Shuang Yun Holdings Limited
雙運控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1706)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Board**") of Shuang Yun Holdings Limited (the "**Company**") is pleased to present the unaudited interim results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ended 30 June 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	NOTES	***S$***	*S$*
Revenue	*4*	**38,064,043**	32,890,467
Cost of services		**(28,738,156)**	(23,583,819)
Gross profit		**9,325,887**	9,306,648
Other income	*5*	**123,123**	480,962
Administrative expenses		**(6,137,285)**	(5,199,617)
Other gains/(losses)	*6*	**8,464**	(88,602)
Listing expenses		**–**	(986,767)
Finance costs	*7*	**(978,095)**	(653,677)
Profit before taxation	*8*	**2,342,094**	2,858,947
Income tax expense	*9*	**(536,000)**	(622,020)
Profit and other comprehensive income for the period		**1,806,094**	2,236,927
EARNING PER SHARE			
Basic *(S$ cents)*	*11*	**0.181**	0.298

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Restated)
	NOTES	***S$***	*S$*
Non-current assets			
Property, plant and equipment	*12*	**27,150,390**	22,857,868
Investment properties	*13*	**2,280,000**	2,280,000
Bank deposit		**170,000**	170,000
		29,600,390	25,307,868
Current assets			
Trade receivables	*14*	**48,291,257**	48,684,786
Other receivables, deposits and prepayments	*15*	**3,266,096**	1,178,780
Contract assets	*16*	**8,818,525**	8,694,499
Bank balances and cash		**6,785,307**	15,426,789
		67,161,185	73,984,854
Current liabilities			
Trade and other payables	*17*	**10,219,208**	15,450,656
Obligations under finance leases		**1,824,447**	3,113,179
Income tax payable		**1,324,388**	1,391,569
Borrowings		**25,093,460**	22,497,856
		38,461,503	42,453,260
Net current assets		**28,699,682**	31,531,594

	NOTES	As at 30 June 2018 (Unaudited) S$	As at 31 December 2017 (Restated) S$
Non-current liabilities			
Obligations under finance leases		**2,765,837**	5,082,247
Borrowings		**7,094,861**	5,123,935
Deferred tax liabilities		**638,186**	638,186
		10,498,884	10,844,368
Net assets		**47,801,188**	45,995,094
Capital and reserves			
Share capital	*18*	**17,381,244**	17,381,244
Share premium		**5,130,991**	5,130,991
Reserves		**25,288,953**	23,482,859
Equity attributable to owners of the Company		**47,801,188**	45,995,094

CONDENSED 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 2017 (Audited)	7,500,000	–	–	671,323	11,701,339	19,872,662
Total comprehensive income for the period	2,500,000	–	–	–	2,236,927	4,736,927
Dividends *(Note 10)*	–	–	–	–	(1,500,000)	(1,500,000)
At 30 June 2017 (Unaudited)	10,000,000	–	–	671,323	12,438,266	23,109,589
At 1 January 2018 (Audited)	17,381,244	5,130,991	10,700,000	664,878	12,117,981	45,995,094
Total comprehensive income for the period	–	–	–	–	1,806,094	1,806,094
At 30 June 2018 (Unaudited)	17,381,244	5,130,991	10,700,000	664,878	13,924,075	47,801,188

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 2 "Basis of preparation and group reorganisation", 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	S$	*S$*
Net cash used in operating activities	**(2,176,642)**	(1,208,700)
Net cash used in investing activities	**(4,534,913)**	(96,396)
Net cash (used in)/from financing activities	**(1,929,927)**	1,769,037
Net (decrease)/increase in cash and cash equivalents	**(8,641,482)**	463,941
Cash and cash equivalents at beginning of the period	**15,426,789**	395,514
Cash and cash equivalents at end of the period, represented by bank balances and cash	**6,785,307**	859,455

NOTES TO THE CONDENSED 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 Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The registered office of the Company is at Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group is at No.4, Sungei Kadut Street 2, Sungei Kadut Industrial Estate, Singapore 729226.

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 functional currency of the Group is Singapore dollars ("**S$**"), which is also the presentation currency of the Group.

2. Basis of Preparation and Group Reorganisation

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

In connection with the listing of the Shares of the Company on the Main Board of Stock Exchange, the Company underwent a reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure" to the Prospectus of the Company dated 31 October 2017 (the "**Prospectus**") on 19 October 2017, the Company became the holding company of its subsidiaries now comprising the Group. The Group resulting from the reorganisation is regarded as a continuing entity. Accordingly, the unaudited condensed consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the Group structure upon the completion of the reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

3. Application of International Financial Reporting Standards

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

The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for current or prior period except as follows:

IFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18 *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS 11 *Construction contracts*, which specified the accounting for construction contracts.

Upon adoption of IFRS 15, there is no material impact on the timing and amounts of revenue recognised in the respective reporting periods except for the presentation of contract assets and contract liabilities. Previously, contract balances relating to construction contracts in progress were presented in the statement of financial position under "Amount due from customers under construction contract". To reflect these changes in presentation, the group has made the following adjustments at 1 January 2018, as a result of the adoption of IFRS 15:

"Amounts due from customers for contract work" amounting to S$8,818,525 (2017: S$8,694,499), are now included under contract assets.

The Group has not applied the following new and amendments to IFRSs, International Accounting Standards ("**IASs**") and the new IFRIC relevant to the Group that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRIC 22	Foreign Currency Transactions and Advance Considerations[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[2]
Amendments to IAS 40	Transfer 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 2019*

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

4. 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*.

1. Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by nature of works:		
– Revenue from road construction services	**3,358,720**	11,049,957
– Revenue from construction ancillary services	**34,705,323**	21,598,065
	38,064,043	32,648,022
Revenue from other sources		
– Revenue from lease of construction machineries	**–**	242,445
Revenue from external customers	**38,064,043**	32,890,467

2. Geographical information

The Group principally operates in Singapore. Approximately 100% (2017: approximately 100%) 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.

5. Other Income

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	S$	*S$*
Sales of miscellaneous parts	**413**	19,034
Training and projects support services income	**–**	280,068
Government grants	**60,805**	96,385
Rental income from investment properties	**55,080**	55,080
Sundry income	**6,825**	30,395
	123,123	480,962

6. Other Gains/(Losses)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	S$	*S$*
Gain/(Loss) arising on disposal of property, plant and equipment	**8,464**	(68,602)
Loss on fair value change of investment properties	**–**	(20,000)
	8,464	(88,602)

7. Finance Costs

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	S$	*S$*
Interest on:		
Borrowings	**686,895**	483,213
Finance leases	**291,200**	170,464
	978,095	653,677

8. Profit Before Taxation

Profit before taxation for the period has been arrived at after charging:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	S$	*S$*
Depreciation of property, plant and equipment	**2,189,792**	1,747,234
Staff costs	**8,498,467**	7,303,012
Cost of materials recognised as expenses	**18,762,076**	10,954,157
Subcontractor costs recognised as costs of services	**1,344,732**	4,575,064
Gross rental income from investment properties	**55,080**	55,080
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the period	**(9,645)**	(8,407)
	45,435	46,673

9. Income Tax Expense

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	S$	*S$*
Tax expense comprises:		
Current tax – Singapore corporate income tax ("**CIT**")	**536,000**	575,021
Deferred tax expense	**–**	46,999
	536,000	622,020

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 20% (2017: 40%), capped at S$10,000 (2017: S$15,000), 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.

10. Dividends

No dividends were paid, declared or proposed during the interim period. The directors of the company have determined that no dividend will be paid in respect of the interim period.

During the six months ended 30 June 2017, prior to the Group reorganization, Samco declared and paid dividends of S$1,500,000.

11. Earnings Per Share

The calculation of the basic and diluted earnings per share for the periods ended 30 June 2018 and 2017 were based on the following data:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	S$	*S$*
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**1,806,094**	2,236,927
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,000,000,000**	749,999,999
Basic earnings per share *(S$ cents)*	**0.181**	0.298

The number of shares for the purpose of calculating basis earnings per share for the periods ended 30 June 2018 and 2017 have been determined on the assumption that the Group reorganisation and the capitalisation issue as set out in Note 2 has been effective since 1 January 2016.

For the periods ended 30 June 2018 and 2017, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

12. Property, plant and equipment

(a) Acquisitions and disposals

During the six months ended 30 June 2018, the Group acquired items of plant and machinery with a cost of S$4,543,377 (six months ended 30 June 2017: S$129,596). Items of plant and machinery with a net book value of S$Nil were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: S$182,602), resulting in a gain on disposal of S$8,464 (six months ended 30 June 2017: loss on disposal of S$68,602).

(b) Valuation

The valuations of land and buildings held for own use carried at fair value were updated at 30 June 2018 by the group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2017 valuations. No change in valuation was noted for the six months ended 30 June 2018.

13. Investment Properties

(a) Acquisitions and disposals

There were no additions and disposals for the six months ended 30 June 2018.

(b) Valuation

The valuations of investment properties carried at fair value were updated at 30 June 2018 by the group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2017 valuations. No change in valuation was noted during the six months ended 30 June 2018.

As a result of the update, a net loss of S$40,000 and deferred tax thereon of S$6,800 had been recognised in profit or loss for the period in respect of investment properties in 2017. The before-tax and net-of-tax amounts of S$40,000 and S$33,200 respectively have been recognised in other comprehensive income for the period in respect of land and buildings held for own use.

Details of the Group's investment properties and information about the fair value hierarchy as at end of the reporting period are as follows:

	Carrying value	Fair value – Level 3
	S$	***S$***
– As at 30 June 2018		
No. 28 Sing Ming Lane#07-133, Singapore 573972	**700,000**	**700,000**
No. 28 Sing Ming Lane#07-134, Singapore 573972	**730,000**	**730,000**
No. 26 Sing Ming Lane#08-116, Singapore 573971	**850,000**	**850,000**
	2,280,000	**2,280,000**

	Carrying value	Fair value – Level 3
	S$	*S$*
– As at 31 December 2017		
No. 28 Sing Ming Lane#07-133, Singapore 573972	700,000	700,000
No. 28 Sing Ming Lane#07-134, Singapore 573972	730,000	730,000
No. 26 Sing Ming Lane#08-116, Singapore 573971	850,000	850,000
	2,280,000	2,280,000

There was no transfer into or out of Level 3 during the financial period ended 30 June 2018 and 2017.

14. Trade Receivables

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
	S$	*S$*
Trade receivables	**12,918,534**	22,239,624
Unbilled revenue *(Note a)*	**34,661,200**	25,507,431
Retention receivables *(Note b)*	**711,523**	937,731
	48,291,257	48,684,786

(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 average credit terms to customers is approximately 30 days from the invoice date for trade receivables. The following is an analysis of trade receivables presented based on invoice date at the end of each reporting period:

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
	S$	*S$*
Less than 30 days	**3,971,952**	8,642,675
31 days to 60 days	**1,404,146**	5,605,384
61 days to 90 days	**521,362**	6,618,690
More than 90 days	**7,021,074**	1,372,875
	12,918,534	22,239,624

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable which are past due, the Group considers any change in the credit quality of these trade receivable from the date credit was initially granted up to the end of the reporting period and no impairment is considered necessary for those balances which are not past due at each reporting date.

Included in the Group's trade receivables are aggregate carrying amounts of approximately S$9,882,092 (31 December 2017: S$14,772,574) which are past due, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer.

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

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
	S$	*S$*
Less than 30 days	**935,510**	1,175,625
31 days to 60 days	**1,404,146**	5,605,384
61 days to 90 days	**521,362**	6,618,690
More than 90 days	**7,021,074**	1,372,875
	9,882,092	14,772,574

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.

15. Other Receivables, Deposits and Prepayments

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
	S$	*S$*
Deposits	**142,978**	863,832
Prepayments	**3,097,972**	311,689
Advances to staff	**23,700**	2,300
Others	**1,446**	959
	3,266,096	1,178,780

16. Contract Assets

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Restated)
	S$	*S$*
Construction contracts	**8,818,525**	8,694,489
Current	**8,818,525**	8,694,489
Non-current	**–**	–
	8,818,525	8,694,489

17. Trade and Other Payables

	As at 30 June 2018 (Unaudited) *S$*	As at 31 December 2017 (Audited) *S$*
Trade payables	**6,504,109**	9,538,501
Accrued operating expenses	**1,657,433**	2,928,369
Other payables		
GST payables	**50,254**	833,805
Payroll payable	**1,304,932**	1,642,360
Others	**702,480**	507,621
	10,219,208	15,450,656

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

	As at 30 June 2018 (Unaudited) *S$*	As at 31 December 2017 (Audited) *S$*
Within 90 days	**2,937,808**	7,478,396
91 days to 180 days	**1,802,876**	1,070,255
Over 180 days	**1,763,425**	989,850
	6,504,109	9,538,501

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

18. Share Capital

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 our 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 Holdings Limited ("**Jian Sheng**"), a company owned by Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong 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 (the "**Share Offer**"). Dealing in the shares on the Main Board of The Stock Exchange of Hong Kong Limited commenced on 15 November 2017 (the "**Listing Date**"). The net proceeds were approximately HK$109.5 million in equivalent to S$19 million.

	No. of shares	Per Value	Share Capital
		HK$	*HK$*
Authorised share capital of the Company:			
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
At 31 December 2017 (Audited) and 30 June 2018 (Unaudited)	2,000,000,000	0.10	200,000,000

	No. of shares	Per Value	Share Capital
		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
At 31 December 2017 (Audited) and 30 June 2018 (Unaudited)	1,000,000,000	100,000,000	17,381,244

19. Related Party Transactions

The Group entered into the following transactions with related parties during the financial periods ended 30 June 2018 and 2017:

Compensation of key management personnel

The remuneration of directors and other members of key management during the financial periods ended 30 June 2018 and 2017 were as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	S$	*S$*
Short-term benefits	**854,860**	707,979
Post-employment benefits	**72,352**	62,730
	927,212	770,709

20. Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged during the current financial period.

The capital structure of the Group consists of debt, which includes obligations under finance leases and borrowings, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital, reserves and accumulated profits.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our Group's revenue for the six months ended 30 June 2018 was approximately S$38.1 million, representing a growth of approximately 15.7% as compared to that of approximately S$32.9 million for the same period of previous year. The increase in revenue is attributable to increase in revenue from construction ancillary services with increase in road maintenance works projects awarded. Although revenue contribution from our top customer for existing projects 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 remained relatively stable at approximately S$9.3 million for the six months ended 30 June 2018 and 2017.

Our Group's gross profit margin decreased from approximately 28.3% for the six months ended 30 June 2017 to approximately 24.5% for the period ended 30 June 2018. Such decrease in the gross profit margin was mainly due to the newly awarded construction ancillary service contract generating lower gross profit margin. 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 and expenses decreased from approximately S$0.5 million for the six months ended 30 June 2017 to approximately S$0.1 million for the period ended 30 June 2018. Such decrease was mainly due to the decrease in consultancy services, training and projects support services during the period.

Administrative expenses

Administrative expenses increased by approximately S$0.9 million from approximately S$5.2 million for the six months ended 30 June 2017 to approximately S$6.1 million for the period ended 30 June 2018 mainly due to the (i) increase in staff costs with the increase in number of staff and general salary increments; (ii) increase in professional fees; and (iii) increase in depreciation expenses.

Finance costs

Finance costs increased by approximately 49.6% from approximately S$0.7 million for the six months ended 30 June 2017 to approximately S$1.0 million for the period ended 30 June 2018 due to higher borrowings.

Income tax expenses

Our Group's income tax expenses decreased by approximately S$0.1 million from S$0.6 million for the six months ended 30 June 2017 to S$0.5 million for the six months ended 30 June 2018 primarily due to the decrease in the profit before taxation from approximately S$2.9 million to approximately S$2.3 million.

Profit for the year

Profit after taxation decreased from approximately S$2.2 million for the six months ended 30 June 2017 to approximately S$1.8 million for the six months ended 30 June 2018 due to the combined effect of the aforesaid factors.

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 30 June 2018 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	15.0	–
– Acquire a property for	67.4	73.8	34.5	39.3
(i) our ancillary office				
(ii) dormitory for our foreign workers				
(iii) workshop to prepare asphalt premix for our own usage; and				
(iv) our machinery warehouse				
– Increase manpower for market expansion and competing for more projects	7.4	8.1	8.1	–
– Upgrade of information technology system	1.8	2.0	2.0	–
– Working capital	9.7	10.6	10.6	–
Total	100.0	109.5	70.2	39.3

The unused amount of the net proceeds of approximately HK$39.3 million was deposited into licensed banks in Hong Kong.

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 six months ended 30 June 2018 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.

CONTINGENT LIABILITIES

Our Group did not have any material contingent liabilities as at 30 June 2018.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group did not have any material capital commitments.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our Group's cash and cash equivalents balances as at 30 June 2018 amounted to approximately S$6.8 million, representing a decrease of approximately S$10.6 million as compared to approximately S$15.4 million as at 31 December 2017. This was mainly attributable to the use of cash for operating activities, purchase of machinery and equipment and repayment of finance leases.

As at 30 June 2018, the total interest-bearing loans of our Group was approximately S$32.2 million, representing an increase of approximately S$4.6 million as compared to approximately S$27.6 million for the year ended 31 December 2017. The current ratio increased from approximately 1.7 times for the year ended 31 December 2017 to approximately 1.8 times for the period ended 30 June 2018, while the gearing ratio decreased from approximately 0.8 times for the year ended 31 December 2017 to approximately 0.7 times for the period ended 30 June 2018.

Our Group's equity balance increased to approximately S$47.8 million as at 30 June 2018 as compared to approximately S$46.0 million as at 31 December 2017.

EMPLOYEES AND REMUNERATION POLICIES

Our Group had 604 employees as at 30 June 2018 and 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 30 June 2018 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S$5.6 million and the Group's investment properties with carrying amount of approximately S$2.3 million.

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2018, our Group did not have significant financial assets or financial liabilities denominated in foreign currency which are not the functional currency of respective group entities.

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 six months ended 30 June 2018.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2018, our Group did not hold any significant investment.

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2018.

PROSPECTS

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 S$31.0 billion, representing an increase from the S$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 machinery 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.

Our Directors believe that in the second half of 2018, 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.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 ("**Model Code**") of the Listing Rules were as follows:

(a) Long positions in the shares of HK$0.10 each of the Company ("Shares")

Name of director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Tan Chai Ling ("**Mr. Tan**") *(Note 1)*	Interest in controlled corporation	750,000,000	75%
Ms. Chong Sook Fern ("**Ms. Chong**") *(Note 2)*	Interest of spouse	750,000,000	75%

Notes:

1. 750,000,000 Shares are held by Jian Sheng Holdings Limited ("**Jian Sheng**") which is owned as to 80% by Mr. Tan and as to 20% by Ms. Alynda Tan Hue Hong ("**Ms. Tan**"). Therefore, Mr. Tan is deemed to be interested in all the Shares held by Jian Sheng under the SFO.

2. Ms. Chong Sook Fern is the spouse of Mr. Tan and accordingly is deemed to be interested in the Shares in which Mr. Tan has interest under the SFO.

(b) Long position in the shares of associated corporations

Name of director	Name of associated corporation	Nature of interest	No. of shares held	Percentage of interest in associated corporation
Mr. Tan *(Note 1)*	Jian Sheng	Beneficial owner	88	80%
Ms. Tan *(Note 1)*	Jian Sheng	Beneficial owner	22	20%

Note:

1. The Company is owned as to 75% by Jian Sheng. Jian Sheng is owned as to 80% by Mr. Tan and as to 20% by Ms. Tan.

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

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

As at 30 June 2018, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
Jian Sheng *(Note 1)*	Beneficial owner	750,000,000	75%
Mr. Tan *(Note 1)*	Interest in controlled corporation	750,000,000	75%
Ms. Chong *(Note 1)*	Interest of spouse	750,000,000	75%

Note:

1. Jian Sheng is owned as to 80% by Mr. Tan and as to 20% by Ms. Tan. Mr. Tan is deemed to be interested in all the Shares held by Jian Sheng under the SFO. Ms. Chong is the spouse of Mr. Tan.

Save as disclosed above, as at 30 June 2018, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Dakin Capital Limited (the "**Compliance Adviser**") as at 30 June 2018, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 15 November 2017, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SHARE OPTION SCHEME

The Company has a share option scheme (the "**Share Option Scheme**") which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 20 October 2017. No option has been granted since its effective date and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

CORPORATE GOVERNANCE

During the six months ended 30 June 2018, the Company complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules except for 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 maximizes 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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated results for the six months ended 30 June 2018 and discussed with the management on the accounting principles and practices adopted by the Group, with no disagreement by the audit committee of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the company at www.shuangyunholdings.com. The interim report will be despatched to the shareholders of the company and available on the above websites in due course.

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

Hong Kong, 30 August 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.