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 2019

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2019	2018
	Notes	***S$***	*S$*
Revenue	*4*	**112,271,670**	90,783,991
Cost of services		**(90,807,710)**	(71,812,902)
Gross profit		**21,463,960**	18,971,089
Other income	*5*	**410,445**	459,189
Administrative expenses		**(12,353,726)**	(13,112,458)
Other gains/(losses)	*6*	**38,452**	(99,405)
Finance costs	*7*	**(2,386,974)**	(2,099,362)
Profit before taxation		**7,172,157**	4,119,053

		Year ended 31 December	
		2019	2018
	Notes	***S$***	*S$*
Profit before taxation		**7,172,157**	4,119,053
Income tax expense	*8*	**(1,686,818)**	(1,007,809)
Profit for the year		**5,485,339**	3,111,244
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of properties, net of related income tax		**278,422**	241,703
Total comprehensive income for the year		**5,763,761**	3,352,947
EARNING PER SHARE			
Basic *(S$ cents)*	*10*	**0.55**	0.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2019	2018
	Notes	***S$***	*S$*
Non-current assets			
Property, plant and equipment	*11*	**13,680,982**	30,037,913
Right-of-use assets	*12*	**17,200,179**	–
Investment properties	*13*	**2,180,000**	2,180,000
		33,061,161	32,217,913
Current assets			
Trade receivables	*14*	**65,316,750**	52,839,414
Other receivables, deposits and prepayments		**3,465,128**	3,459,681
Contract assets		**31,502,596**	18,918,804
Bank deposit	*15*	**200,000**	170,000
Bank balances and cash	*15*	**4,005,738**	4,248,821
		104,490,212	79,636,720
Current liabilities			
Trade and other payables	*16*	**24,479,291**	16,368,349
Contract liabilities		**152,556**	62,942
Obligations under finance leases	*17*	**–**	3,451,202
Lease liabilities	*18*	**4,315,427**	–
Income tax payable		**1,569,283**	1,193,072
Borrowings	*19*	**37,312,486**	25,576,374
		67,829,043	46,651,939
Net current assets		**36,661,169**	32,984,781

	Notes	As at 31 December 2019 S$	2018 S$
Non-current liabilities			
Obligations under finance leases	*17*	**–**	9,637,512
Lease liabilities	*18*	**10,096,917**	–
Borrowings	*19*	**3,252,077**	5,460,383
Deferred tax liabilities		**1,261,534**	756,758
		14,610,528	15,854,653
Net assets		**55,111,802**	49,348,041
Capital and reserves			
Share capital	*20*	**17,381,244**	17,381,244
Share premium		**5,130,991**	5,130,991
Reserves		**32,599,567**	26,835,806
Equity attributable to owners of the Company		**55,111,802**	49,348,041

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 2018	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
Profit for the year	–	–	–	–	5,485,339	5,485,339
Gain on revaluation of properties, net of related income tax	–	–	–	278,422	–	278,422
Total comprehensive income for the year	–	–	–	278,422	5,485,339	5,763,761
At 31 December 2019	17,381,244	5,130,991	10,700,000	1,185,003	20,714,564	55,111,802

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

(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:

New and amended IFRSs that are effective for the current year

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach, which:

- Requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of accumulated profits at the date of initial application.

- Does not permit restatement of comparatives, which continue to be presented under IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'administrative expenses' in profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of IFRS 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 4.38% per annum.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Impact on accumulated profits as at 1 January 2019

	S$
Operating lease commitments at 31 December 2018	452,670
Effect of discounting the above amounts	(32,563)
Finance lease liabilities recognised under IAS 17 at 31 December 2018	13,088,714
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	444,691
Lease liabilities recognised at 1 January 2019	13,953,512
Analysed as:	
Current	3,891,695
Non-current	10,061,817

Upon transition to IFRS 16, the Group has recognised S$864,798 of right-of-use assets and S$864,798 of lease liabitlies relating to previous operating lease commitment under IAS17. No difference is recognised in accumulated profits.

During the year, property, plant and equipment previously held under finance leases applying IAS 17, which amounted to S$16,151,470, have been reclassified to right-of-use assets under IFRS 16 at the date of initial application.

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	
	2019	2018
	S$	*S$*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by nature of works:		
– Revenue from road construction services	**29,621,888**	15,417,071
– Revenue from construction ancillary services	**82,649,782**	75,366,920
Revenue from external customers	**112,271,670**	90,783,991

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	
	2019	2018
	S$	*S$*
Revenue from:		
Customer I	**35,561,471**	11,150,354
Customer II	**23,423,643**	19,156,139
Customer III	**18,433,235**	1,104,945

3. *Geographical information*

The Group principally operates in Singapore. Approximately 100% (2018: 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	
	2019	2018
	S$	*S$*
Training and projects support services income	**436**	6,705
Government grants	**43,984**	74,321
Rental income	**245,060**	296,460
Sundry income	**120,965**	81,703
	410,445	459,189

6. Other Gains/(Losses)

	Year ended 31 December	
	2019	2018
	S$	*S$*
Gains arising on disposal of property, plant and equipment	**38,452**	595
Loss on fair value change of investment properties	**–**	(100,000)
	38,452	(99,405)

7. Finance Costs

	Year ended 31 December	
	2019	2018
	S$	*S$*
Interest on borrowings wholly repayable		
Bank loan interest	**292,448**	334,167
Interest on lease liabilities	**618,998**	–
Interest on Obligations of finance lease	**–**	499,892
Bank facilities	**1,475,528**	1,265,303
	2,386,974	2,099,362

8. Income Tax Expense

	Year ended 31 December	
	2019	2018
	S$	*S$*
Tax expense comprises:		
Current tax		
– Singapore corporate income tax ("**CIT**")	**1,375,222**	1,071,052
– Over provision in prior years	**(136,157)**	(132,309)
	1,239,065	938,743
Deferred tax expense	**447,753**	69,066
	1,686,818	1,007,809

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 25% (2018: 20%), capped at S$15,000 (2018: S$10,000), 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 and S$190,000 of chargeable income for 2018 and 2019 respectively.

9. Dividends

No dividends were paid or declared during the year ended 31 December 2019 and 2018.

10. Earnings Per Share

The calculation of the basic and diluted earnings per share for the year ended 31 December 2019 and 2018 were based on the following data:

	As at 31 December	
	2019	2018
	S$	*S$*
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the year)	**5,485,339**	3,111,244

	As at 31 December	
	2019	2018
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 *(S$ cents)*	**0.55**	0.31

For the years ended 31 December 2019 and 2018, 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 2018	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	20,873,632	246,682	99,199	2,344,797	243,082	43,105,582
Adoption IFRS 16	–	(11,265,533)	(8,540,986)	–	–	(369,260)	–	(20,175,779)
At 1 January 2019 (restated)	5,500,000	2,532,657	12,332,646	246,682	99,199	1,975,537	243,082	22,929,803
Additions	–	–	992,500	9,061	–	975,234	–	1,976,795
Disposals	–	(1,139,733)	(160,060)	–	–	(129,000)	–	(1,428,793)
Revaluation decrease	(500,000)	–	–	–	–	–	–	(500,000)
At 31 December 2019	5,000,000	1,392,924	13,165,086	255,743	99,199	2,821,771	243,082	22,977,805
Accumulated depreciation								
At 1 January 2018	–	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	218,014	96,039	1,119,350	104,278	13,067,669
Adoption IFRS 16	–	(3,160,264)	(824,386)	–	–	(39,659)	–	(4,024,309)
At 1 January 2019 (restated)	–	2,419,779	5,125,479	218,094	96,039	1,079,691	104,278	9,043,360
Charge for the year	835,443	51,633	1,276,935	22,336	3,160	186,206	24,308	2,400,021
Elimination on disposal	–	(1,095,929)	(131,699)	–	–	(83,487)	–	(1,311,115)
Elimination on revaluation	(835,443)	–	–	–	–	–	–	(835,443)
At 31 December 2019	–	1,375,483	6,270,715	240,430	99,199	1,182,410	128,586	9,296,823
Carrying values								
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
At 1 January 2019 (restated)	5,500,000	112,878	7,207,167	28,588	3,160	895,846	138,804	13,886,443
At 31 December 2019	5,000,000	17,441	6,894,371	15,313	–	1,639,361	114,496	13,680,982

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

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

	As at 31 December 2018
Motor vehicles	8,105,269
Plant and machinery	7,716,600
Equipment	329,601
	16,151,470

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$5,000,000 (2018: S$5,500,000) to secure general banking facilities granted to the Group.

Fair value measurement of the Group's buildings

As at 31 December 2018 and 2019, 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 2019, the fair value measurement of the buildings was performed by independent valuer. Teho Property Consultants Pte Ltd, which operates at 8 Jalan Lembah Kallang # 03-01 Min Ghee Building Singapore 339564. 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.

Teho Property Consultants Pte Ltd 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 2018		
No. 4 Sungei Kadut Street 2, Singapore 729226	5,500,000	1,077
As at 31 December 2019		
No. 4 Sungei Kadut Street 2, Singapore 729226	5,000,000	979

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$4,909,021 and S$4,172,668 as at 31 December 2018 and 2019 respectively.

12. Right-of-use assets

	Dormitories	Land	Equipment	Machinery	Motor vehicles	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
Cost:						
At 1 January 2019	–	–	369,260	8,540,986	11,265,533	20,175,779
Additions	386,272	357,853	156,853	3,630,700	671,641	5,203,319
Disposal	–	–	–	–	(838,567)	(838,567)
At 31 December 2019	**386,272**	**357,853**	**526,113**	**12,171,686**	**11,098,607**	**24,540,531**
Accumulated Depreciation:						
At 1 January 2019	–	–	39,659	824,386	3,160,264	4,024,309
Charge for the year	228,221	151,909	78,721	1,061,980	2,252,732	3,773,563
Disposal	–	–	–	–	(457,520)	(457,520)
At 31 December 2019	**228,221**	**151,909**	**118,380**	**1,886,366**	**4,955,476**	**7,340,352**
Carrying amount						
At 31 December 2019	**158,051**	**205,944**	**407,733**	**10,285,320**	**6,143,131**	**17,200,179**

The Group leases several assets including dormitories, land, equipment, machinery and motor vehicles. The lease term is two to six years (2018: two to six years).

The Group has no options to purchase any of its leased assets at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Certain leases for property, plant and equipment expired in the current financial year. The expired contracts were either replaced by new leases for similar underlying assets or extended through exercising options. This resulted in additions to right-of-use assets of S$5,203,319 in 2019.

The maturity analysis of lease liabilities is presented in Note 18.

Amounts recognised in profit or loss

	2019
	S$
Depreciation expense on right-of-use assets	**3,773,563**
Interest expense on lease liabilities *(Note 7)*	**618,998**
Expense relating to short-term leases	**654,763**

At 31 December 2019. the Group is committed to S$8,310 for short term leases.

13. Investment Properties

(a) Acquisitions and disposals

There were no additions and disposals for the year ended 31 December 2019.

(b) Valuation

The valuations of investment properties carried at fair value were performed at 31 December 2019 and 2018 by the Group's independent valuer Teho Property Consultants Pte Ltd and Colliers International Consultancy & Valuation (Singapore) Pte Ltd respectively.

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 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	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

There was no transfer into or out of Level 3 during the financial year ended 31 December 2019 and 2018.

14. Trade Receivables

	As at 31 December	
	2019	2018
	S$	*S$*
Trade receivables	**9,869,339**	11,820,884
Loss allowance	**(68,567)**	–
	9,800,772	11,820,884
Unbilled revenue	**55,515,978**	41,018,530
	65,316,750	52,839,414

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	
	2019	2018
	S$	*S$*
Less than 30 days	**4,495,059**	6,986,109
31 days to 60 days	**1,950,240**	3,487,258
61 days to 90 days	**823,803**	755,669
More than 90 days	**2,531,670**	591,848
	9,800,772	11,820,884

15. Bank Deposit/Bank Balances and Cash

As at 31 December 2019, the bank deposit of S$200,000 (2018: S$170,000) represents amount placed to a bank for securing overdraft facilities granted to the Group and will be released in 2020 (2018: released in 2019).

Bank balances and bank deposit carry interest at prevailing market interest rate of 0.5% (2018: 0.14%) per annum.

16. Trade and Other Payables

	As at 31 December	
	2019	2018
	S$	*S$*
Trade payable	**16,489,065**	8,321,132
Retention payable	**569,953**	367,779
Accruals	**4,894,706**	5,323,357
Other payables		
GST payables	**53,396**	108,322
Payroll payable	**1,409,727**	1,720,495
Others	**1,062,444**	527,264
	24,479,291	16,368,349

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	
	2019	2018
	S$	*S$*
Within 90 days	**9,031,513**	5,042,822
91 days to 180 days	**5,836,271**	2,041,601
Over 180 days	**1,621,281**	1,236,709
	16,489,065	8,321,132

The credit period on purchases from suppliers and subcontractors is between 30 to 120 days (2018: 30 to 120 days) or payable upon delivery.

DTP
1st Proof
Date: 31/03/2020 (18:40)
Translator: Qualitrans
Job Type: AR Ann
Company Name: Shuang Yun (B)
File name: E200230538Ann

17. Obligations Under Finance Leases

	Minimum lease payments As at 31 December 2018 *S$*	Present value of minimum leases payments As at 31 December 2018 *S$*
Amounts payable under finance lease		
Within one year	3,943,726	3,451,202
In more than one year but no more than two years	3,323,547	2,977,442
In more than two years but no more than five years	6,777,648	6,403,580
In more than five years	264,088	256,490
	14,309,009	13,088,714
Less: future finance charges	(1,220,295)	
Present value of lease obligations	13,088,714	
Less: Amounts due for settlement within one year (shown under current liabilities)		(3,451,202)
Amounts due for settlement after one year		9,637,512

18. Lease Liabilities

	2019
	S$
Analysed as:	
Non-current	**10,096,917**
Current	**4,315,427**
	14,412,344
Maturity Analysis	
Year 1	**4,315,427**
Year 2	**3,890,803**
Year 3	**3,551,862**
Year 4	**2,217,388**
Year 5	**344,577**
Onwards	**92,287**
	14,412,344

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Lease liabilities are monitored within the Group's treasury function.

All lease obligation are denominated in Singapore dollars.

19. Borrowings

	As at 31 December	
	2019	2018
	S$	*S$*
Bank overdrafts – secured	**6,974,371**	4,332,062
Bank loans – secured		
Bank factoring	**3,367,913**	2,910,361
Trade financing	**24,761,919**	15,963,087
Other loans	**5,460,360**	7,831,247
	40,564,563	31,036,757
Analysed as:		
Carrying amount repayable		
– on demand or within one year	**37,312,486**	25,576,374
– more than one year, but not exceeding two years	**1,809,911**	2,208,305
– more than two years, but not exceeding five years	**579,580**	2,293,990
– more than five years	**862,586**	958,088
	40,564,563	31,036,757
Less: Amounts due within one year shown under current liabilities	**37,312,486**	25,576,374
Amounts shown under non-current liabilities	**3,252,077**	5,460,383

20. 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 31 December 2018 and 31 December 2019	2,000,000,000	0.10	200,000,000

	No. of shares	*HK$*	*S$*
Issued and fully paid:			
At 31 December 2018 and 31 December 2019	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 23.7%, from approximately S$90.8 million for the year ended 31 December 2018 to approximately S$112.3 million for the year ended 31 December 2019.

Our Group's profit increased by 77.4% from approximately S$3.1 million for the year ended 31 December 2018 to approximately S$5.5 million for the year ended 31 December 2019. The increase in profit is attributable to the increased projects were awarded in 2018 and were in full swing during the year ended 31 December 2019.

During the year ended 31 December 2019, we recognised revenue of approximately S$29.6 million and S$82.6 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 2019 was approximately S$112.3 million, representing a growth of approximately 23.7% as compared to that of approximately S$90.8 million for the previous year. The increase in revenue is attributable to increase in revenue from road construction services and construction ancillary services.

Gross profit

Our Group's gross profit increased from approximately S$19.0 million for the year ended 31 December 2018 to approximately S$21.5 million for the year ended 31 December 2019. Such increase was mainly due to those projects were awarded in 2018 and were in full swing during the year ended 31 December 2019.

Our Group's gross profit margin decreased from approximately 20.9% for the year ended 31 December 2018 to approximately 19.1% for the year ended 31 December 2019. Such decrease in the gross profit margin was mainly due to 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$0.5 million for the year ended 31 December 2018 to approximately S$0.4 million for the year ended 31 December 2019. Such decrease was mainly due to the decrease in rental income during the year.

Administrative expenses

Administrative expenses decreased by approximately S$0.7 million from approximately S$13.1 million to approximately S$12.4 million for the year ended 31 December 2019 mainly due to the decrease in professional expenses.

Finance costs

Finance costs increased by approximately 14.3% from approximately S$2.1 million to approximately S$2.4 million for the year ended 31 December 2019. This increase was principally due to the increase in interest on lease liabilities for the acquisition of machinery and higher borrowings.

Income tax expenses

Our Group's income tax expenses increased by approximately S$0.7 million from S$1.0 million to S$1.7 million for the year ended 31 December 2019. Such increase was mainly driven by the increase in profit before taxation.

Profit for the year

For the year ended 31 December 2019, profit after taxation increased from approximately S$3.1 million to approximately S$5.5 million, primarily 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 31 December 2019 was approximately as follows:

Use of net proceeds	**Percentage of net proceeds**	**Net proceeds**	**Amount utilised**	**Amount remaining**
	(%)	*(in HK$ million)*	*(in HK$ million)*	*(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

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 ended 31 December 2019, 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 annual result 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 2019 and up to the date of this annual result 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 press release by the Building and Construction Authority (BCA), Singapore the total construction demand (value of construction contracts to be awarded) to remain strong in 2020 with sustained public sector construction demand. The total construction demand is expected to range between S$28 billion and S$33 billion this year.

Public sector construction demand, which is expected to reach between S$17.5 billion and S$20.5 billion this year, will make up about 60% of the projected demand for this year. Public sector construction demand is expected to be spurred by major infrastructure projects, which are larger and more complex in scale, such as the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line. Private sector construction demand is projected to be between S$10.5 billion and S$12.5 billion this year, supported by projects such as redevelopment of en-bloc sale sites, recreational developments at Mandai Park, Changi Airport new taxiway and berth facilities at Jurong Port and Tanjong Pagar Terminal. The forecast for 2020 excludes any construction contracts by the two Integrated Resorts (IRs) pending confirmation on the timeline and the phasing of the expansion projects.

Construction demand is expected to hold steady over the medium term. Demand is projected to reach between S$27 billion and S$34 billion per year for 2021 and 2022 and between S$28 billion and S$35 billion per year for 2023 and 2024.

Ministry of Trade and Industry (MTI) announced that with COVID-19 spreading "rapidly" beyond China to many other countries, including the US, UK, France and Germany, many governments have implemented stringent measures to curb the spread, including closing their borders. Those countries are likely to see a sharp slowdown in their economies. As the global COVID-19 situation is still evolving rapidly, there remains a significant degree of uncertainty over the severity and duration of the global outbreak, and the trajectory of the global economic recovery once the outbreak has been contained. The balance of risks, however, is tilted to the downside. Downside risks include a more protracted-than-expected global outbreak; more severe and prolonged disruptions to global supply chains; and the possibility of financial shocks triggered by the economic impact of COVID-19.

The construction sector took the largest hit in the first quarter 2020, the estimates by MTI showed, shrinking 4.3 per cent year-on-year. This is a reversal from the 4.3 per cent growth in the previous quarter.

Lockdowns and travel restrictions implemented by other countries disrupted the supply chain and delayed the return of foreign workers, adversely affecting some construction projects.

Facing the impact of COVID-19 virus, the Group has its own labour resources and minimized the impact of COVID-19 virus. And the Group will also consider down-size operating cost and rationalise allocation of resources to secure projects. Meanwhile, the Group will also continue to tender projedct with relatively high profit margin in the road construction services. 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 end of year 2020. 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 2019.

CAPITAL COMMITMENTS

As at 31 December 2019, 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 2019. Our Group's cash and cash equivalents balances as at 31 December 2019 amounted to approximately S$4.2 million, representing a decrease of approximately S$0.2 million as compared to approximately S$4.4 million as at 31 December 2018.

As at 31 December 2019, the total interest-bearing loans of our Group was approximately S$40.6 million, representing an increase of approximately S$9.6 million as compared to approximately S$31.0 million for the year ended 31 December 2018. The current ratio decreased from approximately 1.7 times for the year ended 31 December 2018 to approximately 1.5 times for the year ended 31 December 2019, while the gearing ratio increased from approximately 0.9 times for the year ended 31 December 2018 to approximately 1.0 times for the year ended 31 December 2019.

Our Group's equity balance increased to approximately S$55.1 million as at 31 December 2019 as compared to approximately S$49.3 million as at 31 December 2018, which was attributable to the profits recorded for the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 538 (31 December 2018: 656) 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 2019 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S$5.0 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 2019.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2019, 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 2019.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 (the "**CG Code**") of the Listing Rules 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.

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, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, 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 2019 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 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, 31 March 2020

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.