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Corporate Information

EXECUTIVE DIRECTORS

Mr. Tan Chai Ling
(Chairman and Chief Executive Officer)
Ms. Alynda Tan Hue Hong
Ms. Chong Sook Fern

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Pong Kam Keung
Mr. Siu Man Ho Simon
Mr. Yau Chung Hang

COMPANY SECRETARY

Ms. Leung Hoi Yan

AUTHORISED REPRESENTATIVES

Ms. Alynda Tan Hue Hong
Ms. Leung Hoi Yan

AUDIT COMMITTEE

Mr. Yau Chung Hang *(Chairman)*
Prof. Pong Kam Keung
Mr. Siu Man Ho Simon

REMUNERATION COMMITTEE

Mr. Yau Chung Hang *(Chairman)*
Mr. Tan Chai Ling
Mr. Siu Man Ho Simon

NOMINATION COMMITTEE

Mr. Tan Chai Ling *(Chairman)*
Mr. Yau Chung Hang
Prof. Pong Kam Keung

REGISTERED OFFICE

Cricket Square Hutchins Drive
PO Box 2681 Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

No. 4 Sungei Kadut Street 2
Sungei Kadut Industrial Estate
Singapore 729226

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F, United Centre
95 Queensway, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square Hutchins Drive
PO Box 2681 Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

AUDITOR

Deloitte & Touche LLP
6 Shenton Way OUE Downtown 2 #33-00
Singapore 068809

COMPLIANCE ADVISER

Dakin Capital Limited
Suites 4505-06, 45/F
Tower 1, Lippo Centre, 89 Queensway
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank Ltd
Malayan Banking Berhad

COMPANY'S WEBSITE

www.shuangyunholdings.com

STOCK CODE

1706

Note: In the case of any inconsistency between the Chinese translation and the English text of this Interim Report, the English text shall prevail.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Shuang Yun Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), I would like to present to our shareholders the interim report of our Group for the six months ended 30 June 2019.

During the six months ended 30 June 2019, the revenue of our Group was approximately S\$45.4 million, representing an increase by approximately 19.2% from approximately S\$38.1 million for the six months ended 30 June 2018. Our gross profit increased from approximately S\$9.3 million for the six months ended 30 June 2018 to approximately S\$10.7 million for the six months ended 30 June 2019, representing an increase of approximately 15%.

As disclosed in the 2018 Annual Report, Building and Construction Authority (BCA) announced that Singapore the total construction demand (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.

Looking ahead, the Group is positive about the prospects of the road construction market and construction ancillary service market in Singapore. In view of the aforesaid the Group will continue to try best endeavor to explore new customers, implement stringent cost control measures on existing projects, strengthen the effectiveness of project management and improve the efficiency of work flow throughout the construction process in order to maintain the competitiveness for the best interests of the Group. The Group will continue to focus on our core business of the provision of road construction and construction ancillary service and prepare for future opportunities, while maximizing the shareholders' value.

Chairman's Statement

On behalf of the Board, I would like to express our gratitude to all our customers, management and staff of our Group, business partners and shareholders for their continuous support.

Shuang Yun Holdings Limited

Tan Chai Ling

Chairman

30 August 2019

The board (the “**Board**”) of directors (the “**Directors**”) 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 2019 together with comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Six months ended 30 June	
		2019 (Unaudited) S\$	2018 (Unaudited) S\$
Revenue	4	45,431,172	38,064,043
Cost of services		(34,713,594)	(28,738,156)
Gross profit		10,717,578	9,325,887
Other income	5	201,320	123,123
Administrative expenses		(6,286,355)	(6,137,285)
Other gains	6	14,870	8,464
Finance costs	7	(1,283,691)	(978,095)
Profit before taxation	8	3,363,722	2,342,094
Income tax expense	9	(597,000)	(536,000)
Profit and other comprehensive income for the period		2,766,722	1,806,094
EARNING PER SHARE			
Basic (S\$ cents)	11	0.277	0.181

Condensed Consolidated Statement of Financial Position

		As at 30 June 2019 (Unaudited) S\$	As at 31 December 2018 (Restated) S\$
	NOTES		
Non-current assets			
Property, plant and equipment	12	30,308,362	30,037,913
Right-of-use assets	13	328,758	–
Investment properties	14	2,180,000	2,180,000
		32,817,120	32,217,913
Current assets			
Trade receivables	15	59,915,692	52,839,414
Other receivables, deposits and prepayments	16	3,405,490	3,459,681
Contract assets	17	20,603,283	18,918,804
Bank deposit		–	170,000
Bank balances and cash		4,327,736	4,248,821
		88,252,201	79,636,720
Current liabilities			
Trade and other payables	18	18,921,670	16,368,349
Obligations under finance leases		4,257,438	3,451,202
Lease liabilities		168,873	–
Contract liabilities	17	450,011	62,942
Income tax payable		1,192,209	1,193,072
Borrowings		28,658,007	25,576,374
		53,648,208	46,651,939
Net current assets		34,603,993	32,984,781

Condensed Consolidated Statement of Financial Position

	<i>NOTES</i>	As at 30 June 2019 (Unaudited) S\$	As at 31 December 2018 (Restated) S\$
Non-current liabilities			
Obligations under finance leases		10,028,152	9,637,512
Lease liabilities		163,485	–
Borrowings		4,357,955	5,460,383
Deferred tax liabilities		756,758	756,758
		15,306,350	15,854,653
Net assets			
		52,114,763	49,348,041
Capital and reserves			
Share capital	19	17,381,244	17,381,244
Share premium		5,130,991	5,130,991
Reserves		29,602,528	26,835,806
Equity attributable to owners of the Company			
		52,114,763	49,348,041

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium (Note (a))	Reserves			Total
			Other reserves (Note (b))	Revaluation reserves	Accumulated profits	
	S\$	S\$	S\$	S\$	S\$	S\$
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
At 1 January 2019 (Audited)	17,381,244	5,130,991	10,700,000	906,581	15,229,225	49,348,041
Total comprehensive income for the period	-	-	-	-	2,766,722	2,766,722
At 30 June 2019 (Unaudited)	17,381,244	5,130,991	10,700,000	906,581	17,995,947	52,114,763

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 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	
	2019	2018
	(Unaudited)	(Unaudited)
	S\$	S\$
Net cash from/(used in) operating activities	1,076,642	(2,176,642)
Net cash from/(used in) investing activities	18,123	(4,534,913)
Net cash used in financing activities	(1,015,850)	(1,929,927)
Net increase/(decrease) in cash and cash equivalents	78,915	(8,641,482)
Cash and cash equivalents at beginning of the period	4,248,821	15,426,789
Cash and cash equivalents at end of the period, represented by bank balances and cash	4,327,736	6,785,307

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

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.

3. ADOPTION OF NEW AND REVISED STANDARDS

All IFRSs effective for the accounting period commencing from 1 January 2019, together with the relevant transitional provisions, have been adopted by the Group in preparation of these condensed consolidated financial statements. The adoption of these new/revised IFRSs has no material effect on the amounts reported for the current or prior period.

New and amended IFRS Standards that are effective for the current period

Impact of application of IFRS 16 Leases

In the current period, the Group has applied IFRS 16 Leases which is effective for an annual period that begins on or after 1 January 2019. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("**ROU**") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Notes to the Condensed Consolidated Financial Statements

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

New and amended IFRS Standards that are effective for the current period (Continued)

Impact of application of IFRS 16 Leases (Continued)

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 January 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of IFRS 16.

Under IFRS 16, the Group recognised its existing operating lease arrangements where the Group is a lessee, as ROU assets with corresponding lease liabilities and measures lease liabilities by applying a single discount rate to the leases.

The nature of expenses related to those leases will change as the principles under IFRS 16 replaces the straight-line operating lease expense with net change in fair value of depreciation charge for ROU assets, and interest expense on lease liabilities

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*.

Notes to the Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION (Continued)

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	
	2019 (Unaudited)	2018 (Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by nature of works:		
– Revenue from road construction services	9,331,768	3,358,720
– Revenue from construction ancillary services	36,099,404	34,705,323
Revenue from external customers	45,431,172	38,064,043

2. Geographical information

The Group principally operates in Singapore. Approximately 100% (2018: 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	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Sales of miscellaneous parts	–	413
Government grants	29,894	60,805
Rental income	136,980	55,080
Sundry income	34,446	6,825
	201,320	123,123

Notes to the Condensed Consolidated Financial Statements

6. OTHER GAINS

	Six months ended 30 June	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Gain arising on disposal of property, plant and equipment	14,870	8,464

7. FINANCE COSTS

	Six months ended 30 June	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Interest on:		
Borrowings	999,979	686,895
Finance leases	275,411	291,200
Lease liabilities	8,301	–
	1,283,691	978,095

Notes to the Condensed Consolidated Financial Statements

8. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Depreciation of property, plant and equipment	2,896,840	2,189,792
Staff costs	9,290,228	8,498,467
Cost of materials recognised as expenses	22,480,790	18,762,076
Subcontractor costs recognised as costs of services	1,195,642	1,344,732
Gross rental income from investment properties	52,980	55,080
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the period	(7,686)	(9,645)
	45,294	45,435

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Tax expense comprises:		
Current tax – Singapore corporate income tax (“CIT”)	597,000	536,000

In 2018, Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 20% capped at S\$10,000 all determined based on financial year end date of respective group companies, not eligible for 2019. 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.

Notes to the Condensed Consolidated Financial Statements

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.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the periods ended 30 June 2019 and 2018 were based on the following data:

	Six months ended 30 June	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	2,766,722	1,806,094
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,000,000,000	1,000,000,000
Basic earnings per share (<i>S\$ cents</i>)	0.277	0.181

The number of shares for the purpose of calculating basis earnings per share for the periods ended 30 June 2019 and 2018 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 2019 and 2018, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

Notes to the Condensed Consolidated Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2019, the Group acquired items of plant and machinery with a cost of S\$3,316,506 (six months ended 30 June 2018: S\$4,543,377). Items of plant and machinery with a net book value of S\$233,219 were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: S\$Nil), resulting in a gain on disposal of S\$14,870 (six months ended 30 June 2018: loss on disposal of S\$8,464).

(b) Valuation

The valuations of land and buildings held for own use carried at fair value were updated at 30 June 2019 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2018 valuations. No change in valuation was noted for the six months ended 30 June 2019.

13. RIGHT-OF-USE ASSETS

	Land	Premises	Plant & Equipment	Total
Net carrying amount as at 30 June 2019	171,250	59,009	98,499	328,758
Depreciation for the period ended 30 June 2019	39,519	29,504	20,480	89,503

14. INVESTMENT PROPERTIES

(a) Acquisitions and disposals

There were no additions and disposals for the six months ended 30 June 2019.

(b) Valuation

The valuations of investment properties carried at fair value were updated at 30 June 2019 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2018 valuations. No change in valuation was noted during the six months ended 30 June 2019.

Notes to the Condensed Consolidated Financial Statements

14. INVESTMENT PROPERTIES (Continued)

(b) Valuation (Continued)

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 S\$	Fair value – Level 3 S\$
– As at 30 June 2019		
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 S\$	Fair value – Level 3 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

There was no transfer into or out of Level 3 during the financial period ended 30 June 2019 and 2018.

Notes to the Condensed Consolidated Financial Statements

15. TRADE RECEIVABLES

	As at 30 June 2019 (Unaudited) S\$	As at 31 December 2018 (Audited) S\$
Trade receivables	13,865,354	11,820,884
Unbilled revenue (<i>Note a</i>)	46,050,338	41,018,530
	59,915,692	52,839,414

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

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

	As at 30 June 2019 (Unaudited) S\$	As at 31 December 2018 (Audited) S\$
Less than 30 days	5,342,743	6,548,781
31 days to 60 days	3,152,906	3,487,258
61 days to 90 days	1,870,489	707,495
More than 90 days	3,499,216	1,077,350
	13,865,354	11,820,884

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.

Notes to the Condensed Consolidated Financial Statements

15. TRADE RECEIVABLES (Continued)

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a default rate model by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The expected credit loss is not expected to be material for trade receivables from third parties in all days past due categories as management have assessed and concluded that the amounts are recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers including government-based customers and customers in similar industries which share common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contract terms.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

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

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2019 (Unaudited) S\$	As at 31 December 2018 (Audited) S\$
Deposits	181,596	190,086
Prepayments	3,142,194	3,129,434
Advances to staff	–	27,530
Others	81,700	112,631
	3,405,490	3,459,681

Notes to the Condensed Consolidated Financial Statements

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 30 June 2019 (Unaudited) S\$	As at 31 December 2018 (Restated) S\$
Contract assets		
Construction services	19,513,859	18,654,174
Construction ancillary services	1,089,424	264,630
	20,603,283	18,918,804
Contract liabilities		
Construction services	450,011	62,942

18. TRADE AND OTHER PAYABLES

	As at 30 June 2019 (Unaudited) S\$	As at 31 December 2018 (Audited) S\$
Trade payables	14,897,929	8,688,911
Accrued operating expenses	1,253,471	5,323,357
Other payables		
GST payables	104,857	108,322
Payroll payable	1,465,271	1,720,495
Others	1,200,142	527,264
	18,921,670	16,368,349

Notes to the Condensed Consolidated Financial Statements

18. TRADE AND OTHER PAYABLES (Continued)

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 2019 (Unaudited) S\$	As at 31 December 2018 (Audited) S\$
Within 90 days	10,201,817	5,042,822
91 days to 180 days	4,278,426	2,041,601
Over 180 days	417,686	1,604,488
	14,897,929	8,688,911

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

19. SHARE CAPITAL

	No. of shares	Par Value HK\$	Share Capital HK\$
Authorised share capital of the Company:			
At 31 December 2018 (audited) and			
30 June 2019 (unaudited)	2,000,000,000	0.10	200,000,000
	No. of shares	Par Value HK\$	Share Capital HK\$
Issued and fully paid			
At 31 December 2018 (audited) and			
30 June 2019 (unaudited)	1,000,000,000	100,000,000	17,381,244

Notes to the Condensed Consolidated Financial Statements

20. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties during the financial periods ended 30 June 2019 and 2018:

Compensation of key management personnel

The remuneration of directors and other members of key management during the financial periods ended 30 June 2019 and 2018 were as follows:

	Six months ended 30 June	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Short-term benefits	736,650	854,860
Post-employment benefits	54,060	72,352
	790,710	927,212

21. 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 2019 was approximately S\$45.4 million, representing a growth of approximately 19.2% as compared to that of approximately S\$38.1 million for the same period of previous year. The increase in revenue is attributable to increase in revenue from road construction services.

Gross profit

Our Group's gross profit increased from approximately S\$9.3 million for the six months ended 30 June 2018 to approximately S\$10.7 million for the six months ended 30 June 2019, representing an increase of approximately 15%. The increase in gross profit is attributable to increase in gross profit from road construction services.

Our Group's gross profit margin remained relatively stable at approximately 24% for the six months ended 30 June 2019 and 2018.

Other income

Other income and expenses increased from approximately S\$0.1 million for the six months ended 30 June 2018 to approximately S\$0.2 million for the period ended 30 June 2019. Such increase was mainly due to the increase in rental income during the period.

Management Discussion and Analysis

Administrative expenses

Administrative expenses increased by approximately S\$0.2 million from approximately S\$6.1 million for the six months ended 30 June 2018 to approximately S\$6.3 million for the period ended 30 June 2019 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 30.0% from approximately S\$1.0 million for the six months ended 30 June 2018 to approximately S\$1.3 million for the period ended 30 June 2019 due to higher borrowings.

Income tax expenses

Our Group's income tax expenses increased by approximately S\$0.1 million from S\$0.5 million for the six months ended 30 June 2018 to S\$0.6 million for the six months ended 30 June 2019 primarily due to the increase in the profit before taxation from approximately S\$2.3 million to approximately S\$3.4 million.

Profit for the period

Profit after taxation increased from approximately S\$1.8 million for the six months ended 30 June 2018 to approximately S\$2.8 million for the six months ended 30 June 2019 due to the combined effect of the aforesaid factors.

Management Discussion and Analysis

USE OF NET PROCEEDS FROM THE LISTING

The use of the net proceeds from the Listing as at 30 June 2019 was approximately as follows:

Use of net proceeds	Percentage	Net	Amount	Amount
	of net proceeds (%)	proceeds (in HK\$ million)	utilised (in HK\$ million)	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	50.7	23.1
(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	86.4	23.1

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 2019 and up to the date of this interim report, there is no material breach of or non-compliance with the applicable laws 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 2019.

Management Discussion and Analysis

CAPITAL COMMITMENTS

As at 30 June 2019, 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 2019 amounted to approximately S\$4.3 million, representing an increase of approximately S\$0.1 million as compared to approximately S\$4.2 million as at 31 December 2018. This was mainly attributable to the increased in other income generation.

As at 30 June 2019, the total interest-bearing loans of our Group was approximately S\$33.0 million, representing an increase of approximately S\$2.0 million as compared to approximately S\$31.0 million for the year ended 31 December 2018. The current ratio was remained at approximately 1.7 times for the six months ended 30 June 2019 and for the year ended 31 December 2018, while the gearing ratio increased from approximately 0.9 times for the year ended 31 December 2018 to approximately 1.1 times for the period ended 30 June 2019.

Our Group's equity balance increased to approximately S\$52.1 million as at 30 June 2019 as compared to approximately S\$49.3 million as at 31 December 2018, which was attributable to the profits recorded for the period.

EMPLOYEES AND REMUNERATION POLICIES

Our Group had 575 employees as at 30 June 2019 and 656 employees as at 31 December 2018. 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.

Management Discussion and Analysis

CHARGES OF ASSETS

The borrowings as at 30 June 2019 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S\$5.1 million and the Group's investment properties with carrying amount of approximately S\$2.2 million.

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2019, 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 2019.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2019, 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 2019.

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 2019, 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.

Other Information

(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 <i>(Note 1)</i>	Jian Sheng	Beneficial owner	88	80%
Ms. Tan <i>(Note 1)</i>	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 2019, 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.

Other Information

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

As at 30 June 2019, 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 (<i>Note 1</i>)	Beneficial owner	750,000,000	75%
Mr. Tan (<i>Note 1</i>)	Interest in controlled corporation	750,000,000	75%
Ms. Chong (<i>Note 1</i>)	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 2019, 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.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the profiles of the Directors of the Company have been updated as follows:

Independent non-executive Directors

Mr. Siu Man Ho Simon, aged 45, was appointed as the independent non-executive Director on 20 October 2017. He is also a member of the audit and remuneration committees of the Company. He is responsible for participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group. Mr. Siu is a practicing solicitor of the High Court of Hong Kong and a China Appointed Attesting Officer appointed by the Ministry of Justice of the People's Republic of China. Mr. Siu is currently a partner in a law firm, Sit, Fung, Kwong & Shum, Solicitors, which he first joined as a solicitor in January 2000 and has been continuously serving there since then. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu also actively participates in charitable and social services in Hong Kong. He is currently acting as the legal adviser for United Hearts Youth Foundation and Hong Kong Taekwondo Association as well as the school manager of The Association of Directors & Former Directors of Pok Oi Hospital Ltd Leung Sing Tak College. Mr. Siu is an independent non-executive director of each of Wai Yuen Tong Medicine Holdings Limited (a company listed on the Main Board, stock code: 897), Brilliant Circle Holdings International Limited (a company listed on the Main Board, stock code: 1008) and HKE Holdings Limited (a company listed on the Main Board, stock code: 1726) since August 2001, March 2009 and March 2018 respectively. He was appointed as the independent non-executive director of Weiye Holdings Limited (stock code: 1570) with effect from 10 March 2016 and resigned from the position on 19 December 2018. Mr. Siu obtained his Bachelor of Laws degree from the University of Hong Kong in November 1996.

Other Information

Mr. Yau Chung Hang, aged 46, was appointed as the independent non-executive Director on 20 October 2017. He is also the chairman of the audit and remuneration committees of the Company and a member of the nomination committee of the Company. He is responsible for participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group. Mr. Yau has over 20 years of experience in accounting and financial management. Before joining the Group, he worked as an accountant with Li Tang Chen CPA from June 1995 to January 1997. From January 1997 to May 2000, he worked at Deloitte Touche Tohmatsu and his last position was senior accountant. From May 2000 to October 2001, he joined Valspar Hai Hong Co., Ltd. as a credit manager. He then worked as the chief financial officer and company secretary with Changchun Da Xing Pharmaceutical Company Ltd. (a company listed on the GEM of the Stock Exchange, stock code: 8067) from January 2002 to January 2004. From January 2004 to April 2005, he was a finance manager of Tristate Holdings Limited (a company listed on the Main Board, stock code: 458). From April 2005 to March 2006, he joined Ningbo Yidong Electronic Company Ltd. (a company listed on the GEM of the Stock Exchange, stock code: 8249) as the company secretary. He then worked at Brilliant Circle Group (a company listed on the Main Board, stock code: 1008) as the chief financial officer and company secretary from January 2006 to February 2014. He worked as the chief financial officer and company secretary of Jiashili Group (a company listed on the Main Board, stock code: 1285) from March 2014 to November 2017. Mr. Yau has been working as the executive director, Chief Financial Officer and company secretary of Tokyo Chuo Auction Holdings Limited (a company listed on the Main Board, stock code: 1939) since January 2018, Mr. Yau was the independent non-executive director of Ban Loong Holdings Limited (a company listed on the Main Board, stock code: 30) from 16 May 2013 to 6 October 2014 and has been the independent non-executive director of Wang Yang Holdings Limited (a company listed on the Main Board, stock code: 1735) since 13 March 2018 and the independent non-executive director of AID Life Science Holdings Limited (a company listed on GEM, stock code: 8088) since 29 July 2019. Mr. Yau obtained his bachelor of arts degree in accountancy from the University of Bolton, the United Kingdom in August 2005. He is a member of The Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants.

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 interim report.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors' securities transactions throughout the six months period ended 30 June 2019.

Other Information

CORPORATE GOVERNANCE

During the six months ended 30 June 2019, 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.

In respect of the code provision A.6.7 of the CG Code, Mr. Yau Chung Hang, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 3 June 2019 (“**AGM**”) due to his business engagement.

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 2019.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group’s unaudited condensed consolidated results for the six months ended 30 June 2019 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.

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

Hong Kong, 30 August 2019