Shuang Yun Holdings Limited
雙運控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1706

Annual Report
2018

Contents

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. Cheng Florence Ga Sui

AUTHORISED REPRESENTATIVES

Ms. Alynda Tan Hue Hong
Ms. Cheng Florence Ga Sui

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
P.O. Box 2681 Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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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
P.O. Box 2681 Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
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183 Queen's Road East, Wanchai
Hong Kong

AUDITOR

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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 Annual 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 annual report of our Group for the year ended 31 December 2018.

During the year ended 31 December 2018, the revenue of our Group was approximately S$90.8 million, representing an increase by approximately 38.4% from approximately S$65.6 million for the year ended 31 December 2017. Our gross profit decreased from approximately S$19.9 million for the year ended 31 December 2017 to approximately S$19.0 million for the year ended 31 December 2018, representing an decrease of approximately 4.5%. Such decrease was mainly due to the newly awarded construction ancillary service contracts generating lower gross profit margin.

According to the press release by the Building and Construction Authority (BCA), 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.

The Group, as a leading road work contractor in Singapore, will optimise its resource allocation to seize the opportunities and actively engage in those which are beneficial to the long term development of the Group. Utilising the proceeds acquired through our listing, the Group has more resources to grasp various opportunities and further develop its business operations. The Group will adhere to its strategy to reinforce its existing business, while exploring synergistic opportunities in other areas to grow our businesses to new heights and bring greater profit to our shareholders.

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

22 March 2019

BUSINESS REVIEW

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

Our Group recorded a revenue growth of approximately 38.4%, from approximately S$65.6 million for the year ended 31 December 2017 to approximately S$90.8 million for the year ended 31 December 2018.

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

During the year ended 31 December 2018, our Group had been awarded 15 contracts with total contract sum of approximately HK$444.2 million including 8 main contracts and 7 subcontracts. During the year ended 31 December 2018, we recognised revenue of approximately S$15.4 million and S$75.4 million for road construction services projects and construction ancillary services, respectively.

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

FINANCIAL REVIEW

Revenue

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

Gross profit

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

Our Group's gross profit margin decreased from approximately 30.3% for the year ended 31 December 2017 to approximately 20.9% for the year ended 31 December 2018. Such decrease in the gross profit margin was mainly due to the decrease in the corresponding gross profit discussed above. The Group has to compete and tender at lower profit margin to get more projects in the current competitive construction market.

Other income

Other income decreased from approximately S$0.6 million for the year ended 31 December 2017 to approximately S$0.5 million for the year ended 31 December 2018. Such decrease was mainly due to the decrease in training and projects support services during the year ended 31 December 2018.

Administrative expenses

Administrative expenses increased by approximately S$1.6 million from approximately S$11.5 million to approximately S$13.1 million for the year ended 31 December 2018 mainly due to the (i) increase in staff costs with the increase in number of staff and general salary increments; and (ii) increase in depreciation expenses.

Finance costs

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

Income tax expenses

Our Group's income tax expenses decreased by approximately S$0.2 million from S$1.2 million to S$1.0 million for the year ended 31 December 2018.

Profit for the year

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

The use of the net proceeds from the Listing as at 31 December 2018 was approximately as follows:

Use of net proceeds	Percentage of net proceeds (%)	Net proceeds *(in HK$ million)*	Amount utilised *(in HK$ million)*	Amount remaining *(in HK$ million)*
– Purchase equipment and machinery to strengthen market position	13.7	15.0	15.0	–
– Acquire a property for	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 31 December 2018, the Group has satisfied the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 accreditation for the quality management system, environmental management system and occupational safety and health management system respectively. Details of our environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

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 The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Our Group's establishment and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, Hong Kong and Singapore. During the year ended 31 December 2018 and up to the date of this annual report, there is no material breach of or non-compliance with the applicable law and regulations by our Group that has a significant impact on the business and operations of our Group.

PROSPECTS

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

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

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

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 656 (31 December 2017: 570) employees including foreign workers. Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee. The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of our Company having regard to our Group's operating results, individual performance and comparable market statistics.

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

CHARGES OF ASSETS

The borrowings as at 31 December 2018 were secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S$5.5 million and the Group's investment properties with carrying amount of approximately S$2.2 million.

FOREIGN EXCHANGE EXPOSURE

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Our Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2018.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2018, our Group did not hold any significant investment.

FINAL DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2018.

EXECUTIVE DIRECTORS

Mr. Tan Chai Ling (alias Chen Zhilong), aged 44, is the chairman of the Board, chief executive officer ("**CEO**") of the Group and executive Director. He was appointed as the Director on 21 June 2017 and re-designated as the executive Director, chairman of the Board and CEO on 15 July 2017. He is a member of the remuneration committee of the Company and the chairman of the nomination committee of the Company. Mr. Tan is responsible for formulating the overall strategic direction, tendering and pricing strategy. Mr. Tan joined the Group in July 2008. He has been a director of Double-Trans Pte. Ltd. ("**Double-Trans**") and Samco Civil Engineering Pte. Ltd. ("**Samco**") and is also a director of Shuang Yun Development Pte. Ltd. ("**Shuang Yun Development**"). Mr. Tan has over 15 years of experience in the construction industry in Singapore. Before joining the Group, Mr. Tan worked as a project engineer with Sembcorp Engineers & Constructors P/L from 2002 to 2006. From 2006 to 2007, Mr. Tan worked as a project engineer with Samwoh Corporation P/L. From 2007 to 2008, Mr. Tan worked as a project manager with Pan United Asphalt P/L. Mr. Tan obtained a bachelor of engineering (civil) degree from the Nanyang Technological University of Singapore in February 2002. Mr. Tan has been a member of Institution of Engineers Singapore since 2008, and was selected as a senior member of the Institution of Engineers Singapore in July 2016. Mr. Tan is the elder brother of Ms. Alynda Tan Hue Hong who is the executive Director and the spouse of Ms. Chong Sook Fern who is also the executive Director.

Ms. Alynda Tan Hue Hong, aged 42, is the executive Director. She was appointed as the Director on 21 June 2017 and re-designated as the executive Director on 15 July 2017. Ms. Tan is responsible for overseeing the finance, human resources and administrative functions, including leading and preparing business plans, monitoring and reviewing overall control and reporting process. Ms. Tan joined the Group since June 2007 as the accounts officer of Samco. Ms. Tan has been a director of Double-Trans and Samco since September 2009 and is also a director of Shuang Yun Development. Ms. Tan has accumulated more than 20 years of experience in the finance and accounting field. Before joining the Group, Ms. Tan worked as an accounts assistant with NTUC Healthcare Pharmacy from November 1994 to February 1995. From May 1996 to August 1996, Ms. Tan worked with Samtrade Pte Ltd. as an accounts cum admin assistant. From September 1996 to March 1998, Ms. Tan joined Yoshida Seiki F.A. Engineering Pte Ltd. as an accounts assistant. From September 1998 to September 1999, Ms. Tan was employed by TTI Testron (A Division of The DII Group Singapore Pte Ltd.) Everett Charles Technologies as an accounts officer. From October 1999 to September 2001, Ms. Tan was an accounts officer at IRI International Singapore/IRI/Alpha Metals (A Division of Cookson Singapore Pte Ltd.). Mr. Tan worked as an account officer for Samco Engineering Pte Ltd. from July 2003 to June 2007. Ms. Tan obtained her Diploma in Business from Temasek Polytechnic in Singapore in August 1996. Ms. Tan then accomplished the Certificate stage of The Association of Chartered Certified Accountants in June 2000. She is the younger sister of Mr. Tan Chai Ling who is the chairman of the Board, CEO and the executive Director.

Ms. Chong Sook Fern (alias Zhang Shufen), aged 42, is the executive Director. She was appointed as the executive Director on 15 July 2017. Ms. Chong is responsible for overseeing projects department, site operations and costing matters of the Group. Ms. Chong joined the Group since February 2015 as the project director. Ms. Chong has more than 15 years of experience in the construction industry in Singapore. Before joining the Group, Ms. Chong was project engineer (junior) at Precise Development Pte Ltd. from December 2000 to January 2002. From February 2002 to January 2004, Ms. Chong was a project engineer at Wan Soon Construction Pte Ltd.. From February 2004 to June 2005, Ms. Chong worked as an engineer cum quantity surveyor with Techprecast Pte Ltd. (the subsidiary of Wan Soon Construction Pte Ltd.). From April 2006 to May 2008, Ms. Chong worked as a sales engineer cum quantity surveyor with AJA Enterprises Pte Ltd. From September 2011 to September 2012, Ms. Chong worked as a design engineer with HDB-BRI. Ms. Chong was a senior project manager for SIPM Consultants Pte Ltd. (the subsidiary of Surbana International Consultants Pte Ltd.) from June 2008 to September 2011, and from September 2012 to February 2015. Ms. Chong obtained her bachelor of engineering (civil) from the Nanyang Technological University of Singapore in July 2000. Ms. Chong is the spouse of Mr. Tan Chai Ling who is the chairman of the Board, CEO and the executive Director.

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 has been 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. 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.

Prof. Pong Kam Keung, aged 57, was appointed as the independent non-executive Director on 20 October 2017. He is also a member of the audit and nomination 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. Before joining the Group, he was the chief prosecution officer of Environmental Protection Department of the Hong Kong Government from July 2004 to July 2013. He was a member of the Appeal Tribunal Panel of the Housing, Planning and Lands Bureau of the Hong Kong Government from February 2007 to November 2012 and a member of the Advisory Committee on Barrier Free Access of the Buildings Department from August 2001 to July 2003. Prof. Pong served as a director of education and membership of the Hong Kong Institute of Facility Management from October 2008 to October 2009. He has been an adjunct professor at the division of environment of the Hong Kong University of Science and Technology since December 2013 and a member of Governance & Quality Committee of the Hong Kong Green Building Council Limited since January 2017. Prof. Pong has been an independent non-executive director of Wang Yang Holdings Ltd (a company listed on the Main Board, stock code: 1735) since March 2018, an independent non-executive director of FSM Holdings Ltd (stock code: 1721) since June 2018, an independent non-executive director of HKE Holdings Ltd (stock code: 1726) since March 2018, an executive director of Star Properties Group (Cayman Islands) Ltd. (stock code: 1560) since September 2018. Prof. Pong obtained his bachelor of science degree in building surveying from the Thames Polytechnic, United Kingdom in June 1989, a degree of master of science in property investment from the City University of London, United Kingdom in December 1993, a bachelor degree of laws from the University of Wolverhampton, United Kingdom in September 1995, a master degree of science in urban planning from the University of Hong Kong, Hong Kong in December 2005 and a degree of master of corporate governance from the Hong Kong Polytechnic University, Hong Kong in October 2008. Prof. Pong has been a fellow of the Hong Kong Institute of Facility Management, the Hong Kong Institute of Surveyors, the Chartered Institute of Arbitrators, the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Chartered Secretaries and a member of the Royal Town Planning Institute since July 2000, November 2000, January 2001, January 2006, October 2012 and January 2007, respectively. Prof. Pong registered as a chartered building engineer by the Chartered Association of Building Engineers in February 2014.

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. 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.

SENIOR MANAGEMENT

Mr. Toh Kok Weng, Benjamin (alias Du Guorong, Benjamin), aged 36, joined the Group in May 2008 as the project engineer of Double-Trans and Samco. He was promoted to the position of projects manager and general manager of the Group in June 2010 and May 2016, respectively. Mr. Toh is primarily responsible for overseeing contract department, including analysing project requirements and preparation of tender documents of the Group. Mr. Toh has more than 10 years of experience in the construction industry. From the second quarter of 2006 to the first quarter of 2008, Mr. Toh worked as a project engineer with Pan-United Asphalt Pte Ltd. Mr. Toh obtained his bachelor of engineering (civil engineering) degree from the University of Queensland in Australia in December 2005 and his Specialist Diploma in Construction Productivity from the Building and Construction Authority in November 2016.

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value. The Company adopted all the code provisions in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as its own code on corporate governance practices.

During the year, the Company had complied with the code provisions in the CG Code with the exception of the code provision A.2.1. Details of such deviation is explained below.

BOARD OF DIRECTORS

The Company is governed by the Board which is responsible for formulating the overall strategic direction, tendering and pricing strategy; overseeing the finance, human resources and administrative functions, including leading and preparing business plans, monitoring and reviewing overall control and reporting process; overseeing projects department, site operations and costing matters of the Group; and 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. The Board sets the overall strategy and directions for the Group with a view to developing its business and enhancing the shareholder value.

The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group. The Board has delegated certain duties and authorities to the management of the Company for overseeing contract department, including analysing project requirements and preparation of tender documents of the Group, and finance function, including financial and management reporting, accounting, taxation, internal control and compliance matters.

The Board is responsible for determining the appropriate corporate governance practices applicable to the Company's circumstances and ensuring systems, processes and procedures in place to achieve the Company's corporate governance objectives; reviewing and monitoring the training and continuous professional development of directors and senior management and the Company's policies, practices and guidelines on compliance with legal and regulatory requirements; and etc. The Board may discharge its corporate governance duties by establishment of board committees and delegation of certain management and administration functions to the management. During the year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group.

The Board currently comprises three executive Directors, namely Mr. Tan Chai Ling (chairman and CEO), Ms. Alynda Tan Hue Hong and Ms. Chong Sook Fern and three independent non-executive Directors (the "**INED**"), namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Yau Chung Hang. Mr. Tan Chai Ling is the elder brother of Ms. Alynda Tan Hue Hong and the spouse of Ms. Chong Sook Fern.

The attendance records of the Directors for the regular Board, committees and general meetings of the Company for the year are as follows:

	No. of meetings attended/No. of meetings held				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Director					
Mr. Tan Chai Ling *(chairman and CEO)*	4/4	N/A	3/3	1/1	1/1
Ms. Alynda Tan Hue Hong	4/4	N/A	N/A	N/A	1/1
Ms. Chong Sook Fern	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Director					
Mr. Siu Man Ho Simon	4/4	3/3	3/3	N/A	1/1
Prof. Pong Kam Keung	4/4	3/3	N/A	1/1	1/1
Mr. Yau Chung Hang	4/4	3/3	3/3	1/1	1/1

In compliance with the Listing Rules, the Company appointed INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive Director, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company has received an annual confirmation of independence from each of the INEDs and believes that their independence is in compliance with the Listing Rules.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The term of appointment pursuant to the letters of appointment of Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Yau Chung Hang is for a period of three years till November 2020 subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting of the Company pursuant to the amended and restated articles of association ("**Articles of Association**") of the Company.

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 CEO 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 INEDs provides added independence to the Board. The Board will review the structure from time to time and consider an adjustment should it become appropriate.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the year, according to the records provided by the Directors, the participation by each Director in the continuous professional development ("**CPD**") was recorded as follows:

The executive Directors, Mr. Tan Chai Ling, Ms. Alynda Tan Hue Hong and Ms. Chong Sook Fern, participated in CPD activities by ways of reading materials covering a wide range of topics including corporate governance update, appointment of independent non-executive director, INED's role, director's attendance at meetings and dividend policy and weight voting rights issuers corporate governance requirements.

The INED, Mr. Siu Man Ho Simon, participated in CPD activities by ways of attending training and/or reading journals/articles/updates covering topics including listed issuers with disclaimer or adverse audit opinion, review the corporate governance, and Listing Rules, and guidance for board and directors.

The INED, Mr. Yau Chung Hang, participated in CPD activities by ways of reading journals/articles/regulatory update covering topics including accounting standards.

The INED, Prof. Pong Kam Keung, participated in CPD activities by ways of attending in-house training/seminars/conferences and/or reading materials covering topics including duties of INEDs and corporate governance.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules 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 during the year.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the CG Code of the Listing Rules. The remuneration committee comprises one executive Director, namely Mr. Tan Chai Ling, and two INEDs, namely Mr. Siu Man Ho Simon and Mr. Yau Chung Hang. The committee is chaired by Mr. Yau Chung Hang.

The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing and approving the management's remuneration proposals and make recommendations to the Board on the remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibility with the Company, the Company's performance and current market situation. The remuneration committee adopted the model under the CG Code to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

During the year, the remuneration committee reviewed the Group's remuneration policy and structure; and reviewed and approved the remuneration packages of the executive Directors and senior management of the Company and the annual report, announcement and circular regarding the remuneration of the Directors.

Details of emoluments of the Directors for the year are disclosed in Note 11 to the financial statements and the retirement benefit schemes are disclosed in Note 26 to the financial statements.

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with the CG Code of the Listing Rules. The nomination committee comprises one executive Director, namely Mr. Tan Chai Ling, and two INEDs, namely Prof. Pong Kam Keung and Mr. Yau Chung Hang. The committee is chaired by Mr. Tan Chai Ling.

The primary duties of the nomination committee are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, assess the independence of INED's and make recommendation to the Board on the appointment or re-appointment of Directors.

Nomination committee shall assist the Board in making recommendations to the Board on the appointment of directors and succession planning for directors. When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, a number of factors shall be considered by the nomination committee, including reputation for integrity; accomplishment, experience and professional expertise which are relevant to the operation s of the Company and its subsidiaries; commitment in respect of sufficient time, interest and attention to the Company's business; diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience; significant contributions to the Company's success; and compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an INED. After compilation and interview of the list of potential candidates, the nomination committee will shortlist candidates for consideration based on the selection criteria and such other factors that it considers appropriate.

Each of executive Director and INED entered into service agreement and letter of appointment respectively for their appointment with the Company for a term of three years commencing from November 2017 and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

According to Article 84(1)-(2) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

According to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

During the year, the nomination committee reviewed the structure, size and composition of the Board and the policy and procedures for nomination of Directors and assessed the independence of INEDs.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the CG Code of the Listing Rules. The audit committee comprises three INEDs, namely Mr. Pong Kam Keung, Mr. Siu Man Ho Simon and Mr. Yau Chung Hang. The committee is chaired by Mr. Yau Chung Hang.

The primary duties of the audit committee are to review the risk management and internal control systems and the financial information, including accounting polices and practices and financial reporting, of the Company; to review the financial statements and reports of the Group; and to review the terms of engagement and the scope of audit work of the auditor.

During the year, the audit committee reviewed the accounting principles and practices adopted by the Group with the management and the Company's auditor; and discussed auditing, internal control and financial reporting matters including the audited financial statements and unaudited interim financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

AUDITOR AND THEIR REMUNERATION

The statement of the auditor of the Company about their reporting responsibilities on the Group's financial statements for the year ended 31 December 2018 is set out in the section "Independent Auditor's Report" of this report. During the year, remuneration paid and payable to the auditor of the Group are approximately S$121,000 for annual audit fee and S$17,600 for non-audit services.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Policy**") which sets out the approach to achieve and maintain diversity on the Board in order to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximize the Board's effectiveness.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to skills, regional and industrial experience, background, race and gender. Board appointments will be made on a merit basis. The Board will review the Policy on a regular basis to ensure its continued effectiveness. The Company will also take into account factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is aiming to develop a sound and good internal control system and build risk awareness and control responsibility into the Group. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems in order to safeguard the interests of the shareholders and the assets of the Company against unauthorized use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The Group has written down the internal control processes in Company Standard Operating Procedures ("**SOP**") and Policies. Written policies and procedures with defined limits of delegated authority facilitates effective segregation of duties and controls. The annual budget of the Group with financial targets provides a foundation for the allocation of Group's resources. Variance analyses are regularly performed and reported to the managements and the Board in order to identify deficiencies and enable timely remedial actions. The annual budgeting and planning process have been refined to take into consideration of risk factors. All operating units prepared with their operating plans is required to identify material risks which may have impact on the achievement of business objectives. Action items to mitigate the identified risks are developed for implementation. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The procedures and internal controls of the Company for handling and dissemination of inside information includes conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all polices regarding the inside information.

Risk Management and internal control systems are reviewed on an annual basis. During the year, the Board reviewed the effectiveness of the Group's risk management and internal control systems such as review of internal control report from the auditor of the Company, SOP & Policies, physical control activities in the day-to-day operation, segregation of duties applied in the day-to-day operation of the Group and training for all staff of the Group and top management review on the review of the day-to-day operation of the Group. Staffs were trained to ensure that all staff of the Group had known the importance of internal control and risk management and the Company's control activities. The Company considered the Group's risk management and internal control systems are effective and adequate.

The Company does not have an internal audit function. The Company is currently of the view that there is no immediate need to set up an internal audit function in light of the Group's simple corporate and operation structure. Review on the need for an internal audit function will be performed from time to time.

COMPANY SECRETARY

The Company engages Ms. Cheng Florence Ga Sui, who has been working with BPO Global Services Limited, as its company secretary. Its primary corporate contact person at the Company is Ms. Ong Chun Kheng, the finance manager of the Company.

SHAREHOLDERS' RIGHTS

Pursuant to the Articles of Association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner.

Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph. The written requisition should be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong, specifying the shareholders' contact details and the resolution intended to be put forward at general meeting.

For including a resolution to propose a person for election as a Director at general meeting, shareholders are requested to follow the Articles of Association of the Company. A written notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong provided that the minimum length of the period, during which such notices are given, shall be at least seven days and that the period for lodgment of such notices shall commence on the day after the despatch of the notice of the general meeting of the Company appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as a Director are posted on the Company's website.

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing to the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong.

INVESTOR RELATIONS

The objective of shareholders' communication is to provide shareholders of the Company with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders of the Company in an informed manner.

The Company uses a range of communication tools to ensure shareholders of the Company are kept well informed of key business imperatives. These include annual general meetings, annual reports, various notices, announcements and circulars. The corporate website of the Company (www.shuangyunholdings.com) provides an effective communication platform to the public and the shareholders of the Company.

During the year, there had been no significant change in the Company's constitutional documents.

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in Cayman Islands on 21 June 2017.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 20 October 2017.

The Shares of the Company were listed on the Stock Exchange with effect from 15 November 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of road construction services, construction ancillary services and lease of construction machineries. There were no significant changes to the Group's principal activities during the current year.

RESULTS/BUSINESS REVIEW

A review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in Management Discussion and Analysis set out on pages 4 to 8 of this annual report. This discussion forms part of this report of the Directors.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 24 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the financial year are set out in the consolidated statement of changes in equity on page 45 and Note 30 to the consolidated financial statements.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the financial year.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years is set out on pages 109 to 110 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly. The key risks and uncertainties identified are (i) reliance on suppliers and subcontractors to complete certain part of road works projects. No long-term contracts were entered with suppliers and subcontractors. As such, there is no assurance that they will be able to continue to provide supplies and services at acceptable prices, or that relationship with them can be maintained in the future; and (ii) majority of workforce is made up of foreign workers and inability to obtain foreign workers. Supply of foreign labour in Singapore is subject to the policies and regulations imposed by Singapore government. The Group's operations and financial performance may be adversely affected by the possible shortages in the supply of foreign workers and any increase in cost of foreign labour.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme (as defined below) the Company did not enter into any equity-linked agreement during the year or subsisted at the end of the year ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the financial year are set out in Note 14 to the consolidated financial statements.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 13 to 20 in this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits and to retain adequate reserves for future growth.

In determining the frequency, amount and form of dividend in any financial year, the Board shall consider the factors including the economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; the actual and expected financial performance of the Group; retained earnings and distributable reserve of each of the members of the Group; the Group's future cash commitments and investment needs to sustain the long-term growth aspect of the business; the Group's current and future operations, liquidity position and capital requirements. The dividend yield ratio will be assessed from year to year, there is no assurance that dividends will be paid in any particular amount for any given period. Dividends may be paid in cash or in the form of allotment of shares of the Company wholly or partially. The board may also consider the issuance of bonus shares on a basis permitted by the applicable laws and regulations.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 3 June 2019.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive directors:

Mr. Tan Chai Ling
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

In accordance with articles 83 to 85 of the Company's amended and restated articles of association, Ms. Alynda Tan Hue Hong and Ms. Chong Sook Fern will retire by rotation and, being eligible, will offer themselves for election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 9 to 12 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate liabilities insurance to indemnify the Directors from any liabilities and costs arising from the business of the Group. Pursuant to the Company's Articles of Association, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company maintains directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its directors. The level of the coverage is reviewed annually.

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

As at 31 December 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules were as follows:

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

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

Notes:

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

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

(b) Long position in the shares of associated corporations

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

Note:

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

Save as disclosed above, as at 31 December 2018, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

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

As at 31 December 2018, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

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

Note:

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

Save as disclosed above, as at 31 December 2018, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the sole Shareholder passed on 20 October 2017 are set out below:

(1) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and motivate the contributions that Eligible Participants (as defined below) have made or may make to our Group.

The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in our Company with the view to achieving the following principal objectives:

(a) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of our Group; and

(b) attract and retain or otherwise maintain ongoing business relationships with the Eligible participants whose contributions are, will or expected to be beneficial to our Group.

2) Eligible Participant(s)

The Directors may, in accordance with the provisions of the Share Option Scheme and the Listing Rules, grant options to:

(i) any Eligible Employees. "Eligible Employees" means employees (whether full time or part time, including any executive director but excluding any nonexecutive director) of our Company, any subsidiary or any entity in which our Group holds at least 20% of its issued share capital ("**Invested Entity**");

(ii) any directors (including non-executive and independent non-executive directors) of our Company, any subsidiary or any Invested Entity;

(iii) any supplier of goods or services to any member of our Group or any Invested Entity;

(iv) any customer of any member of our Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purposes of the Share Option Scheme, options may be granted to any company wholly owned by one or more Eligible Participants.

The basis of eligibility of any Eligible Participant to be granted any option shall be determined by the Directors (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(3) Total Number of Shares Available for Issue

A maximum of 100,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this annual report, may be issued upon exercise of all options to be granted under the Share Option Scheme.

(4) Maximum Entitlement of Each Eligible Person

No option shall be granted to any Eligible Participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further options above this limit shall be subject to the following requirements:

(i) approval of the Shareholders of our Company at general meeting, with such Eligible Participant and its close associates (or its associates if such Eligible Participant is a connected person) abstaining from voting;

(ii) a circular in relation to the proposal for such further grant must be sent by our Company to its Shareholders with such information from time to time as required by the Listing Rules;

(iii) the number and terms of the options to be granted to such proposed grantee shall be fixed before the Shareholders' approval mentioned in (i) above; and

(iv) for the purpose of calculating the minimum exercise price for the Shares in respect of the further options proposed to be so granted, the date of board meeting for proposing such grant of further options shall be taken as the date of offer of such options.

(5) Option Period

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Directors may in their absolute discretion determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof, and provided that the Directors may in their discretion determine the minimum period for which an Option has to be held or other restrictions before its exercise.

(6) Minimum Vesting Period

No minimum period for which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

(7) Payment on Acceptance of the Option

Participants of the Share Option Scheme are required to submit to the Company a duly signed document containing an offer for the grant of an option to subscribe for the Shares within 21 days from the offer date together with a payment in favour of the Company of HK$1 per option as the consideration of the grant.

(8) Basis of Determining the Exercise Price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "**Offer Date**"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and

(iii) the nominal value of a Share on the Offer Date.

(9) Remaining Life

Subject to any prior termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, after which period no further options shall be granted. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the year ended 31 December 2018 and there was no outstanding option as at 31 December 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Dakin Capital Limited (the "**Compliance Adviser**") as at 31 December 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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contract of significance, to which the Company's holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

CONNECTED AND RELATED PARTY TRANSACTIONS

The Group had not entered into any connected transaction during the year ended 31 December 2018, which is required to be disclosed under Chapter 14A of the Listing Rules. Related party transactions entered into by the Group during the year, are disclosed in Note 27 to the consolidated financial statements. Upon Listing, certain related party transactions set out in Note 27 to the consolidated financial statements are regarded as continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of such transactions are set out in the section headed "Connected Transactions" in the Prospectus. As disclosed in the Prospectus, such transactions constitute de minimis continuing connected transactions as from the Listing Date and are fully exempt from the connected transaction requirements of Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the human resource department on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees. The share option scheme became effective on 20 October 2017.

SUBSIDIARIES

Details of subsidiaries of the Company are set out in Note 31 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the financial year attributable to the Group's major customers and suppliers are as follow:

SALES	–	the largest customer	36.5%
	–	five largest customers	78.3%
PURCHASES	–	the largest supplier	41.4%
	–	five largest suppliers	79.4%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

USE OF PROCEEDS

A summary of the use of proceeds of the Group as set out on page 6 of the annual report.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte & Touche LLP as auditor of the Company.

On behalf of the Board
Mr. Tan Chai Ling
Chairman, Executive Director and Chief Executive Officer
22 March 2019

The Group is pleased to present this Environmental, Social and Governance ("**ESG**") Report, which describes the initiatives of the Group with regard to ESG issues for the year ended 31 December 2018.

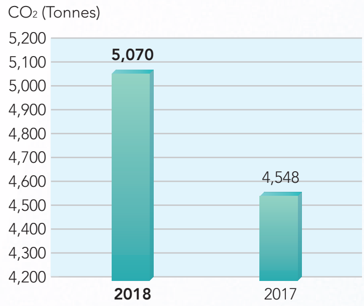
We have an Integrated Management System ("**IMS**") which comprise of (i) ISO 9001 (Quality Management System); (ii) OHSAS 18001 (Occupational Health & Safety Management System); and (iii) ISO 14001 (Environmental Management System) for the provision of road works services and construction machinery rental services works to govern ESG-related aspect of our operations.

ENVIRONMENTAL

Emissions

In the provision of road construction and construction ancillary services works, we do not generate significant amount of greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.

A major source of emission, however, is carbon emission from the consumption of energy. We consumed diesel for our tipper trucks and excavators. The chart behind presents the total carbon dioxide emission for the year 2018 arising from our diesel consumption:



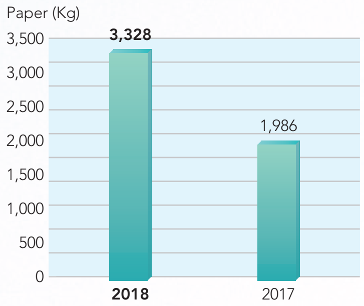
We are committed to monitor and manage our environmental footprint with our environmental control procedures which forms part of our IMS which are relevant to our operations. For the year ended 31 December 2018, the Group was not aware of any non-compliance related to the Group.

Use of resources

Our Group's policies on the efficient use of resources primarily reflect on the concept of "Reduce/ Reuse/Recycle". Regular campaigns and training are provided to our employees to cultivate the concept of "Reduce/Reuse/Recycle" into their mindset. One of our policies the provision of recycling bins for different types of waste such as paper, drink cans and plastic bottles. Old and replaced air-conditioners, fans and other building systems from the provision of road works services and construction machinery rental are sometimes reused in our temporary site offices and meeting rooms (where appropriate).

Our paper consumption for the year 2018 is as follows:

Paper Consumption



The environment and natural resources

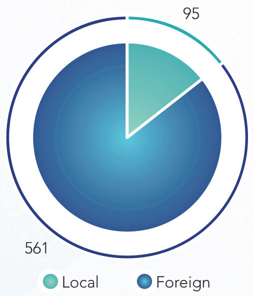
Our Group embarks on the Green & Gracious scheme initiated by the Building and Construction Authority. The implementation of the Green and Gracious practices will enhance and complement our environmental management system as well as raising the environmental consciousness and professionalism of our project teams. We are also aware of our responsibility to the environment and the general public, hence we are dedicated to work closely with the communities affected by our business operation.

EMPLOYMENT AND LABOUR PRACTICES

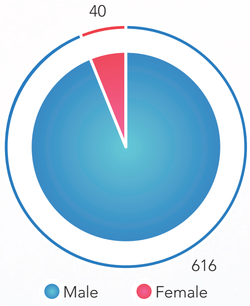
Employment

As at 31 December 2018, our Group employs over 656 employees (local and foreign workers). All our employees are based in Singapore. For the year ended 31 December 2018, our employees' turnover rate is approximately 29%. Below are the detailed breakdown of our employee by local (Singaporean and Singapore permanent residents) and foreign employees, gender and age group as at 31 December 2018:

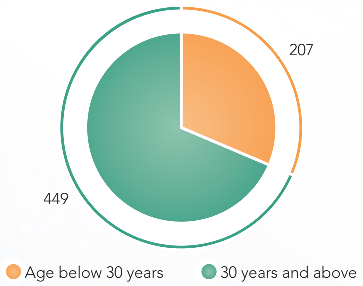
Number of local and foreign employees



Number of employees by gender



Number of employees by age group



Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subject to an annual review that are based on performance appraisals and other relevant factors. We strongly encourage internal promotion and a variety of job opportunities is offered to the existing staff when it is best suited.

Employees are informed of the general working hours, benefits and performance appraisals in our Employee's Handbook. Further, we have a recruitment policy in place in hiring construction foreign workers.

Employee's handbook

Our employee's handbook detailed out the general terms and conditions of employment as well as certain employment procedures with our Group. It includes the general working hours for both office and site staff, probation period, overtime allowance, termination procedures, medical benefits, various types of leave and performance review. We have in place a transparent system for assessing staff performance based on knowledge and skills, quality of work, initiative, attitude and respect towards authority, safety awareness which includes workplace safety and environmental control, interpersonal relation and teamwork, punctuality, professional conduct, pace of work and self-development.

Recruitment policy in hiring construction foreign workers

As an employer of foreign workers, we are required to comply with the rule and regulation as stipulated by the Ministry of Manpower of Singapore ("**MOM**"). Hence, we have a specific policy in place to ensure the recruitment process is in compliance with MOM's regulations and requirements, provide equal opportunity in employment practices without discrimination in race and religion, and fill the vacancies with suitable candidates.

For the year ended 31 December 2018, the Group had no material incidences of non-compliance with relevant laws and regulations regarding employment practices.

Human resources policy

Our human resources policy serves as a guideline to our human resources department as well as our employees in relation to matters on resource planning, interview, enrolment, probation, training, employee data maintenance, termination and resignation, performance, evaluation and feedback mechanism, compensation, payroll, and leave application.

Employee welfare and working conditions

As part of providing an engaging working environment, we organize various occasions as an avenue for our employees to get together. The Group encourages communication and interaction of the staff with the management. Through these gatherings, management is alerted to issues raised by staffs and can carry out responsive measures to improve operations if appropriate.

January 2018 –
Chinese New Year Gathering

This gathering enables us to align the management and staff in the same pace and direction so as to support the Group's development in the coming year.

July 2018 – Halloween Cake event

The halloween cake event was the time where our staff had fun with cake making.

Employee health and safety

We recognised the importance of maintaining a safe, effective and congenial working environment and policies to provide sufficient protection to our staff. Hence, we have put various occupational health and safety measures in place and regularly perform check on the working environment and staff facilities. Not only that, we have obtained OHSAS 18001 as a recognition of our compliance with occupational health and safety requirements.

Our occupational health and safety management system including the following three steps:

1. ***Hazard identification, risk assessment and controls' determination***

   We maintain a list of relevant occupational and health safety hazards, based on analysis of our services and works performed, inspection reports and incident reports. Upon identification of the potential hazards, a risk assessment will be carried out to designate certain potential hazards as significant. Particular attention will be paid to these significant hazards during our formulation and implementation of controls. The list of potential hazards is reviewed and changes are updated on an annual basis.

2. ***Legal and regulatory compliance***

   We maintain a list of applicable occupational health and safety regulations and ensure that this is up-to-date. Changes to these rules and regulations will be communicated to our relevant departments and evaluation of our occupational health and safety compliance will be carried out.

3. ***Objectives, targets and key performance indicators***

   We have a key target of zero incident relating to occupational health and safety. The performance indicators are clearly defined, measured in terms of number of incidents.

Training and development

We are committed to providing staff training and development programmes designed to help our employees enhancing their knowledge and skills to meet the challenges of a changing era. The Group recognises that the knowledge and skills of our employees are vital to the Group's continued business development and success, we, therefore, encourage our staff to pursue further with their professional development. We nominate staff to attend both internal and external training programmes from time to time and when appropriate. Our training programmes range from professional and technical training to personal development skills. In addition, the Group provides adequate job training to employees in order to equip them with practical knowledge and skills to tackle situations and challenges encountered in diverse work sites. To continuously attract new talents, the Group also provides education subsidies to encourage our staff in further developing their skills and broaden their knowledge.

For the year ended 31 December 2018, we incurred $66,595 in external training programmes.

Year 2018 – In house training

Labour standards

We are committed to find practical, meaningful and culturally appropriate responses to support the elimination of child and forced labour practices. We do not employ any person below the age of eighteen years at our workplace. We also prohibit the use of child labour and forced or compulsory labour at our workplace. None of our employee shall be made to work against his/her will or work as bonded/forced labour, or subject to corporal punishment or coercion. The implementation of this policy is the responsibility of our human resource departments and our site foreman. There is zero tolerance policy towards the use of child and forced labour. Human resource department shall keep all employment contracts and relevant documentation on the details of our employees. The Board shall also undertake random check of the records annually. For the year ended 31 December 2018, the Group did not identify any material violation of employment and labour standard.

OPERATING PRACTICES

Supply chain management

The Group relies on suppliers and subcontractors to ensure the quality and execute our works on a timely and reliable basis, consistent with the project requirements of our customers. All our suppliers and subcontractors are based in Singapore, effectively mitigating carbon emissions that result from haulage and transportation. For projects where we are the main contractor, our subcontractors are required to adhere to our IMS policy. In managing the environmental and social risks of our supply chain, we will perform assessments on all our suppliers and subcontractors prior to engaging them and inclusion in our approved suppliers list and our approved subcontractors list (the "**Approved Lists**"). We also monitor and assess our suppliers and subcontractors annually whereby those with poor performance will be removed from our Approved Lists. One of the criteria in our assessment relates to the existence and performance of the suppliers' and subcontractors' environmental, health and safety system.

Service responsibility

We recognise that good customer and after-sales services are the key influential factors to our success and sustainability. Therefore, we have set up a customer communication channel dedicated to handle customers' queries and feedbacks efficiently. Similarly, customer complaints are thoroughly investigated and root causes are identified and acted upon accordingly. Protecting and safe-guarding our customers' privacy have been one of our top agenda. Review and revision of the financial data and privacy policy are carried out regularly to ensure its effectiveness and compliance with relevant laws. Moreover, we acquired an ISO 9001 as an identification of our success in meeting customer expectations and delivering customer satisfaction.

Anti-corruption

We are committed to maintain the highest ethical standards and vigorously enforce the integrity of our business practices in all aspects of our operations. We have in place a policy to ensure our Group and our employees comply with anti-bribery, anti-corruption and anti-money laundering laws and governmental guidance. Our Group and employees (i) are prohibited from paying or receiving a bribe of any kind; (ii) are prohibited from giving or offering anything of value to a public official; (iii) are required to comply with the Group's guidelines and authorisation levels in relation to the giving and receiving of gifts and hospitality; and (iv) fully comply with the applicable laws and regulations relating to anti-money laundering and terrorist financing.

For the year ended 31 December 2018, we complied with the relevant laws and regulations in bribery, extortion, fraud and money laundering. There were no legal cases regarding corrupt practices and no complaints reported during the year ended 31 December 2018.

COMMUNITY

Community investment

We actively seek opportunities to repay society and in hope of creating a better living environment for local community. For the upcoming year, we are looking to set aside an agreed amount allocated to donations charity and support for good causes depending on the profitability of our Group. We are also looking into planning a series of charitable events in the upcoming year to inculcate the culture of participating in community work and giving back to the society.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHUANG YUN HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Shuang Yun Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 42 to 108, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance and its consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**") issued by International Auditing and Assurance Standards Board (the "**IAASB**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board Accounting for Accountants' *Code of Ethics for Professional Accountants* ("**the Code**"), and we have fulfilled our other ethical responsibilities with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition of construction contracts

The Group is involved in road construction services for which it applies input method to measure the Group's progress towards complete satisfaction of a performance obligation and recognise revenue over time in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Significant judgement is required to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year.

The accounting policy for revenue recognition for construction contracts is disclosed in Note 3 and the amount of revenue recognised based on input method is disclosed in Note 5.

How our audit addressed the key audit matter

We have performed the following procedures:

- Obtained an understanding and evaluated the design and implementation of the relevant controls that addressed the significant risks associated with revenue recognition and cost recognition and estimation;

- Performed substantive tests of details on a sampling basis for costs incurred during the year and checked that costs incurred was recorded in the correct accounting period;

- Obtained the estimated total cost on completion and assessed the reasonableness of the estimates used by management, including on a sampling basis, agreed the estimate to the supporting documents and performed retrospective review on completed projects.

- Agreed the contract sum or any variation orders to the signed agreements; and

- Re-computed the percentage of progress of the contracts based on input method to test the accuracy of the percentage of progress used to recognise revenue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible to oversee the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Ng Wee Kiat.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

22 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended 31 December	
		2018	**2017**
	NOTES	***S$***	*S$*
Revenue	*5*	**90,783,991**	65,640,278
Cost of services		**(71,812,902)**	(45,757,397)
Gross profit		**18,971,089**	19,882,881
Other income	*6a*	**459,189**	619,429
Other gains	*6b*	**595**	–
Administrative expenses		**(13,112,458)**	(11,454,197)
Other losses	*7*	**(100,000)**	(193,676)
Listing expenses		**–**	(3,460,627)
Finance costs	*8*	**(2,099,362)**	(1,560,448)
Profit before taxation	*9*	**4,119,053**	3,833,362
Income tax expense	*10*	**(1,007,809)**	(1,216,720)
Profit for the year		**3,111,244**	2,616,642
Other comprehensive income (loss):			
Item that will not be reclassified to profit or loss:			
Gain (Loss) on revaluation of properties, net of related income tax		**241,703**	(6,445)
Total comprehensive income for the year		**3,352,947**	2,610,197
EARNING PER SHARE			
Basic (S$ cents)	*13*	**0.31**	0.33

Consolidated Statement of Financial Position

		As at 31 December	
		2018	2017
	NOTES	S$	S$
Non-current assets			
Property, plant and equipment	14	30,037,913	22,857,868
Investment properties	15	2,180,000	2,280,000
Bank deposit	19	–	170,000
		32,217,913	25,307,868
Current assets			
Trade receivables	16	52,839,414	48,684,786
Other receivables, deposits and prepayments	17	3,459,681	1,178,780
Amounts due from customers for construction work	18	–	8,694,499
Contract assets	18	18,918,804	–
Bank deposit	19	170,000	–
Bank balances and cash	19	4,248,821	15,426,789
		79,636,720	73,984,854
Current liabilities			
Trade and other payables	20	16,368,349	15,450,656
Obligations under finance leases	21	3,451,202	3,113,179
Contract liabilities	18	62,942	–
Income tax payable		1,193,072	1,391,569
Borrowings	22	25,576,374	22,497,856
		46,651,939	42,453,260
Net current assets		32,984,781	31,531,594
Non-current liabilities			
Obligations under finance leases	21	9,637,512	5,082,247
Borrowings	22	5,460,383	5,123,935
Deferred tax liabilities	23	756,758	638,186
		15,854,653	10,844,368
Net assets		49,348,041	45,995,094

Consolidated Statement of Financial Position

	NOTES	As at 31 December 2018 S$	2017 S$
Capital and reserves			
Share capital	24	**17,381,244**	17,381,244
Share premium		**5,130,991**	5,130,991
Reserves		**26,835,806**	23,482,859
Equity attributable to owners of the Company		**49,348,041**	45,995,094

The consolidated financial statements were approved for issue by Board of Directors on 22 March 2019 and are signed on its behalf by:

Tan Chai Ling
Chairman and Executive Director

Alynda Tan Hue Hong
Executive Director

Consolidated Statement of Changes in Equity

	Share capital	Share premium (Note (a))	Other reserves (Note (b))	Reserves Revaluation reserves	Reserves Accumulated profits	Total
	S$	S$	S$	S$	S$	S$
At 1 January 2017	7,500,000	–	–	671,323	11,701,339	19,872,662
Profit for the year	–	–	–	–	2,616,642	2,616,642
Loss on revaluation of properties, net of related income tax	–	–	–	(6,445)	–	(6,445)
Total comprehensive income for the year	–	–	–	(6,445)	2,616,642	2,610,197
Transaction with owners, recognised directly in equity:						
Issue of share of operational subsidiaries	3,200,000	–	–	–	–	3,200,000
Transfer upon the Group reorganisation	(10,700,000)	–	10,700,000	–	–	–
Issue of shares under the capitalisation issue	13,043,608	(13,043,608)	–	–	–	–
Issue of share under the Share Offer	4,337,636	20,026,735	–	–	–	24,364,371
Transaction costs directly attributable to issue of shares	–	(1,852,136)	–	–	–	(1,852,136)
Dividends *(Note 12)*	–	–	–	–	(2,200,000)	(2,200,000)
At 31 December 2017	17,381,244	5,130,991	10,700,000	664,878	12,117,981	45,995,094
Profit for the year	–	–	–	–	3,111,244	3,111,244
Gain on revaluation of properties, net of related income tax	–	–	–	241,703	–	241,703
Total comprehensive income for the year	–	–	–	241,703	3,111,244	3,352,947
At 31 December 2018	17,381,244	5,130,991	10,700,000	906,581	15,229,225	49,348,041

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

Note (b): Other reserves 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.

Consolidated Statement of Cash Flows

	Year ended 31 December	
	2018	**2017**
	S$	*S$*
Operating activities		
Profit before taxation	**4,119,053**	3,833,362
Adjustments for:		
Depreciation of property, plant and equipment	**4,703,279**	3,886,606
Finance costs	**2,099,362**	1,560,448
(Gain)/Loss on disposal of property, plant and equipment	**(595)**	153,676
Loss on fair value changes of investment properties	**100,000**	40,000
Operating cash flow before movement in working capital	**11,021,099**	9,474,092
Movements in working capital:		
Increase in trade receivables	**(5,092,359)**	(15,377,372)
Increase in other receivables, deposits and prepayments	**(2,280,901)**	(182,665)
Increase in trade and other payables	**862,693**	5,733,927
Increase in amounts due from construction work	**–**	(5,766,037)
Increase in contract assets	**(9,286,574)**	–
Increase in contract liabilities	**62,942**	–
Cash used in operations	**(4,713,100)**	(6,118,055)
Income tax paid	**(1,137,240)**	(1,677,113)
Net cash used in operating activities	**(5,850,340)**	(7,795,168)
Investing activities		
Repayments from directors	**–**	22,834
Purchase of property, plant and equipment	**(296,190)**	(2,019,703)
Proceeds from disposal of property, plant and equipment	**120,329**	294,642
Net cash used in investing activities	**(175,861)**	(1,702,227)

	Year ended 31 December	
	2018	2017
	S$	*S$*
Financing activities		
Repayment of loan from directors	–	(42,196)
Proceeds from new borrowings raised	83,505,710	73,158,569
Repayment of borrowings	(80,649,014)	(65,538,867)
Increase (Decrease) in bank overdraft	558,270	(1,008,877)
Repayment of finance leases	(6,467,371)	(3,821,745)
Interests paid	(2,099,362)	(1,560,448)
Dividends paid	–	(1,700,000)
Proceeds from issue of shares	–	27,064,371
Placement of bank deposit	–	(170,000)
Payments of issuance of shares relating to the Share Offer	–	(1,852,137)
Net cash (used in) from financing activities	(5,151,767)	24,528,670
Net (decrease) increase in cash and cash equivalents	(11,177,968)	15,031,275
Cash and cash equivalents at beginning of the year	15,426,789	395,514
Cash and cash equivalents at end of the year, represented by bank balances and cash	4,248,821	15,426,789

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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

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

IFRS 15 *Revenue from Contracts with Customers*

In the current year, the Group has applied IFRS 15 *Revenue from contracts with customers* which is effective for an annual period that begins on or after 1 January 2018.

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

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

Upon adoption of IFRS 15, there is no material impact on the amounts of revenue recognised in the respective reporting periods except for the presentation of contract assets and contract liabilities and timing of recognition for revenue from construction ancillary services. The effects of adopting IFRS 15 under the modified retrospective approach are explained below.

(a) Previously, contract balances relating to construction contracts in progress and retention receivables were presented in the statement of financial position under "Amounts due from customers for construction work" and "Trade and other receivables", respectively. To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018 and 31 December 2018, as a result of the adoption of IFRS 15:

"Amounts due from customers for contract work" and "Retention receivables" amounting to S$8,694,499 and S$937,731 respectively, are included under "Contract assets" at 1 January 2018.

"Amounts due from customers for contract work" and "Retention receivables" amounting to S$17,687,255 and S$966,919 respectively, are included under "contract assets" at 31 December 2018.

"Amount due to customers for contract work" amounting to S$62,942 are included under "contract liabilities" as at 31 December 2018.

(b) Revenue from construction ancillary services will be recognised "over time" instead of "point in time". This has resulted to an impact of revenue recognised amounting to S$264,630 during the current financial year.

IFRS 9 *Financial instruments*

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Group applied IFRS 9 with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39.

The significant accounting policies for financial instruments under IFRS 9 are as disclosed below.

(a) Classification and measurement of financial assets and financial liabilities

The Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The classification of financial assets is based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Group's financial assets and financial liabilities.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 9 *Financial instruments* (Continued)

(b) ***Impairment of financial assets***

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

Effects arising from the adoption of IFRS 9 have not resulted in any material adjustment to allowance recognised upon application.

Standards issued but not effective

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

IFRS 16	Leases[1]

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

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 16 *Leases*

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

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be assessed as a sale. IFRS 16 also include requirements relating to subleases and lease modification.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 16 *Leases* (Continued)

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of S$452,670 as disclosed in Note 25. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the consolidated statement of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no significant impact on the total expenses recognised over the lease term. The directors of the Company anticipate that the application of IFRS 16 would not have significant impact on the net financial position and performance of the Group comparing with IAS 17 currently adopted by the Group. In addition, the application of new requirements may result changes in presentation and disclosure as indicated above.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies ordinance.

The consolidated financial statements have been prepared on the historical basis except the certain financial instruments that are measured at fair values as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realised value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and companies controlled by the Company and its subsidiaries. Control is achieved when a company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Before 1 January 2018

Revenue is measured at the fair value of the consideration received or receivable, provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

From 1 January 2018

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 transfers control of a product or service to a customer.

(i) Revenue from provision of construction services

The Group's performance creates an asset with no alternative use to the Group, as each construction service is customised to the customer's needs and is physically performed at a location that the customer controls, hence the asset cannot be resold to another customer. The Group has an enforceable right to payment for work done. Contract revenue is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15 *Revenue from Contracts with Customers*.

The Group becomes entitled to invoice customers for construction of services based on works performed. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billings exceeds the revenue recognised to date under the cost–to–cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost–to–cost method and payment from customer is always less than one year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

From 1 January 2018 (Continued)

(ii) Revenue from provision of construction ancillary services

Revenue from provision of construction ancilliary services is recognised over time when the customer is simultaneously receiving and consuming the benefits as the Group performs the services.

(iii) Rental income

Rental income from operating leases is recognised, on a straight-line basis, over the terms of the respective contracts.

(iv) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Contract assets and liabilities

A contract asset is recognised when the Group has performed under the contract but has not yet billed customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund ("**CPF**") are recognised as expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deduction of any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and re-measurement are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Other than buildings using revaluation model, depreciation is recognised so as to write off the cost of other items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Buildings are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of buildings is recognised in other comprehensive income and accumulated in revaluation reserves, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Transfer from investment properties to property, plant and equipment will be made when there is a change in use evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserves. On the subsequent sales or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits upon board's approval.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated profits. No transfer is made from the revaluation reserve to accumulated profits except when an asset is derecognised and the transfer is approved by the board.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as 'prepaid lease payments' in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and liabilities are recognised in the consolidated financial statements when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets (Before 1 January 2018)

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Group's financial assets are classified into "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amount due from a director, bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Before 1 January 2018) (Continued)

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past due beyond 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (from 1 January 2018)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (from 1 January 2018) (Continued)

Classification of financial assets (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating performance or results of the debtor; and

- an actual or expected significant adverse change in the regulatory or economic environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are generally more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due based on factors considered such as past payment history, ongoing business dealings, settlement arrangements and financial status of the debtor, being reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group entities are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade and other payables, amount due to a director and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of their liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the consolidated financial statements when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Foreign currency transactions and translation

The individual financial statements of each group entity are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other that the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Revenue recognition of construction contracts

The Group recognises contract revenue during the course of construction by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period. Progress towards complete satisfaction of a performance obligation is measured based on input method.

Significant judgement is required to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year.

The amount of contract revenue recognised based on input method is disclosed in Note 5. The carrying amounts of contract assets and current liabilities arising from construction contracts are disclosed in Note 18.

Loss allowance of receivables

The Group assesses at each reporting date the allowance required for its receivables. The Group considers factors such as the probability of significant difficulties of the receivables, historical defaults or significant delay in payments and economic conditions. Significant judgement is made by management in determining the amount and timing of future cash flows, estimated based on historical loss experience for assets with similar credit risk characteristics, and any relevant forward–looking adjustments, including taking into consideration the credit-worthiness, past collection history, settlement arrangements, subsequent receipts and on-going dealings with the receivable.

During the year ended 31 December 2018, no loss allowance were provided for in the consolidated financial statements. The carrying amounts of the trade and other receivables are disclosed in Notes 16 and 17 respectively.

5. 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 as described in Note 3. 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*.

Disaggregation of revenue

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

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

	Year ended 31 December 2018 S$
Timing of revenue recognition	
Over time	**90,783,991**

The following table shows the aggregate amount of the transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Year ended 31 December 2018 S$
Road construction services	**25,855,392**
Construction ancillary services	**264,134**
	26,119,256

Management expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2018 will be recognised as revenue over the next 6 years.

Major customers

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

	Year ended 31 December	
	2018	**2017**
	S$	S$
Revenue from:		
Customer I	**33,142,499**	19,290,350
Customer II	**11,150,354**	18,826,763
Customer III	**10,122,895**	8,785,451

Geographical information

The Group principally operates in Singapore. Approximately 100% (2017: 100%) of revenue are derived from Singapore based on the location of services delivered and substantially all of the Group's non-current assets are located in Singapore.

6a. OTHER INCOME

	Year ended 31 December	
	2018	2017
	S$	*S$*
Sales of miscellaneous parts	–	966
Training and projects support services income	6,705	280,068
Government grants *(note)*	74,321	143,535
Rental income	296,460	110,490
Sundry income	81,703	84,370
	459,189	619,429

Note:

Government grants mainly include subsidy from the Special Employment Credit, the Wages Credit Scheme and Temporary Employment Credit Scheme and the Spring Singapore's Capability Development Grant, all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the years ended 31 December 2017 and 2018, grants amounting to S$40,373, and S$27,801 respectively, under Special Employment Credit were received. Under the Special Employment Credit, the government aims to encourage and facilitate Singapore-registered business to hire older Singaporean workers and persons with disabilities.

During the years ended 31 December 2017 and 2018, grant amounting to S$24,734 and S$34,272 respectively, under Wages Credit Scheme were received. Under this credit scheme, the government provides assistance to Singapore-registered businesses by way of provide co-fund 40% and 20% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S$4,000 and below in 2017 and 2018.

During the years ended 31 December 2017 and 2018, grants amounting to S$68,524 and S$12,248 respectively, under Temporary Employment Credit Scheme and Spring Singapore's Capability Development Grant were received. Under the Temporary Employment Credit Scheme, the government provides assistance to businesses employing Singapore citizens and Singapore Permanent Residents by way of co-funding 1.0% and 0.5% of monthly wage of Singapore citizen and Singapore Permanent Resident employees, up to S$6,000 monthly wage per employee in 2017 and 2018. Under the Spring Singapore's Capability Development Grant, the government aims to encourage Singapore-registered businesses to scale up business capabilities which include business processes enhancements for productivity and overseas expansion.

6b. OTHER GAINS

	Year ended 31 December	
	2018	2017
	S$	*S$*
Gain arising on disposal of property, plant and equipment	595	–

7. OTHER LOSSES

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

8. FINANCE COSTS

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

9. PROFIT BEFORE TAXATION

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

	Year ended 31 December	
	2018	**2017**
	S$	*S$*
Depreciation of property, plant and equipment	**4,703,279**	3,886,606
Auditor's remuneration		
– Annual audit fees	**121,000**	115,000
– Audit fees in connection with the listing of the Company	**–**	711,200
Non-audit fees paid to auditors of the Company	**17,600**	16,600
Directors' remuneration	**1,405,877**	1,380,582
Other staff costs		
– Salaries and wages	**16,278,761**	13,777,159
– Contribution to CPF	**395,790**	463,301
Total staff costs	**18,080,428**	15,621,042
Cost of materials recognised as expenses	**44,052,376**	22,022,982
Subcontractor costs recognised as costs of services	**8,441,571**	6,698,404
Gross rental income from investment properties	**110,160**	110,490
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	**(17,318)**	(11,978)
	92,842	98,512

10. INCOME TAX EXPENSE

	Year ended 31 December 2018 S$	2017 S$
Tax expense comprises:		
Current tax		
– Singapore corporate income tax ("**CIT**")	1,071,052	1,194,036
– Overprovision in prior years	(132,309)	–
	938,743	1,194,036
Deferred tax expense *(Note 23)*	69,066	22,684
	1,007,809	1,216,720

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 20% (2017: 40%), capped at S$10,000 (2017: S$15,000), all determined based on financial year end date of respective group companies. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of chargeable income and a further 50% tax exemption on the next S$290,000 of chargeable income.

The taxation for the financial years ended 31 December 2018 and 2017 can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2018 S$	2017 S$
Profit before taxation	4,119,053	3,833,362
Tax at applicable tax rate of 17%	700,239	651,672
Tax effect of expenses not deductible for tax purpose	170,948	83,441
Tax effect of income not taxable for tax purpose	–	(2,054)
Effect of tax concessions and partial tax exemption *(Note)*	(122,933)	(251,375)
Overprovision in prior years	(132,309)	–
Tax rebate	(30,000)	(30,000)
Effect of different tax rate on company operating in other jurisdictions	421,864	765,036
Taxation for the year	1,007,809	1,216,720

Note:

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

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' emoluments

Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong were appointed as directors of the Company on 21 June 2017. Ms. Chong Sook Fern was appointed as an executive Director on 15 July 2017. The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the year are as follows:

Year ended 31 December 2018

	Director fee	Salaries and allowances	Discretionary bonus	Contributions to retirement benefit scheme	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Tan Chai Ling	–	552,000	–	24,480	576,480
Ms. Alynda Tan Hue Hong	–	552,000	–	24,480	576,480
Ms. Chong Sook Fern	–	156,000	–	24,480	180,480
Independent Non-Executive Directors					
Prof. Pong Kam Keung	20,696	–	–	–	20,696
Mr. Siu Man Ho Simon	31,045	–	–	–	31,045
Mr. Yau Chung Hang	20,696	–	–	–	20,696
	72,437	1,260,000	–	73,440	1,405,877

Year ended 31 December 2017

	Director fee	Salaries and allowances	Discretionary bonus	Contributions to retirement benefit scheme	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Tan Chai Ling	–	516,000	43,000	30,770	589,770
Ms. Alynda Tan Hue Hong	–	516,000	43,000	30,770	589,770
Ms. Chong Sook Fern	–	156,000	13,000	23,120	192,120
Independent Non-Executive Directors					
Prof. Pong Kam Keung	2,559	–	–	–	2,559
Mr. Siu Man Ho Simon	3,818	–	–	–	3,818
Mr. Yau Chung Hang	2,545	–	–	–	2,545
	8,922	1,188,000	99,000	84,660	1,380,582

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION (Continued)

Directors' emoluments (Continued)

(i) Mr. Tan Chai Ling acts as the chairman and the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

(ii) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

(iii) No other retirement benefits were paid to directors in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

(iv) The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group.

(v) The independent non-executive directors' emoluments shown above were for their services in connection with the management affairs of the company.

Employees' remuneration

During the financial years ended 31 December 2018 and 2017, included in the remunerations of the five highest paid individuals are 3 and 2 directors respectively whose remunerations are disclosed above. The remunerations in respect of the remaining individuals during the respective reporting period are as follows:

	Year ended 31 December	
	2018	**2017**
	S$	*S$*
Salaries and allowances	**213,300**	196,466
Discretionary bonus	**–**	12,600
Contribution to retirement benefits scheme	**34,680**	31,212
	247,980	240,278

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION (Continued)

Employees' remuneration (Continued)

The five highest paid individuals including directors were within the following bands:

	Year ended 31 December	
	2018	2017
Emolument bands		
HK$1 to HK$1,000,000	2	2
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	–	–
HK$2,500,001 to HK$3,000,000	–	–
HK$3,000,001 to HK$3,500,000	2	2

During the financial years ended 2018 and 2017, no remuneration was paid by the Group to the directors of the Company or the other five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Each of the directors has not waived any remuneration during the financial years ended 2018 and 2017.

12. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2018. The director of the company have determined that no dividends will be paid in respect of the year.

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

13. EARNINGS PER SHARE

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings at revalued amount S$	Motor vehicles S$	Plant and machinery S$	Computers S$	Furniture and fittings S$	Equipment S$	Leasehold improvement S$	Total S$
Cost or valuation								
At 1 January 2017	6,800,000	7,361,402	12,420,681	201,859	99,199	1,928,794	243,082	29,055,017
Additions	–	2,811,429	2,552,700	24,435	–	137,190	–	5,525,754
Disposals	–	(669,098)	(706,625)	–	–	–	–	(1,375,723)
Revaluation decrease	(800,000)	–	–	–	–	–	–	(800,000)
At 31 December 2017	6,000,000	9,503,733	14,266,756	226,294	99,199	2,065,984	243,082	32,405,048
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
Accumulated depreciation								
At 1 January 2017	–	2,700,577	3,692,256	154,927	72,190	704,601	55,661	7,380,212
Charge for the year	792,233	1,542,965	1,285,917	28,569	15,104	197,510	24,308	3,886,606
Elimination on disposal	–	(333,222)	(594,183)	–	–	–	–	(927,405)
Eliminated on revaluation	(792,233)	–	–	–	–	–	–	(792,233)
At 31 December 2017	–	3,910,320	4,383,990	183,496	87,294	902,111	79,969	9,547,180
Charge for the year	791,209	2,014,171	1,613,008	34,598	8,745	217,239	24,309	4,703,279
Elimination on disposal	–	(344,448)	(47,133)	–	–	–	–	(391,581)
Elimination on revaluation	(791,209)	–	–	–	–	–	–	(791,209)
At 31 December 2018	–	5,580,043	5,949,865	218,094	96,039	1,119,350	104,278	13,067,669
Carrying values								
At 31 December 2017	6,000,000	5,593,413	9,882,766	42,798	11,905	1,163,873	163,113	22,857,868
At 31 December 2018	5,500,000	8,218,147	14,923,767	28,588	3,160	1,225,447	138,804	30,037,913

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

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:

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

Included in the additions of plant and machinery, motor vehicles and equipment amounting to S$11,360,659 (2017: S$3,393,701) were acquired under hire purchase arrangements during the year. These constituted as non-cash transactions during the respective years.

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

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

The Group's buildings are measured using revaluation model and are depreciated over remaining useful lives of respective property upon the revaluation date.

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

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of the Group's buildings

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

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

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

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

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of the Group's buildings (Continued)

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

If the buildings had not been revalued, they would have been included in the consolidated statement of financial position at historical cost less accumulated depreciation of S$6,007,767 and S$5,208,791 as at 31 December 2017 and 2018 respectively.

15. INVESTMENT PROPERTIES

	S$
At 1 January 2017	2,320,000
Net decrease in fair value recognised in profit or loss	(40,000)
At 31 December 2017	2,280,000
Net decrease in fair value recognised in profit or loss	(100,000)
At 31 December 2018	2,180,000

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 December 2018 have been arrived at on the basis of a valuation carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd. The fair values of the Group's investment properties as at 31 December 2017 have been arrived at on the basis of a valuation carried out by Roma Appraisals Limited. The fair values are based on comparable market transactions of similar properties in the neighbourhood that have been transferred in the open market. There has been no change from the valuation technique used during the financial year ended 31 December 2018.

At 31 December 2017 and 2018, the investment properties were under legal mortgage for loans granted to the Group.

15. INVESTMENT PROPERTIES (Continued)

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

Carrying value of investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2018					
Commercial properties S$660,000 (certain factory building thereof located at No. 28 Sing Ming Lane#07-133, Singapore 573972)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S$5,239/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S$33,000.
Commercial properties S$700,000 (certain factory building thereof located at No. 28 Sing Ming Lane#07-134, Singapore 573972)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S$5,262/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S$35,000.
Commercial properties S$820,000 (certain factory building thereof located at No. 26 Sing Ming Lane#08-116, Singapore 573971)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S$5,223/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S$41,000.
At 31 December 2017					
Commercial properties S$700,000 (certain factory building thereof located at No. 28 Sing Ming Lane#07-133, Singapore 573972)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S$5,634/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S$35,000.
Commercial properties S$730,000 (certain factory building thereof located at No. 28 Sing Ming Lane#07-134, Singapore 573972)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S$5,635/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S$36,500.
Commercial properties S$850,000 (certain factory building thereof located at No. 26 Sing Ming Lane#08-116, Singapore 573971)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S$5,476/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S$42,500.

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

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

There was no transfer into or out of Level 3 during the financial years ended 31 December 2018 and 2017.

16. TRADE RECEIVABLES

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

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

16. TRADE RECEIVABLES (Continued)

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

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

	As at 31 December	
	2018	**2017**
	S$	*S$*
Less than 30 days	**6,548,781**	8,642,675
31 days to 60 days	**3,487,258**	5,605,384
61 days to 90 days	**707,495^**	6,618,690
More than 90 days	**1,077,350^**	1,372,875
	11,820,884	22,239,624

^ Amounts have been fully settled subsequent to the end of reporting period.

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. TRADE RECEIVABLES (Continued)

Previous accounting policy for allowance for trade receivables

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

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

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

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2018	**2017**
	S$	*S$*
Deposits	**190,086**	863,832
Prepayments	**3,129,434**	311,689
Advances to staff	**27,530**	2,300
Others	**112,631**	959
	3,459,681	1,178,780

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

18. CONTRACT ASSETS AND CONTRACT LIABILITIES/AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION WORK

	As at 31 December 2018 S$	As at 1 January 2018 S$
Contract assets		
Construction services	18,654,174	9,632,230
Construction ancillary services	264,630	–
	18,918,804	9,632,230
Contract liabilities		
Construction services	62,942	–

Contract assets

Amounts relating to construction service are balances due from customers under construction contracts that arise when the revenue recognised to date exceeds the progress billings of the works performed. These amount are transferred to trade receivables when the right become unconditional and usually at the point at which it is invoiced to the customer.

A contract asset is recognised over the period in which the construction ancillary services are performed to present the Group's right to consideration for the services transferred to date.

The significant changes in the contract asset balances was due to new projects secured during the reporting period.

Management always estimates the loss allowance on amounts due from customers at an amount equals to lifetime ECL, taking into account the historical default expenses and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current financial period in assessing the loss allowance for the contract assets

Contract liabilities

Contract liabilities relating to construction services are balances due to customers under construction contracts. These arise when progress billings exceeds the revenue recognised to date under the cost-to-cost method.

There were no significant change in the contract liability balances during the reporting period.

There were no revenue recognised in the current reporting period relates to brought-forward contract liabilities and performance obligates that were satisfied in prior year.

18. CONTRACT ASSETS AND CONTRACT LIABILITIES/AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION WORK (Continued)

Amounts due from customers for construction work

	As at 31 December 2017
	S$
Contract costs incurred plus recognised profits (less recognised losses to date)	38,169,260
Less: progress billings	(29,474,761)
Amounts due from customers for construction work	8,694,499

19. BANK DEPOSIT/BANK BALANCES AND CASH

As at 31 December 2018, the bank deposit of S$170,000 (2017: S$170,000) represents amount placed to a bank for securing overdraft facilities granted to the Group and will be released in 2019.

Bank balances and bank deposit carry interest at prevailing market interest rate of 0.14% (2017: 0.14%) per annum.

20. TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	**2017**
	S$	*S$*
Trade payable	**8,688,911**	9,538,501
Accruals	**5,323,357**	2,928,369
Other payables		
GST payables	**108,322**	833,805
Payroll payable	**1,720,495**	1,642,360
Others	**527,264**	507,621
	16,368,349	15,450,656

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

	As at 31 December	
	2018	**2017**
	S$	*S$*
Within 90 days	**5,042,822**	7,478,396
91 days to 180 days	**2,041,601**	1,070,255
Over 180 days	**1,604,488**	989,850
	8,688,911	9,538,501

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

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments As at 31 December		Present value of minimum leases payments As at 31 December	
	2018	2017	**2018**	2017
	S$	*S$*	***S$***	*S$*
Amounts payable under finance lease				
Within one year	**3,943,726**	3,380,789	**3,451,202**	3,113,179
In more than one year but no more than two years	**3,323,547**	2,474,899	**2,977,442**	2,317,425
In more than two years but no more than five years	**6,777,648**	2,861,092	**6,403,580**	2,764,822
In more than five years	**264,088**	–	**256,490**	
	14,309,009	8,716,780	**13,088,714**	8,195,426
Less: future finance charges	**(1,220,295)**	(521,354)		
Present value of lease obligations	**13,088,714**	8,195,426		
Less: Amounts due for settlement within one year (shown under current liabilities)			**(3,451,202)**	(3,113,179)
Amounts due for settlement after one year			**9,637,512**	5,082,247

21. OBLIGATIONS UNDER FINANCE LEASES (Continued)

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the financial years ended 31 December 2018 and 2017:

	As at 31 December	
	2018	**2017**
Interest rates per annum	**1.87% – 8.44%**	1.35% – 4.97%

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (Note 14).

None of the subsidiaries had any debt securities outstanding as at 31 December 2018 or at anytime during the year.

22. BORROWINGS

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

22. BORROWINGS (Continued)

Note:

a. The overdraft is secured by legal mortgages of the Group's properties disclosed in Notes 14 and 15 and corporate guarantees issued by Shuang Yun Holdings Limited.

b. The loans are secured by floating charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and corporate guarantee issued by Shuang Yun Holdings Limited. The factoring arrangements are repayable within 90 days upon the issuance of fund disbursement.

c. The loans are secured by floating charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and corporate guarantee issued by Shuang Yun Holdings Limited. The loans are repayable within 45 to 150 days upon the issuance of fund disbursement.

d. The loans are secured by fixed and floating charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and corporate guarantee issued by Shuang Yun Holdings Limited and a legal mortgage over the properties disclosed in Notes 14 and 15.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December	
	2018	**2017**
Effective interest rate:		
Fixed rate borrowings (per annum)	**6.5% to 8.5%**	6.5% to 8.5%
Variable rate borrowings (per annum)	**0.50%-3.50% above the bank's prevailing prime lending rate or prevailing three-month Singapore Interbank Offered Rate ("SIBOR") plus 1.20% and 4.00%**	0.50%-3.50% above the bank's prevailing prime lending rate or prevailing three-month SIBOR plus 1.20% and 4.00%

23. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation S$	Revaluation of buildings on leasehold land S$	Total S$
At 1 January 2017	565,399	51,425	616,824
Charge to other comprehensive income for the year	–	(1,322)	(1,322)
Charge to profit or loss for the year	22,684	–	22,684
At 31 December 2017	588,083	50,103	638,186
Credit to other comprehensive income for the year	–	49,506	49,506
Charge to profit or loss for the year	69,066	–	69,066
At 31 December 2018	657,149	99,609	756,758

24. 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**").

24. SHARE CAPITAL (Continued)

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 HK$	Share Capital S$
Authorised share capital of Shuang Yun Holdings Limited:			
At date of incorporation	3,800,000	0.10	380,000
Increase on 20 October 2017	1,996,200,000	0.10	199,620,000
At 31 December 2017 and 31 December 2018	2,000,000,000	0.10	200,000,000

	No. of shares	HK$	S$
Issued and fully paid			
At date of incorporation	1	–	–
Shares issued under the Capitalisation Issue	749,999,999	75,000,000	13,043,608
Shares issued under the Share Offer	250,000,000	25,000,000	4,337,636
At 31 December 2017 and 31 December 2018	1,000,000,000	100,000,000	17,381,244

25. OPERATING LEASE COMMITMENTS

The Group as lessee

	Year ended 31 December 2018 S$	2017 S$
Minimum lease payment paid during each of the years under operating leases in respect of:		
Land lease	**232,996**	161,516
Staff dormitories, warehouse, office premise and heavy machineries	**589,152**	559,046
	822,148	720,562

25. OPERATING LEASE COMMITMENTS (Continued)

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	As at 31 December	
	2018	2017
	S$	S$
Within one year	164,462	244,155
After one year but within five years	288,208	371,081
More than five years	–	281,792
	452,670	897,028

The leases have tenures ranging from one to ten years and no contingent rent provision included in the contracts.

The Group as lessor

	Year ended 31 December	
	2018	2017
	S$	S$
Minimum lease income received during each of the years under operating lease in respect of		
– Lease of machinery	–	242,445
– Lease of office premises	296,460	110,490
	296,460	352,935

At the end of reporting period, the Group had contracted with tenancy for the following future minimum lease payment:

	As at 31 December	
	2018	2017
	S$	S$
Future minimum lease receivables		
Within one year	104,160	110,160
After 1 year but within 5 years	80,040	43,764
	184,200	153,924

The minimum rental receivables under non-cancellable leases as at the end of reporting period are within one year.

26. RETIREMENT BENEFIT PLANS

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. The Group contributes up to 17% (2017: 17%) of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S$6,000 (2017: S$6,000) per month.

The total costs charged to profit or loss, amounting to S$547,961 and S$469,230 for the years ended 31 December 2017 and 2018 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2017 and 2018, contributions of S$115,560 and S$96,930 respectively were accrued and the amount was paid subsequent to the end of the year.

27. RELATED PARTY TRANSACTIONS

Apart from disclosures made in Note 11, the Group entered into the following transactions with related parties during the financial years ended 31 December 2018 and 2017:

Compensation of key management personnel

The remuneration of directors and other members of key management during the financial years ended 31 December 2018 and 2017 were as follows:

	Year ended 31 December	
	2018	**2017**
	S$	*S$*
Short-term benefits	**1,473,300**	1,329,000
Post-employment benefits	**108,120**	95,880
	1,581,420	1,424,880

28. 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 capital structure of the Group consists of debt, which includes obligations under finance leases and borrowings, as disclosed in Notes 21 and 22, respectively, 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.

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

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December	
	2018	**2017**
	S$	*S$*
Financial assets		
– Amortised cost		
Trade receivables	**52,839,414**	48,684,786
Other receivables, deposits and prepayments*	**330,247**	867,091
Bank balances and cash	**4,248,821**	15,426,789
Bank deposit	**170,000**	170,000
	57,588,482	65,148,666
Financial liabilities		
– Amortised cost		
Trade and other payables**	**9,216,175**	10,046,122
Obligation under finance leases	**13,088,714**	8,195,426
Borrowings	**31,036,757**	27,621,791
	53,341,646	45,863,339

* *Prepayments are excluded.*

** *Accrued expenses, GST payables and payroll payable are excluded.*

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances and variable rate borrowings. The Group is also exposed to fair value interest rate risk in relation to finance leases.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31 December 2017 and 2018 would decrease/increase by approximately S$131,800 and S$155,184, respectively.

If interest rate of variable-rate bank balances had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31 December 2017 and 2018 would increase/decrease by approximately S$77,134 and S$21,244 respectively.

Currency risk

The Group has certain bank balances denominated in HK$ (2017: HK$) other than the functional currency of respective group entities, which expose the Group to foreign currency risk. The bank balance denominated in HK$ is approximately S$0.9 million (2017: S$13.4 million).

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

The Group has performed sensitivity analysis based on its exposure to movement of the foreign currency rate for monetary items at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

As at 31 December 2018, if the foreign currency strengthens by 10% against the Singapore dollars, profit before taxation will decrease (increase) by S$90,000. The opposite applies if the relevant foreign currency weaken by 10% against the functional currency of the Group.

As at 31 December 2017, if the foreign currency strengthens by 10% against the Singapore dollars, profit before taxation will decrease (increase) by S$1.34 million. The opposite applies if the relevant foreign currency weaken by 10% against the functional currency of the Group.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(b) Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total financial assets as at 31 December 2017 and 2018.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

At 31 December 2018, the Group has certain concentration of credit risk of about 61% (2017: 86%) of total trade receivables which were due from 3 (2017: 3) customers.

Those customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Management considered the credit risk on bank deposit, bank balances and cash were limited because the counterparties are banks with good credit standing. There had been no history of default in relation to those banks and the risk of default was regarded as low. No loss allowance was made for bank deposit, bank balances and cash.

Other than concentration of credit risk on bank balances placed in 6 banks in which the counterparties are financially sound, and on trade receivables from 3 customers the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group develops and maintains its credit risk grading to categorise according to their degree of risk of default.

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

The assessment of the credit quality and exposure to credit risk of the Group's trade and other receivables have been disclosed in Notes 16 and 17. The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL *S$'000*	Gross carrying amount *S$'000*	Loss allowance *S$'000*	Net carrying amount *S$'000*
31 December 2018						
Trade receivables	*16*	(i)	Lifetime ECL (simplified approach)	52,839,414	–^	52,839,414
Contract assets	*18*	(i)	Lifetime ECL (simplified approach)	18,918,804	–^	18,918,804
Other receivables	*17*	Performing	12-month ECL	330,247	–^	330,247
					–^	

^ Amounts are not expected to be material to the financial statements.

(i) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience and the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions (Note 16).

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and other items. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities and other items based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

	Weighted average interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
As at 31 December 2018								
Non-interest bearing								
Trade and other payables	N/A	9,216,175	–	–	–	–	9,216,175	9,216,175
Interest bearing								
Obligations under finance leases	1.87-8.44%	1,044,439	990,521	1,908,766	10,091,374	273,909	14,309,009	13,088,714
Borrowings	1.83-8.75%	24,229,559	577,761	1,112,744	4,547,134	1,069,565	31,536,763	31,036,757
		34,490,173	1,568,282	3,021,510	14,638,508	1,343,474	55,061,947	53,341,646
As at 31 December 2017								
Non-interest bearing								
Trade and other payables	N/A	10,046,122	–	–	–	–	10,046,122	10,046,122
Interest bearing								
Obligations under finance leases	2.10%-10.37%	946,778	897,511	1,536,560	5,335,931	–	8,716,780	8,195,426
Borrowings	1.35%-8.75%	21,660,119	464,995	922,135	4,398,344	1,187,522	28,633,115	27,621,791
		32,653,019	1,362,506	2,458,695	9,734,275	1,187,522	47,396,017	45,863,339

The Group's and Company's non-derivative financial assets are due on demand or within one year and interest free, except for bank deposits as disclosed in Note 19.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(d) Fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate to their fair values.

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December 2018 S$	As at 31 December 2017 S$
NON-CURRENT ASSET		
Investment in a subsidiary	1	1
	1	1
CURRENT ASSETS		
Other receivables	14,992,751	4,970,087
Cash and bank balances	879,791	13,397,857
	15,872,542	18,367,944
CURRENT LIABILITIES		
Trade payables	6,344	-
Other payables	303,858	355,920
	310,202	355,920
Net current assets	15,562,340	18,012,024
Total assets less current liabilities, representing net assets	15,562,341	18,012,025
EQUITY		
CAPITAL AND RESERVES		
Share capital *(Note 24)*	17,381,244	17,381,244
Share premium	5,130,991	5,130,991
Other reserve	1	1
Accumulated losses	(6,949,895)	(4,500,211)
Equity attributable to owners of the Company	15,562,341	18,012,025

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note:

Movement in reserves is as follows:

	Share premium	Other reserve	Accumulated losses	Total
At date of incorporation	–	–	–	–
Loss for the year, representing total comprehensive loss	–	–	(4,500,211)	(4,500,211)
Share issuance	5,130,991	–	–	5,130,991
Transfer upon the group reorganisation	–	1	–	1
At 31 December 2017	5,130,991	1	(4,500,211)	630,781
Loss for the year, representing total comprehensive loss	–	–	(2,449,684)	(2,449,684)
At 31 December 2018	5,130,991	1	(6,949,895)	(1,818,903)

31. PARTICULARS OF SUBSIDIARIES

At the end of reporting period, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of operation and date of incorporation	Issued and fully paid capital 2017	Issued and fully paid capital 2018	Equity interest attributable to the Company as at 31 December 2017	Equity interest attributable to the Company as at 31 December 2018	Principal activities
Directly held:						
Shuang Yun (BVI)	BVI	US$1	US$1	100%	100%	Investment holding
Indirectly held:						
Double-Trans	Singapore	S$9,200,000	S$19,200,000	100%	100%	Provision of mixed construction services, provision of domestic lorry transport and delivery services
Samco	Singapore	S$1,500,000	S$3,000,000	100%	100%	Provision of road construction and other civil engineering work
Shuang Yun Development Pte Ltd [1]	Singapore	–	S$1	–	100%	Provision of road construction and general wholesale work

None of the subsidiaries had any debt securities outstanding as at 31 December 2018 or at any time during the year.

(1) Shuang Yun Development Pte Ltd. was newly incorporated in Singapore on 1 October 2018.

32. NON-CASH TRANSACTIONS

During financial years ended 31 December 2017 and 2018, the additions to plant and equipment during respective year were financed by new finance leases of S$3,393,701 and S$11,360,659 respectively and amounts of S$112,350 and S$55,000 remain unpaid as at 31 December 2017 and 2018 respectively.

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

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Obligations under finance leases	Amount due to a director	Bank deposit	Total
	S$	*S$*	*S$*	*S$*	*S$*
At 1 January 2017	21,010,966	8,623,470	42,196	–	29,676,632
Financing cash flows	5,401,693	(4,173,061)	(42,196)	(170,000)	1,016,436
Non-cash changes					
Finance cost recognised *(Note 8)*	1,209,132	351,316	–	–	1,560,448
New finance leases *(Note 32)*	–	3,393,701	–	–	3,393,701
At 31 December 2017	27,621,791	8,195,426	–	(170,000)	35,647,217
At 1 January 2018	27,621,791	8,195,426	–	(170,000)	35,647,217
Financing cash flows	1,815,496	(6,967,263)	–	–	(5,151,767)
Non-cash changes					
Finance cost recognised *(Note 8)*	1,599,470	499,892	–	–	2,099,362
New finance leases *(Note 32)*	–	11,360,659	–	–	11,360,659
At 31 December 2018	31,036,757	13,088,714	–	(170,000)	43,955,471

Five Years Financial Summary

RESULTS

	Year ended 31 December				
	2014	**2015**	**2016**	**2017**	**2018**
	S$	*S$*	*S$*	*S$*	***S$***
Revenue	42,738,909	44,632,963	51,469,726	65,640,278	**90,783,991**
Cost of services	(34,141,515)	(33,045,917)	(34,080,060)	(45,757,397)	**(71,812,902)**
Gross profit	8,597,394	11,587,046	17,389,666	19,882,881	**18,971,089**
Profit before taxation	3,277,086	6,639,593	8,115,548	3,883,362	**4,119,053**
Profit for the year	2,763,952	5,606,379	7,050,674	2,616,642	**3,111,244**
Basic earnings per share (S$cents)	0.37	0.67	0.94	0.33	**0.31**

ASSETS AND LIABILITIES

	Year ended 31 December				
	2014	**2015**	**2016**	**2017**	**2018**
	S$	*S$*	*S$*	*S$*	***S$***
Non-current assets	10,783,114	14,279,251	23,994,805	25,307,868	**32,217,913**
Current assets	21,341,243	25,789,673	37,650,339	73,984,854	**79,636,720**
Current liabilities	20,664,965	21,446,619	29,693,785	42,453,260	**46,651,939**
Net current assets	676,278	4,343,054	7,956,554	31,531,594	**32,984,781**
Total assets less current liabilities	11,459,392	18,622,305	31,951,359	56,839,462	**65,202,694**
Total equity	6,698,286	12,724,916	19,872,662	45,995,094	**49,348,041**
Non-current liabilities	4,761,106	5,897,389	12,078,697	10,844,368	**15,854,653**
Total equity and non-current liabilities	11,459,392	18,622,305	31,951,359	56,839,462	**65,202,694**

Selected Major Items

	Year ended 31 December				
	2014	**2015**	**2016**	**2017**	**2018**
	S$	*S$*	*S$*	*S$*	***S$***
Property, plant and equipment	10,783,114	13,879,251	21,674,805	22,857,868	**30,037,913**
Trade receivables	14,841,298	19,465,822	33,307,414	48,684,786	**52,839,414**
Bank balances and cash	1,529,989	1,180,596	395,514	15,426,789	**4,248,821**
Trade and other payables	9,063,845	9,164,868	9,604,379	15,450,656	**16,368,349**
Obligation under finance leases	4,849,220	5,891,500	8,623,470	8,195,426	**13,088,714**
Borrowings	10,627,972	10,415,523	21,010,966	27,621,791	**31,036,757**

Five Years Financial Summary

CASH FLOWS	Year ended 31 December				
	2014	2015	2016	2017	**2018**
	S$	*S$*	*S$*	*S$*	***S$***
Net cash from (used in) operating activities	(896,728)	4,725,086	(784,311)	(7,795,168)	**(5,850,340)**
Net cash from (used in) investing activities	1,359,803	(1,827,978)	(6,435,061)	(1,702,227)	**(175,861)**
Net cash from (used in) financing activities	456,268	(3,246,501)	6,434,290	24,528,670	**(5,151,767)**

CAPITAL EXPENDITURES	Year ended 31 December				
	2014	2015	2016	2017	**2018**
	S$	*S$*	*S$*	*S$*	***S$***
Payments for property, plant and equipment	310,605	1,419,846	7,168,517	2,019,703	**296,190**

DIVIDEND	Year ended 31 December				
	2014	2015	2016	2017	**2018**
	S$	*S$*	*S$*	*S$*	***S$***
Total dividend	600,000	1,500,000	2,154,000	2,200,000	**–**