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 FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**") of Shuang Yun Holdings Limited (the "**Company**") is pleased to present the audited results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 31 December 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Notes	***S$***	*S$*
Revenue	*4*	**90,783,991**	65,640,278
Cost of services		**(71,812,902)**	(45,757,397)
Gross profit		**18,971,089**	19,882,881
Other income	*5*	**459,784**	619,429
Administrative expenses		**(13,112,458)**	(11,454,197)
Other losses	*6*	**(100,000)**	(193,676)
Listing expenses		**–**	(3,460,627)
Finance costs	*7*	**(2,099,362)**	(1,560,448)
Profit before taxation		**4,119,053**	3,833,362

		Year ended 31 December	
		2018	2017
	Notes	***S$***	*S$*
Profit before taxation		**4,119,053**	3,833,362
Income tax expense	*8*	**(1,007,809)**	(1,216,720)
Profit for the year		**3,111,244**	2,616,642
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Gain/(Loss) on revaluation of properties, net of related income tax		**241,703**	(6,445)
Total comprehensive income for the year		**3,352,947**	2,610,197
EARNING PER SHARE			
Basic *(S$ cents)*	*10*	**0.31**	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2018	2017
	Notes	***S$***	*S$*
Non-current assets			
Property, plant and equipment	*11*	**30,037,913**	22,857,868
Investment properties	*12*	**2,180,000**	2,280,000
Bank deposit	*14*	**170,000**	170,000
		32,387,913	25,307,868
Current assets			
Trade receivables	*13*	**52,839,414**	48,684,786
Other receivables, deposits and prepayments		**3,459,681**	1,178,780
Amounts due from customers for construction work		**–**	8,694,499
Contract assets		**18,918,804**	–
Bank balances and cash	*14*	**4,248,821**	15,426,789
		79,466,720	73,984,854
Current liabilities			
Trade and other payables	*15*	**16,368,349**	15,450,656
Obligations under finance leases	*16*	**3,451,202**	3,113,179
Contract liabilities		**62,942**	–
Income tax payable		**1,193,072**	1,391,569
Borrowings	*17*	**25,576,374**	22,497,856
		46,651,939	42,453,260
Net current assets		**32,814,781**	31,531,594

	Notes	As at 31 December **2018** ***S$***	 2017 *S$*
Non-current liabilities			
Obligations under finance leases	*16*	**9,637,512**	5,082,247
Borrowings	*17*	**5,460,383**	5,123,935
Deferred tax liabilities		**756,758**	638,186
		15,854,653	10,844,368
Net assets		**49,348,041**	45,995,094
Capital and reserves			
Share capital	*18*	**17,381,244**	17,381,244
Share premium		**5,130,991**	5,130,991
Reserves		**26,835,806**	23,482,859
Equity attributable to owners of the Company		**49,348,041**	45,995,094

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	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:						
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)
Dividends *(Note a)*	–	–	–	–	(2,200,000)	(2,200,000)
At 31 December 2017	17,381,244	5,130,991	10,700,000	664,878	12,117,981	45,995,094
Profit for the year	–	–	–	–	3,111,244	3,111,244
Gain on revaluation of properties, net of related income tax	–	–	–	241,703	–	241,703
Total comprehensive income for the year	–	–	–	241,703	3,111,244	3,352,947
At 31 December 2018	17,381,244	5,130,991	10,700,000	906,581	15,229,225	49,348,041

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

2. Basis of Preparation and Group Reorganisation

The 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 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. Adoption of New and Revised 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 year.

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.

The Group has applied IFRS 15 using the modified retrospective method. Therefore, the comparative information was not reclassified and continues to be reported under IAS 11, IAS 18 and related interpretations.

Upon adoption of IFRS 15, there is no material impact on the amounts of revenue recognised in the respective reporting periods except for the presentation of contract assets and contract liabilities and timing of recognition for revenue from construction ancillary services.

- Previously, contract balances relating to construction contracts in progress and retention receivables were presented in the statement of financial position under "Amounts due from customers for construction work" and "Trade and other receivables", respectively. 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" and "Retention receivables" amounting to S$8,694,499 and S$937,731 respectively, are included under contract assets at 1 January 2018.

- Revenue from construction ancillary services will be recognised "over time" instead of "point in time". There is no significant impact upon adoption of this new standards.

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]
Annual improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 *Business Combinations* IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*

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

4. Revenue and Segment Information

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfer control of a product or service to a customer. Revenue of the Group arises 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:

	Year ended 31 December	
	2018	2017
	S$	*S$*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by nature of works:		
– Revenue from road construction services	**15,417,071**	21,576,925
– Revenue from construction ancillary services	**75,366,920**	43,820,908
	90,783,991	65,397,833
Revenue from other sources		
– Revenue from lease of construction machineries	**–**	242,445
Revenue from external customers	**90,783,991**	65,640,278

2. 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	
	2018	2017
	S$	*S$*
Revenue from:		
Customer I	**19,156,139**	19,290,350
Customer II	**11,151,474**	18,826,763
Customer III	**10,122,895**	8,785,451

3. Geographical information

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

	Year ended 31 December	
	2018	2017
	S$	*S$*
Sales of miscellaneous parts	**–**	966
Training and projects support services income	**6,705**	280,068
Government grants	**74,321**	143,535
Rental income	**296,460**	110,490
Gain arising on disposal of property, plant and equipment	**595**	–
Sundry income	**81,703**	84,370
	459,784	619,429

6. Other Losses

	Year ended 31 December	
	2018	2017
	S$	*S$*
Loss arising on disposal of property, plant and equipment	**–**	153,676
Loss on fair value change of investment properties	**100,000**	40,000
	100,000	193,676

7. Finance Costs

	Year ended 31 December	
	2018	2017
	S$	*S$*
Interest on:		
Borrowings	**1,599,470**	1,209,132
Finance leases	**499,892**	351,316
	2,099,362	1,560,448

8. Income Tax Expense

	Year ended 31 December	
	2018	2017
	S$	*S$*
Tax expense comprises:		
Current tax		
– Singapore corporate income tax ("**CIT**")	**1,082,464**	1,194,036
– Over provision in prior years	**(143,720)**	–
	938,744	1,194,036
Deferred tax expense	**69,065**	22,684
	1,007,809	1,216,720

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.

9. Dividends

No dividends were paid or declared during the year ended 31 December 2018.

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.

10. Earnings Per Share

The calculation of the basic and diluted earnings per share for the year ended 31 December 2018 and 2017 were based on the following data:

	As at 31 December	
	2018	2017
	S$	*S$*
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**3,111,244**	2,616,642

	As at 31 December	
	2018	2017
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,000,000,000**	782,191,780
Basic earnings per share *(S$ cents)*	**0.31**	0.33

For the years ended 31 December 2018 and 2017, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

11. Property, Plant and Equipment

	Buildings at revalued amount S$	Motor vehicles S$	Plant and machinery S$	Computers S$	Furniture and fittings S$	Equipment S$	Leasehold improvement S$	Total S$
Cost or valuation								
At 1 January 2017	6,800,000	7,361,402	12,420,631	201,359	94,199	1,928,794	243,282	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
Additions	–	4,728,292	6,684,356	20,388	–	278,813	–	11,711,849
Disposals	–	(433,835)	(77,480)	–	–	–	–	(511,315)
Revaluation decrease	(500,000)	–	–	–	–	–	–	(500,000)
At 31 December 2018	5,500,000	13,798,190	20,873,652	246,682	99,199	2,344,797	243,082	43,105,582
Accumulated depreciation								
At 1 January 2017	–	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)
Eliminated on revaluation	(792,233)	–	–	–	–	–	–	(792,233)
At 31 December 2017	–	3,910,320	4,383,990	183,416	87,294	902,111	79,969	9,547,180
Charge for the year	791,209	2,014,171	1,613,008	34,598	8,745	217,239	24,309	4,703,279
Elimination on disposal	–	(344,448)	(47,133)	–	–	–	–	(391,581)
Elimination on revaluation	(791,209)	–	–	–	–	–	–	(791,209)
At 31 December 2018	–	5,580,043	5,949,865	218,094	96,039	1,119,350	104,278	13,067,669
Carrying values								
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
At 31 December 2018	5,500,000	8,218,147	14,923,767	28,588	3,160	1,225,447	138,804	30,037,913

The above items of property, plant and equipment, except for buildings, are depreciated on a straight-line basis over the following useful lives after taking into account the residual values:

Motor vehicles	5 years
Plant and machinery	10 years
Computers	3 years
Furniture and fittings	5 years
Equipment	10 years
Leasehold improvement	Shorter of 10 years or the lease terms

Included in the additions of plant and machinery, motor vehicles and equipment amounting to S$11,073,301 (2017: S$3,393,701) were acquired under hire purchase arrangements during the year. These constituted as non-cash transactions during the respective years.

The carrying value of below items are assets held under finance leases:

	As at 31 December	
	2018	2017
	S$	*S$*
Motor vehicles	**7,505,461**	4,841,326
Plant and machinery	**12,122,435**	7,904,979
Equipment	**545,967**	415,243
	20,173,863	13,161,548

The Group's buildings are measured using revaluation model and are depreciated over remaining useful lives (by reference to relevant terms of lease ranging from 10 to 55 years) of respective property upon the revaluation date.

The Group has pledged buildings with a net book value of approximately S$5,500,000 (2017: S$6,000,000) to secure general banking facilities granted to the Group.

Fair value measurement of the Group's buildings

As at 31 December 2017 and 2018, the Group's buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation.

As at 31 December 2018, the fair value measurement of the buildings was performed by independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, which operates at 12 Marina View #19-02, Asia Square Tower 2, Singapore 018961. As at 31 December 2017, the fair value measurement of the buildings was performed by independent valuers, Roma Appraisals Limited, which operates at 22/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong.

Roma Appraisals Limited and Colliers International Consultancy & Valuation (Singapore) Pte Ltd are not related to the Group, and has appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations.

The fair value of the buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and condition under review. There has been no change to the valuation technique during the years.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The key unobservable inputs used in valuing the buildings were the adjusted price per square metre. A significant increase (decrease) in the adjusted price per square metre used would result in a significant increase (decrease) in the fair value measurement of the buildings, and vice versa.

Details of the Group's buildings and information about the fair value hierarchy and adjusted price per square metre as at end of the reporting period are as follows:

	Fair value Level 3	**Adjusted price per square metre**
	S$	*S$*
As at 31 December 2017		
No. 4 Sungei Kadut Street 2, Singapore 729226	6,000,000	1,175
As at 31 December 2018		
No. 4 Sungei Kadut Street 2, Singapore 729226	5,500,000	1,077

There was no transfer into or out of Level 3 during the current financial year.

If the buildings had not been revalued, they would have been included in the consolidated statement of financial position at historical cost less accumulated depreciation of S$6,007,767 and S$5,150,624 as at 31 December 2017 and 2018 respectively.

12. Investment Properties

(a) Acquisitions and disposals

There were no additions and disposals for the year ended 31 December 2018.

(b) Valuation

The valuations of investment properties carried at fair value were performed at 31 December 2018 by the Group's independent valuer Colliers International Consultancy & Valuation (Singapore) Pte Ltd using the same valuation techniques as were used by another valuer Roma Appraisal Limited when carrying out the December 2017 valuations.

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 31 December 2018		
No. 28 Sing Ming Lane#07-133, Singapore 573972	**660,000**	**660,000**
No. 28 Sing Ming Lane#07-134, Singapore 573972	**700,000**	**700,000**
No. 26 Sing Ming Lane#08-116, Singapore 573971	**820,000**	**820,000**
	2,180,000	**2,180,000**

	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 year ended 31 December 2018 and 2017.

13. Trade Receivables

	As at 31 December	
	2018	2017
	S$	*S$*
Trade receivables	**11,820,884**	22,239,624
Unbilled revenue	**41,018,530**	25,507,431
Retention receivables	**–**	937,731
	52,839,414	48,684,786

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 31 December	
	2018	2017
	S$	*S$*
Less than 30 days	**6,986,109**	8,642,675
31 days to 60 days	**3,487,258**	5,605,384
61 days to 90 days	**755,669**	6,618,690
More than 90 days	**591,848**	1,372,875
	11,820,884	22,239,624

14. Bank Deposit/Bank Balances and Cash

As at 31 December 2018, the bank deposit of S$170,000 (2017: 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% (2017: 0.14%) per annum.

15. Trade and Other Payables

	As at 31 December	
	2018	2017
	S$	*S$*
Trade payable	**8,688,911**	9,538,501
Accruals	**5,323,357**	2,928,369
Other payables		
GST payables	**108,322**	833,805
Payroll payable	**1,720,495**	1,642,360
Others	**527,264**	507,621
	16,368,349	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 31 December	
	2018	2017
	S$	*S$*
Within 90 days	**5,042,822**	7,478,396
91 days to 180 days	**2,041,601**	1,070,255
Over 180 days	**1,604,488**	989,850
	8,688,911	9,538,501

The credit period on purchases from suppliers and subcontractors is between 30 to 120 days (2017: 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	
	2018	2017	**2018**	2017
	S$	*S$*	***S$***	*S$*
Amounts payable under finance lease				
Within one year	**3,943,726**	3,380,789	**3,451,202**	3,113,179
In more than one year but no more than two years	**3,323,547**	2,474,899	**2,977,442**	2,317,425
In more than two years but no more than five years	**6,777,648**	2,861,092	**6,403,580**	2,764,822
In more than five years	**264,088**	–	**256,490**	–
	14,309,009	8,716,780	**13,088,714**	8,195,426
Less: future finance charges	**(1,220,295)**	(521,354)		
Present value of lease obligations	**13,088,714**	8,195,426		
Less: Amounts due for settlement within one year (shown under current liabilities)			**(3,451,202)**	(3,113,179)
Amounts due for settlement after one year			**9,637,512**	5,082,247

17. Borrowings

	As at 31 December	
	2018	2017
	S$	*S$*
Bank overdrafts – secured	**4,332,062**	3,773,792
Bank loans – secured		
Bank factoring	**2,910,361**	2,512,039
Trade financing	**15,963,087**	14,592,759
Other loans	**7,831,247**	6,743,201
	31,036,757	27,621,791
Analysed as:		
Carrying amount repayable		
– on demand or within one year	**25,576,374**	22,497,856
– more than one year, but not exceeding two years	**2,208,305**	1,642,598
– more than two years, but not exceeding five years	**2,293,990**	2,430,074
– more than five years	**958,088**	1,051,263
	31,036,757	27,621,791
Less: Amounts due within one year shown under current liabilities	**25,576,374**	22,497,856
Amounts shown under non-current liabilities	**5,460,383**	5,123,935

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, 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 (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 net proceeds were approximately HK$109.5 million in equivalent to S$19 million.

	No. of shares	*Per Value*	*Share Capital*
		HK$	*S$*
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
At 31 December 2017 and 31 December 2018	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
At 31 December 2017 and 31 December 2018	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 38.4%, from approximately S$65.6 million for the year ended 31 December 2017 to approximately S$90.8 million for the year ended 31 December 2018.

Our Group's profit increased by 19.2%, from approximately S$2.6 million for the year ended 31 December 2017 to approximately S$3.1 million for the year ended 31 December 2018. The increased in profit is attributable to increase in the projects awards during the year ended 31 December 2018.

During the year ended 31 December 2018, our Group had been awarded 15 contracts with total contract sum of approximately HK$444.2 million including 8 main contracts and 7 subcontracts. During the year ended 31 December 2018, we recognised revenue of approximately S$15.4 million and S$75.4 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 are exposed to the risk of inability to obtain foreign workers.

FINANCIAL REVIEW

Revenue

Our Group's revenue for the year ended 31 December 2018 was approximately S$90.8 million, representing a growth of approximately 38.4% as compared to that of approximately S$65.6 million for the previous year. The increase in revenue is attributable to increase in revenue from construction ancillary services with increase in road maintenance works projects awarded.

Gross profit

Our Group's gross profit decreased from approximately S$19.9 million for the year ended 31 December 2017 to approximately S$19.0 million for the year ended 31 December 2018. Such decrease was mainly due to the newly awarded construction ancillary service contract generating lower gross profit margin.

Our Group's gross profit margin decreased from approximately 30.3% for the year ended 31 December 2017 to approximately 20.9% for the year ended 31 December 2018. Such decrease in the gross profit margin was mainly due to the decrease in the corresponding gross profit discussed above. 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 decreased from approximately S$0.6 million for the year ended 31 December 2017 to approximately S$0.5 million for the year ended 31 December 2018. Such decrease was mainly due to the decrease in training and projects support services during the year ended 31 December 2018.

Administrative expenses

Administrative expenses increased by approximately S$1.6 million from approximately S$11.5 million to approximately S$13.1 million for the year ended 31 December 2018 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 costs

Finance costs increased by approximately 31.3% from approximately S$1.6 million to approximately S$2.1 million for the year ended 31 December 2018. This increase was principally due to the increase in interest of finance lease for the acquisition of machinery and higher borrowings.

Income tax expenses

Our Group's income tax expenses decreased by approximately S$0.2 million from S$1.2 million to S$1.0 million for the year ended 31 December 2018 even though profit before taxation has increased from approximately S$3.8 million to approximately S$4.0 million. The decrease was mainly due to the Group's increased capital allowance for the year ended 31 December 2018.

Profit for the year

As a result of the above factors, the Group's profit after taxation increased from approximately S$2.6 million to approximately S$3.1 million.

The use of the net proceeds from the Listing as at 31 December 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 (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	50.7	23.1
– 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	86.4	23.1

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group considers that a stringent quality assurance system and strong commitment to work's quality, safety, occupational health and environmental management are crucial in delivering quality works to the customers on a timely basis. Therefore, the Group has implemented a stringent management system to regulate the work's quality, safety and environmental management standards, which comply with international standards. During the year 31 December 2018, the Group has satisfied the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 accreditation for the quality management system, environmental management system and occupational safety and health management system respectively. Details of our environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" in this announcement.

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 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.

PROSPECTS

According to the Building and Construction Authority (BCA), the projected total construction demand in Singapore (i.e. the value of construction contracts to be awarded) in 2019 to range between S$27 billion and S$32 billion, comparable to the S$30.5 billion (preliminary estimate) awarded in 2018.

BCA expects a steady improvement in construction demand over the medium term. Demand is projected to reach between S$27 billion and S$34 billion per year for 2020 and 2021 and could increase to between S$28 billion and S$35 billion per year for 2022 and 2023. The public sector is expected to contribute S$16 billion to S$20 billion per year from 2020 to 2023 with similar proportions of demand coming from building projects and civil engineering works. Besides public residential developments, public sector construction demand over the medium term will continue to be supported by big infrastructure projects such as the Cross-Island Line, developments at Jurong Lake District and Changi Airport Terminal 5.

As the construction demand is gradually increasing, the Group will double its efforts and allocate additional resources to secure more projects, particularly in the construction ancillary services, which generates most of the Group's revenue and profit. Meanwhile, the Group will also continue to tender projects with relatively high profit margin in the road construction services. To seize any arising opportunities in the market, the Group is determined to increase its capacity to handle a greater number of projects by raising capital commitments in acquiring tipper trucks, excavators, and other relevant equipment. Extending from our previous efforts, the Group also expects to complete the upgrading of the Group's general contractor grade from level B1 to A2 by year 2019. This would raise our tendering limit from S$40 million to S$85 million, thus enlarge our capacity.

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.

CONTINGENT LIABILITIES

Our Group did not have any material contingent liabilities as at 31 December 2018.

CAPITAL COMMITMENTS

As at 31 December 2018, the Group did not have any material capital commitments.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our Group maintained a healthy financial position during the year ended 31 December 2018. Our Group's cash and cash equivalents balances as at 31 December 2018 amounted to approximately S$4.2 million, representing a decrease of approximately S$11.2 million as compared to approximately S$15.4 million as at 31 December 2017. This decrease is mainly due to the utilisation of the proceeds from the Share Offer on our business expansion.

As at 31 December 2018, the total interest-bearing loans of our Group was approximately S$31.0 million, representing an increase of approximately S$3.4 million as compared to approximately S$27.6 million for the year ended 31 December 2017. The current ratio was maintained at approximately 1.7 times for the year ended 31 December 2017 and 2018, while the gearing ratio increased from approximately 0.8 times for the year ended 31 December 2017 to approximately 0.9 times for the year ended 31 December 2018.

Our Group's equity balance increased to approximately S$49.3 million as at 31 December 2018 as compared to approximately S$46.0 million as at 31 December 2017, which was attributable to the profits recorded for the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 656 (31 December 2017: 570) employees including foreign workers. 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 2018 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S$5.5 million and the Group's investment properties with carrying amount of approximately S$2.2 million.

FOREIGN EXCHANGE EXPOSURE

As the Group's operations are mainly in Singapore, most transactions arising from its businesses were usually settled in Singapore Dollars which was the functional currency of the Group. Except for a portion of the cash and cash equivalents generated from the global offering was denominated in Hong Kong Dollars and a small portion denominated in Chinese Yuan, the Group was not exposed to any significant foreign currency risk.

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 2018.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2018, 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 2018.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code contained 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**") during the year 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 the 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 the 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.

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

During the year ended 31 December 2018, 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 Group's audited financial results for the year ended 31 December 2018 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL 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 annual report of the Company 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, 22 March 2019

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.