to grow from S$15.5 billion in 2017 to between S$16 billion and S$19 billion in 2018, contributing to about 60% of 2018's total projected demand. Public construction demand is expected to be boosted by an anticipated increase in demand for institutional and other buildings such as healthcare facilities, and civil engineering works as well as a slate of smaller government projects that have been brought forward in response to the slowdown in 2017. The private sector's construction demand is similarly expected to improve from S$9 billion in 2017 to between S$10 billion and S$12 billion in 2018, due to a strengthened overall economic outlook and the upturn in property market sentiment.

Therefore, we believe that there will be steady growth of the civil engineering and road works industry in the future and is full of confidence towards the prospects of this industry.

Our Group expects to:

- expand our Group's market share and maintain strong financial position;
- expand existing fleet of machineries to ensure availability to satisfy the demand of customers;
- acquisition of building to cater for business growth;
- enhance and expand our Group's workforce to keep up with our Group's business expansion; and
- improve productivity with investments in information technology systems.

CONTINGENT LIABILITIES

Our Group did not have any material contingent liabilities as at 31 December 2017.

CAPITAL COMMITMENTS

As at 31 December 2017 and 2016, the Group did not have any material capital commitments.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our Group has maintained a healthy financial position during the year ended 31 December 2017. Our Group's cash and cash equivalents balances as at 31 December 2017 amounted to approximately S$15.4 million, representing an increase of approximately S$15.0 million as compared to approximately S$0.4 million as at 31 December 2016. This was mainly attributable to the net proceeds from the Share Offer.

As at 31 December 2017, the total interest-bearing loans of our Group was approximately S$27.6 million, representing an increase of approximately S$6.6 million as compared to approximately S$21.0 million for the year ended 31 December 2016. The current ratio increased from approximately 1.3 times for the year ended 31 December 2016 to approximately 1.7 times for the year ended 31 December 2017, while the gearing ratio decreased from approximately 1.5 times for the year ended 31 December 2016 to approximately 0.8 times for the year ended 31 December 2017.

Our Group's equity balance increased to approximately S$46.0 million as at 31 December 2017 as compared to approximately S$19.9 million as at 31 December 2016, which was attributable to the share offer and profits recorded for the year.

EMPLOYEES AND REMUNERATION POLICIES

Our Group had 570 employees as at 31 December 2017. Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee. The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of our Company having regard to our Group's operating results, individual performance and comparable market statistics.

Our Company has adopted a share option scheme pursuant to which the Directors and eligible employees of our Group are entitled to participate. The local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of our Group. The foreign workers are typically employed on a one-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills.

CHARGES OF ASSETS

The borrowings as at 31 December 2017 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S$6.0 million and the Group's investment properties with carrying amount of approximately S$2.3 million.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2017, our Group did not have any bank balances denominated in foreign currency which are not the functional currency of respective group entities. However, the Group is exposed to foreign exchange rate risks as it retains some proceeds from the Listing in Hong Kong dollars of approximately S$13.4 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Our Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2017.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2017, our Group did not hold any significant investment.

FINAL DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since the listing of the shares of the Company on the Stock Exchange on 15 November 2017 to the date of this announcement with the exception of the following deviation:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tan Chai Ling is currently the chairman of the Board and chief executive officer (the "CEO") of the Group who is primarily responsible for the day-to-day management of the Group's business. The Board considers that vesting the roles of the chairman of the Board and CEO in the same person facilitates the execution of the business strategies and decision making, and maximises the effectiveness of the Group's operation. The Board also believes that the presence of three independent non-executive directors of the Company provides added independence to the Board. The Board will review the structure from time to time and consider an adjustment should it become appropriate.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the financial results for the year ended 31 December 2017 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, with no disagreement by the audit committee of the Company.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, shareholders, bankers, and in turn the management and staff for their unreserved support for the Group during the year.

By Order of the Board
Shuang Yun Holdings Limited
Tan Chai Ling
Chairman and Executive Director

Hong Kong, 26 March 2018

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Tan Chai Ling, Ms. Alynda Tan Hue Hong and Ms. Chong Sook Fern; and three independent non-executive directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Yau Chung Hang.