

# Interim Report 2020



## Shuang Yun Holdings Limited 雙運控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1706



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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Tan Chai Ling  
(alias Mr. Chen Zhilong)  
(*Chairman and Chief Executive Officer*)  
Ms. Alynda Tan Hue Hong  
Ms. Chong Sook Fern  
(alias Ms. Zhang Shufen)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## COMPANY SECRETARY

Ms. Leung Hoi Yan

## AUTHORISED REPRESENTATIVES

Ms. Alynda Tan Hue Hong  
Ms. Leung Hoi Yan

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## AUDITOR

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

## PRINCIPAL BANKERS

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

## COMPANY'S WEBSITE

[www.shuangyunholdings.com](http://www.shuangyunholdings.com)

## STOCK CODE

1706

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

# Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Shuang Yun Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the interim report of our Group for the six months ended 30 June 2020.

Our Group's revenue for the six months ended 30 June 2020 was approximately S\$35.5 million, representing a decline of approximately 21.8% as compared to that of approximately S\$45.4 million for the same period of previous year. Our Group's gross profit decreased from approximately S\$10.7 million for the six months ended 30 June 2019 to approximately S\$5.8 million for the six months ended 30 June 2020, representing a decrease of approximately 46.3%.

From the end of the year 2019, COVID-19 pandemic continues to spread around the world disrupting large parts of the global economy. The imposition of circuit breaker measures by the Singapore government in April 2020 has severely impacted the Group's businesses. Construction works did not immediately resume to their normal level of operations even after the circuit breaker period was lifted on June 1, as the Group had to meet additional safe and controlled restart measures for each construction project, before work could resume.

According to Ministry of Trade and Industry announcement in July 2020, Gross domestic product (GDP) dived by a record 41.2% in the three months ended June, on a quarter-on-quarter annualised basis. That was worse than economists' expectations for a 37.4% decline in the quarter when Singapore was under a lockdown to curb the spread of the virus. Though the board of directors are confident in the long-term outlook of the construction industry in Singapore. However, we are facing COVID-19 epidemic, we cannot foresee that the situation will improve in the short term.

In view of the aforesaid, the Group will continue to try best endeavor to explore new customers, implement stringent cost control measures on existing projects, strengthen the effectiveness of project management, improve the efficiency of work flow throughout the construction process and strictly comply with COVID-19 safety measurement in order to maintain the competitiveness for the best interests of the Group. The Group will continue to focus on our core business of the provision of road construction and construction ancillary service and prepare for future opportunities, while maximizing the shareholders' value.

## Chairman's Statement

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

**Shuang Yun Holdings Limited**

**Tan Chai Ling**

*Chairman*

20 August 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Shuang Yun Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 30 June 2020 together with comparative figures for the corresponding period in 2019 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Six months ended 30 June	
		2020 (Unaudited) S\$	2019 (Unaudited) S\$
Revenue	4	35,545,371	45,431,172
Cost of services		(29,789,529)	(34,713,594)
Gross profit		5,755,842	10,717,578
Other income	5	1,127,060	201,320
Administrative expenses		(4,945,714)	(6,286,355)
Other (losses)/gains	6	(110)	14,870
Finance costs	7	(1,511,104)	(1,283,691)
Profit before taxation	8	425,974	3,363,722
Income tax expense	9	–	(597,000)
Profit and other comprehensive income for the period		425,974	2,766,722
<b>EARNING PER SHARE</b>			
Basic (S\$ cents)	11	0.0426	0.277

# Condensed Consolidated Statement of Financial Position

		As at 30 June 2020 (Unaudited) S\$	As at 31 December 2019 (Restated) S\$
	NOTES		
<b>Non-current assets</b>			
Property, plant and equipment	12	14,310,273	13,680,982
Right-of-use assets	13	15,169,732	17,200,179
Investment properties	14	2,180,000	2,180,000
		<b>31,660,005</b>	33,061,161
<b>Current assets</b>			
Trade receivables	15	68,861,261	65,316,750
Other receivables, deposits and prepayments	16	3,655,630	3,465,128
Contract assets	17	27,394,739	31,502,596
Bank deposit		200,000	200,000
Bank balances and cash		4,003,133	4,005,738
		<b>104,114,763</b>	104,490,212
<b>Current liabilities</b>			
Trade and other payables	18	19,054,379	24,479,291
Lease liabilities		3,127,711	4,315,427
Contract liabilities	17	1,725,515	152,556
Income tax payable		1,548,117	1,569,283
Borrowings		34,315,984	37,312,486
		<b>59,771,706</b>	67,829,043
<b>Net current assets</b>		<b>44,343,057</b>	36,661,169

## Condensed Consolidated Statement of Financial Position

	<b>As at 30 June 2020 (Unaudited) S\$</b>	As at 31 December 2019 (Restated) S\$
<i>NOTES</i>		
<b>Non-current liabilities</b>		
Lease liabilities	<b>10,716,926</b>	10,096,917
Borrowings	<b>8,486,826</b>	3,252,077
Deferred tax liabilities	<b>1,261,534</b>	1,261,534
	<b>20,465,286</b>	14,610,528
<b>Net assets</b>	<b>55,537,776</b>	55,111,802
<b>Capital and reserves</b>		
Share capital	<b>17,381,244</b>	17,381,244
Share premium	<b>5,130,991</b>	5,130,991
Reserves	<b>33,025,541</b>	32,599,567
<b>Equity attributable to owners of the Company</b>	<b>55,537,776</b>	55,111,802

# Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium (Note (a))	Reserves			Total
			Other reserves (Note (b))	Revaluation reserves	Accumulated profits	
	S\$	S\$	S\$	S\$	S\$	S\$
At 1 January 2019 (Audited)	17,381,244	5,130,991	10,700,000	906,581	15,229,225	49,348,041
Total comprehensive income for the period	-	-	-	-	2,766,722	2,766,722
At 30 June 2019 (Unaudited)	17,381,244	5,130,991	10,700,000	906,581	17,995,947	52,114,763
At 1 January 2020 (Audited)	17,381,244	5,130,991	10,700,000	1,185,003	20,714,564	55,111,802
Total comprehensive income for the period	-	-	-	-	425,974	425,974
At 30 June 2020 (Unaudited)	17,381,244	5,130,991	10,700,000	1,185,003	21,140,538	55,537,776

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

Note (b): Other reserve arose on the group reorganisation, in which Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong transferred 10,700,000 shares in Double-Trans Pte. Ltd. ("**Double-Trans**") and Samco Civil Engineering Pte. Ltd. ("**Samco**") to the Group.

## Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2020 (Unaudited) S\$	2019 (Unaudited) S\$
Net cash from operating activities	1,616,648	1,076,642
Net cash (used in)/from investing activities	(184,285)	18,123
Net cash used in financing activities	(1,434,968)	(1,015,850)
Net (decrease)/increase in cash and cash equivalents	(2,605)	78,915
Cash and cash equivalents at beginning of the period	4,005,738	4,248,821
Cash and cash equivalents at end of the period, represented by bank balances and cash	4,003,133	4,327,736



# Notes to the Condensed Consolidated Financial Statements

## 1. GENERAL

The Company is a company incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 June 2017. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The registered office of the Company is at Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group is at No.4, Sungei Kadut Street 2, Sungei Kadut Industrial Estate, Singapore 729226.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of road construction services (including new road construction, road widening, and construction of road-related facilities), construction ancillary services (including road maintenance works), and lease of construction machineries.

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

## 2. BASIS OF PREPARATION

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

# Notes to the Condensed Consolidated Financial Statements

## 3. ADOPTION OF NEW AND REVISED STANDARDS

All IFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been adopted by the Group in preparation of these condensed consolidated financial statements. The adoption of these new/revised IFRSs has no material effect on the amounts reported for the current or prior period.

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

#### *Impact of application of IFRS 3 Definition of a Business*

In the current period, the Group has applied IFRS 3 Definition of a Business which is effective for an annual period that begins on or after 1 January 2020. The amendments in IFRS 3 Definition of a Business clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

# Notes to the Condensed Consolidated Financial Statements

## 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of road construction services (including new road construction, road widening, and construction of road related facilities), and construction ancillary services (including road maintenance works).

Information is reported to the Controlling Shareholders, being the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group’s accounting policies. The CODM reviews revenue by nature of services, i.e. provision of road construction services and provision of construction ancillary services, and profit for the year as a whole. No further detailed analysis of the Group’s results by type of services nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

### 1. Disaggregation of revenue

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

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by nature of works:		
– Revenue from road construction services	9,256,450	9,331,768
– Revenue from construction ancillary services	26,288,921	36,099,404
Revenue from external customers	35,545,371	45,431,172

### 2. Geographical information

The Group principally operates in Singapore. Approximately 100% (2019: approximately 100%) of revenue are derived from Singapore based on the location of services delivered and substantially all of the Group’s non-current assets are located in Singapore.

# Notes to the Condensed Consolidated Financial Statements

## 5. OTHER INCOME

	Six months ended 30 June	
	2020 (Unaudited) S\$	2019 (Unaudited) S\$
Government grants	916,890	29,894
Rental income	80,080	136,980
Sundry income	130,090	34,446
	<b>1,127,060</b>	201,320

## 6. OTHER (LOSSES)/GAINS

	Six months ended 30 June	
	2020 (Unaudited) S\$	2019 (Unaudited) S\$
(Losses)/Gains arising on disposal of property, plant and equipment	(110)	14,870

## 7. FINANCE COSTS

	Six months ended 30 June	
	2020 (Unaudited) S\$	2019 (Unaudited) S\$
Interest on:		
Borrowings	1,187,908	999,979
Lease liabilities	323,196	283,712
	<b>1,511,104</b>	1,283,691

# Notes to the Condensed Consolidated Financial Statements

## 8. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2020 (Unaudited) S\$	2019 (Unaudited) S\$
Depreciation of property, plant and equipment	3,179,136	2,896,840
Staff costs	5,306,585	9,290,228
Cost of materials recognised as expenses	22,717,104	22,480,790
Subcontractor costs recognised as costs of services	870,964	1,195,642
Gross rental income from investment properties	52,080	52,980
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the period	(7,387)	(7,686)
	<b>44,693</b>	45,294

## 9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 (Unaudited) S\$	2019 (Unaudited) S\$
Tax expense comprises:		
Current tax – Singapore corporate income tax ("CIT")	–	597,000

Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$290,000 of chargeable income.

# Notes to the Condensed Consolidated Financial Statements

## 10. DIVIDENDS

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

## 11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the periods ended 30 June 2020 and 2019 were based on the following data:

	Six months ended 30 June	
	2020 (Unaudited) S\$	2019 (Unaudited) S\$
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	<b>425,974</b>	2,766,722
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>1,000,000,000</b>	1,000,000,000
Basic earnings per share ( <i>S\$ cents</i> )	<b>0.0426</b>	0.277

The number of shares for the purpose of calculating basis earnings per share for the periods ended 30 June 2020 and 2019 have been determined on the assumption that the Group reorganisation and the capitalisation issue as set out in Note 1 has been effective since 1 January 2016.

For the periods ended 30 June 2020 and 2019, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

# Notes to the Condensed Consolidated Financial Statements

## 12. PROPERTY, PLANT AND EQUIPMENT

### (a) Acquisitions and disposals

During the six months ended 30 June 2020, the Group acquired items of plant and machinery with a cost of S\$278,765 (six months ended 30 June 2019: S\$119,307). Items of plant and machinery with a net book value of S\$25,680 were disposed of during the six months ended 30 June 2020 (six months ended 30 June 2019: S\$233,219), resulting in a loss on disposal of S\$110 (six months ended 30 June 2019: gain on disposal of S\$14,870).

### (b) Valuation

The valuations of land and buildings held for own use carried at fair value were updated at 30 June 2020 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2019 valuations. No change in valuation was noted for the six months ended 30 June 2020.

## 13. RIGHT-OF-USE ASSETS

The Group leases several assets including dormitories, land, equipment, machinery and motor vehicles.

## 14. INVESTMENT PROPERTIES

### (a) Acquisitions and disposals

There were no additions and disposals for the six months ended 30 June 2020.

### (b) Valuation

The valuations of investment properties carried at fair value were updated at 30 June 2020 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2019 valuations. No change in valuation was noted during the six months ended 30 June 2020.

# Notes to the Condensed Consolidated Financial Statements

## 14. INVESTMENT PROPERTIES (Continued)

### (b) Valuation (Continued)

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

	Carrying value S\$	Fair value – Level 3 S\$
– As at 30 June 2020		
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
	<b>2,180,000</b>	<b>2,180,000</b>

	Carrying value S\$	Fair value – Level 3 S\$
– As at 31 December 2019		
No. 28 Sing Ming Lane#07-133, Singapore 573972	660,000	660,000
No. 28 Sing Ming Lane#07-134, Singapore 573972	700,000	700,000
No. 26 Sing Ming Lane#08-116, Singapore 573971	820,000	820,000
	<b>2,180,000</b>	<b>2,180,000</b>

There was no transfer into or out of Level 3 during the financial period ended 30 June 2020 and 2019.

# Notes to the Condensed Consolidated Financial Statements

## 15. TRADE RECEIVABLES

	As at 30 June 2020 (Unaudited) S\$	As at 31 December 2019 (Audited) S\$
Trade receivables	9,363,772	9,869,339
Loss allowance	(68,567)	(68,567)
	<b>9,295,205</b>	9,800,772
Unbilled revenue ( <i>Note a</i> )	<b>59,566,056</b>	55,515,978
	<b>68,861,261</b>	65,316,750

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

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

	As at 30 June 2020 (Unaudited) S\$	As at 31 December 2019 (Audited) S\$
Less than 30 days	365,879	4,495,059
31 days to 60 days	452,917	1,950,240
61 days to 90 days	526,024	823,803
More than 90 days	7,950,385	2,531,670
	<b>9,295,205</b>	9,800,772

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

# Notes to the Condensed Consolidated Financial Statements

## 15. TRADE RECEIVABLES (Continued)

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

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

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

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

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

## 16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2020 (Unaudited) S\$	As at 31 December 2019 (Audited) S\$
Deposits	3,101,512	3,309,737
Prepayments	56,697	90,488
Advances to staff	1,000	1,000
GST receivables	47,382	–
Others	449,039	63,903
	<b>3,655,630</b>	<b>3,465,128</b>

# Notes to the Condensed Consolidated Financial Statements

## 17. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 30 June 2020 (Unaudited) S\$	As at 31 December 2019 (Audited) S\$
<b>Contract assets</b>		
Construction services	27,394,739	31,502,596
<b>Contract liabilities</b>		
Construction services	1,725,515	152,556

## 18. TRADE AND OTHER PAYABLES

	As at 30 June 2020 (Unaudited) S\$	As at 31 December 2019 (Audited) S\$
Trade payables	15,787,872	16,489,065
Retention payables	719,164	569,953
Accruals	606,161	4,894,706
Other payables		
GST payables	–	53,396
Payroll payables	481,004	1,409,727
Others	1,460,178	1,062,444
	<b>19,054,379</b>	<b>24,479,291</b>

# Notes to the Condensed Consolidated Financial Statements

## 18. TRADE AND OTHER PAYABLES (Continued)

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

	As at 30 June 2020 (Unaudited) S\$	As at 31 December 2019 (Audited) S\$
Within 90 days	3,722,350	9,031,513
91 days to 180 days	4,108,307	5,836,271
Over 180 days	7,957,215	1,621,281
	<b>15,787,872</b>	16,489,065

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

## 19. SHARE CAPITAL

	No. of shares	Par Value HK\$	Share Capital HK\$
<b>Authorised share capital of the Company:</b>			
At 31 December 2019 (audited) and			
30 June 2020 (unaudited)	2,000,000,000	0.10	200,000,000
	No. of shares	Share Capital HK\$	Share Capital S\$
<b>Issued and fully paid</b>			
At 31 December 2019 (audited) and			
30 June 2020 (unaudited)	1,000,000,000	100,000,000	17,381,244

# Notes to the Condensed Consolidated Financial Statements

## 20. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties during the financial periods ended 30 June 2020 and 2019:

### Compensation of key management personnel

The remuneration of directors and other members of key management during the financial periods ended 30 June 2020 and 2019 were as follows:

	Six months ended 30 June	
	2020 (Unaudited) S\$	2019 (Unaudited) S\$
Short-term benefits	709,471	736,650
Post-employment benefits	59,469	54,060
	<b>768,940</b>	790,710

## 21. CAPITAL RISK MANAGEMENT

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

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

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

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

# Management Discussion and Analysis

## FINANCIAL REVIEW

Due to the significant impact of COVID-19 on Singapore's economy, construction industry has been affected by negative spillovers arising from the downturn in the domestic economy.

The Group did not generate revenue from April 2020 to June 2020. During this period, the Group still incurred fixed cost, suffered exhaustion of construction materials and the increase of price. There was limited manpower due to many countries' COVID-19 lock downs. The existing worker wages continue to be paid during the circuit breaker period in accordance to Singapore Government's regulation. All these factors constituted a huge impact on financial performance of the Group during the six months ended 30 June 2020.

### Revenue

Our Group's revenue for the six months ended 30 June 2020 was approximately S\$35.5 million, representing a decline of approximately 21.8% as compared to that of approximately S\$45.4 million for the same period of previous year. The decrease in revenue was mainly due to all construction work has been halted during the circuit breaker period.

### Gross profit

Our Group's gross profit decreased from approximately S\$10.7 million for the six months ended 30 June 2019 to approximately S\$5.8 million for the six months ended 30 June 2020, representing an decrease of approximately 46.3%. The decrease in gross profit is attributable to decrease in gross profit from road construction services and construction ancillary services.

Our Group's gross profit margin decreased from approximately 24% for the six months ended 30 June 2019 to approximately 16% for the six months ended 30 June 2020.

### Other income

Other income and expenses increased from approximately S\$0.2 million for the six months ended 30 June 2019 to approximately S\$1.1 million for the period ended 30 June 2020. Such increase was mainly due to the increase in government grant during the period.

### Administrative expenses

Administrative expenses decreased by approximately S\$1.3 million from approximately S\$6.3 million for the six months ended 30 June 2019 to approximately S\$4.9 million for the period ended 30 June 2020 mainly due to the decrease in staff costs and other operating expenses during the circuit breaker period from April 2020 to June 2020.

# Management Discussion and Analysis

## Finance costs

Finance costs increased by approximately 17.7% from approximately S\$1.3 million for the six months ended 30 June 2019 to approximately S\$1.5 million for the period ended 30 June 2020 due to higher borrowings.

## Income tax expenses

Our Group's income tax expenses was S\$ Nil for the six months ended 30 June 2020, which was primarily due to the decrease in the profit before taxation from approximately S\$3.4 million to approximately S\$0.4 million.

## Profit for the period

Profit after taxation decreased from approximately S\$2.8 million for the six months ended 30 June 2019 to approximately S\$0.4 million for the six months ended 30 June 2020 due to the combined effect of the aforesaid factors.

## USE OF NET PROCEEDS FROM THE LISTING

The use of the net proceeds from the Listing as at 30 June 2020 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)
- Purchased 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

# Management Discussion and Analysis

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Our Group's operations are mainly carried out by the Company's subsidiaries incorporated in Singapore while the Company itself is incorporated in the Cayman Islands with its shares listed on Stock Exchange. Our Group's establishment and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, Hong Kong and Singapore. During the six months ended 30 June 2020 and up to the date of this interim 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.

## CONTINGENT LIABILITIES

Our Group did not have any material contingent liabilities as at 30 June 2020.

## CAPITAL COMMITMENTS

As at 30 June 2020, the Group did not have any material capital commitments.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our Group's cash and cash equivalents balances remained relatively stable at approximately S\$4.0 million as at 30 June 2020 and as at 31 December 2019.

As at 30 June 2020, the total interest-bearing loans of our Group was approximately S\$42.8 million, representing a increase of approximately S\$2.2 million as compared to approximately S\$40.6 million for the year ended 31 December 2019. The current ratio increased from approximately 1.5 times for the year ended 31 December 2019 to approximately 1.7 times for the six months ended 30 June 2020, while the gearing ratio was remained at approximately 1.0 time for the six months ended 30 June 2020 and for the year ended 31 December 2019.

Our Group's equity balance increased to approximately S\$55.5 million as at 30 June 2020 as compared to approximately S\$55.1 million as at 31 December 2019, which was attributable to the profits recorded for the period.

# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICIES

Our Group had 444 employees as at 30 June 2020 and 538 employees as at 31 December 2019. Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee. The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of our Company having regard to our Group's operating results, individual performance and comparable market statistics.

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

## CHARGES OF ASSETS

The borrowings as at 30 June 2020 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S\$4.6 million and the Group's investment properties with carrying amount of approximately S\$2.2 million.

## FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2020, our Group did not have significant financial assets or financial liabilities denominated in foreign currency which are not the functional currency of respective group entities.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Our Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2020.

## SIGNIFICANT INVESTMENTS HELD

As at 30 June 2020, our Group did not hold any significant investment.

## INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2020.

## Other Information

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

As at 30 June 2020, 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 of Hong Kong ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 ("**Model Code**") of the Listing Rules were as follows:

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

Name of director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Tan Chai Ling (alias Mr. Chen Zhilong) (" <b>Mr. Tan</b> ") (Note 1)	Interest in controlled corporation	750,000,000	75%
Ms. Chong Sook Fern (alias Ms. Zhang Shufen) (" <b>Ms. Chong</b> ") (Note 2)	Interest of spouse	750,000,000	75%

#### Notes:

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

## Other Information

### (b) Long position in the shares of associated corporations

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

*Note:*

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

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

## Other Information

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

As at 30 June 2020, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

#### Long positions in the Shares

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

*Note:*

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

Save as disclosed above, as at 30 June 2020, 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.

## Other Information

### DISCLOSURE OF INFORMATION ON DIRECTORS

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

#### Independent non-executive Director

**Prof. Pong Kam Keung**, aged 58, 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 & Sustainability 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 was an independent non-executive director of Wang Yang Holdings Limited, currently namely Central Holding Group Co. Ltd. (a company listed on the Main Board, stock code: 1735) from March 2018 to October 2019, and he was also an independent non-executive director of FSM Holdings Limited (stock code: 1721) from June 2018 to April 2020. Prof. Pong has been an independent non-executive director of HKE Holdings Limited (stock code: 1726) since March 2018, and an executive director of Star Properties Group (Cayman Islands) Limited (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, a degree of master of corporate governance from the Hong Kong Polytechnic University, Hong Kong in October 2008 and a Doctor of Philosophy from Hong Kong Polytechnic University, Hong Kong in September 2019. 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.

### COMPETING INTERESTS

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

### SHARE OPTION SCHEME

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

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors' securities transactions throughout the six months period ended 30 June 2020.

# Other Information



## CORPORATE GOVERNANCE

During the six months ended 30 June 2020, the Company complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules except for the following deviation:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tan Chai Ling (alias Mr. Chen Zhilong) is currently the chairman of the Board and chief executive officer (the “**CEO**”) of the Group who is primarily responsible for the day-to-day management of the Group’s business. The Board considers that vesting the roles of the chairman of the Board and CEO in the same person facilitates the execution of the business strategies and decision making, and maximizes the effectiveness of the Group’s operation. The Board also believes that the presence of three independent non-executive directors of the Company provides added independence to the Board. The Board will review the structure from time to time and consider an adjustment should it become appropriate.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2020.

## AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group’s unaudited condensed consolidated results for the six months ended 30 June 2020 and discussed with the management on the accounting principles and practices adopted by the Group with no disagreement by the audit committee of the Company.

By Order of the Board  
**Shuang Yun Holdings Limited**  
**Tan Chai Ling**  
**(alias Chen Zhilong)**  
*Chairman and Executive Director*

Hong Kong, 20 August 2020