Shuang Yun Holdings Limited
雙運控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1706)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Shuang Yun Holdings Limited (the "**Company**") is pleased to present the audited results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 31 December 2020 together with comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	**2020** *S$*	2019 *S$*
Revenue	*3*	**65,445,959**	112,271,670
Cost of services		**(55,891,892)**	(90,807,710)
Gross profit		**9,554,067**	21,463,960
Other income	*4*	**2,803,568**	410,445
Other gains	*5*	**247,885**	38,452
Administrative expenses		**(9,626,575)**	(12,353,726)
Profit from operations		**2,978,945**	9,559,131
Finance costs	*6*	**(2,406,395)**	(2,386,974)
Profit before tax		**572,550**	7,172,157
Income tax expense	*7*	**–**	(1,686,818)
Profit for the year	*8*	**572,550**	5,485,339

	Note	**2020**	2019
		S$	*S$*
Other comprehensive income after tax:			
Item that will not be reclassified to profit or loss:			
(Loss)/gain on revaluation of properties		**(467,827)**	278,422
Other comprehensive income for the year, net of tax		**(467,827)**	278,422
Total comprehensive income for the year attributable to owners of the Company		**104,723**	5,763,761
Earnings per share			
Basic and diluted *(cents per share)*	*10*	**0.06**	0.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020	2019
		S$	*S$*
Non-current assets			
Property, plant and equipment		**14,339,338**	13,680,982
Investment properties		**2,180,000**	2,180,000
Right-of-use assets		**11,553,920**	17,200,179
		28,073,258	33,061,161
Current assets			
Trade receivables	*11*	**75,839,314**	65,316,750
Other receivables, deposits and prepayments		**3,943,346**	3,465,128
Contract assets		**27,918,103**	31,502,596
Bank deposits		**200,000**	200,000
Bank balances and cash		**5,381,293**	4,005,738
		113,282,056	104,490,212
Current liabilities			
Trade and other payables	*12*	**23,647,505**	24,479,291
Contract liabilities		**1,465,194**	152,556
Lease liabilities		**4,280,079**	4,315,427
Bank borrowings		**44,845,902**	37,312,486
Current tax liabilities		**687,077**	1,569,283
		74,925,757	67,829,043
Net current assets		**38,356,299**	36,661,169
Total assets less current liabilities		**66,429,557**	69,722,330

	2020	2019
	S$	*S$*
Non-Current liabilities		
Lease liabilities	**8,505,016**	10,096,917
Bank borrowings	**1,542,302**	3,252,077
Deferred tax liabilities	**1,165,714**	1,261,534
	11,213,032	14,610,528
NET ASSETS	**55,216,525**	55,111,802
Capital and reserves		
Share capital	**17,381,244**	17,381,244
Share premium	**5,130,991**	5,130,991
Reserves	**32,704,290**	32,599,567
TOTAL EQUITY	**55,216,525**	55,111,802

NOTE

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

2. Adoption of New and Revised International Financial Reporting Standards

(a) Application of new and revised IFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by International Accounting Standards Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to IFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The application of the amendments had no impact on the consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The application of the amendments had no impact on the consolidated financial statements.

(b) New and revised IFRSs in issue but not yet effective

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to IFRS 16 COVID-19-Related Rent Concessions	1 June 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to IAS 37 Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. Revenue and Segment Information

Segment 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 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.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service line for the year is as follows:

	2020	2019
	S$	*S$*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by service lines		
– Revenue from road construction services	**19,909,187**	30,344,261
– Revenue from construction ancillary services	**45,536,772**	81,927,409
	65,445,959	112,271,670
By timing of recognition		
Over time	**65,445,959**	112,271,670

(b) Major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2020	2019
	S$	*S$*
Customer A	**15,936,218**	23,423,643
Customer B	**13,716,880**	N/a
Customer C	**11,187,402**	35,561,471
Customer D	**9,603,325**	N/a
Customer E	**8,059,526**	18,433,235

(c) Geographical information

The Group principally operates in Singapore. All 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.

4. Other Income

	2020	2019
	S$	*S$*
Training and projects support services income	**–**	435
Government grants	**2,457,434**	43,984
Rental income	**287,306**	245,060
Bank interest income	**3,555**	42
Sundry income	**55,273**	120,924
	2,803,568	410,445

5. Other Gains

	2020	2019
	S$	*S$*
Gain on disposal of property, plant and equipment and right-of-use assets	**247,885**	38,452

6. Finance Costs

	2020	2019
	S$	*S$*
Interests on bank borrowings	**1,792,441**	1,767,976
Interest expenses on lease liabilities	**613,954**	618,998
	2,406,395	2,386,974

7. Income Tax Expense

	2020	2019
	S$	*S$*
Current year:		
Singapore corporate income tax ("**CIT**")	**–**	1,375,222
Overprovision in prior years	**–**	(136,157)
	–	1,239,065
Deferred tax	**–**	447,753
	–	1,686,818

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 25% (2019: 25%), capped at S$15,000 (2019: 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$190,000 of chargeable income for both 2019 and 2020.

8. Profit for the Year

The Group's profit for the year is stated after charging/(crediting) the following:

	2020	2019
	S$	*S$*
Auditors' remuneration		
– Audit service	**150,000**	154,000
– Non-audit services	**15,000**	17,000
Cost of materials recognised as an expense	**38,334,663**	53,772,736
Subcontractor costs recognised as costs of services	**4,937,775**	15,915,646
Depreciation of the property, plant and equipment	**3,805,088**	2,777,149
Depreciation of the right-of-use assets	**2,512,150**	3,396,437
Gain on disposal of property, plant and equipment and right-of-use assets	**(247,885)**	(38,452)
Allowance for trade receivables	**–**	68,567
Direct operating expenses incurred for investment properties that generated rental income during the year	**15,736**	15,736

Cost of services includes staff costs and depreciation of approximately S$10,236,423 (2019: S$17,458,232) which are included in the amounts disclosed separately above.

9. Dividends

No dividend has been paid or declared by the Company during the year (2019: S$Nil).

10. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following:

	2020	2019
	S$	*S$*
Earnings for the purpose of basic earnings per share	**572,550**	5,485,339
Weighted average number of shares for the purpose of basic and diluted earnings per share	**1,000,000,000**	1,000,000,000

No diluted earnings per share has been presented as there was no potential ordinary shares outstanding for the years ended 31 December 2020 and 2019.

11. Trade Receivables

	2020	2019
	S$	*S$*
Trade debtors from contracts with customers	**4,865,885**	9,869,339
Less: Allowance for trade receivables	**(68,567)**	(68,567)
	4,797,318	9,800,772
Unbilled revenue *(Note)*	**71,041,996**	55,515,978
	75,839,314	65,316,750

Note: Unbilled revenue relates to maintenance services 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 ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2020	2019
	S$	*S$*
Less than 30 days	**1,559,743**	4,495,059
31 days to 60 days	**300,059**	1,950,240
61 days to 90 days	**1,385,292**	823,803
More than 90 days	**1,552,224**	2,531,670
	4,797,318	9,800,772

All trade receivables were denominated in S$.

12. Trade and Other Payables

	2020	2019
	S$	*S$*
Trade payables	**18,184,777**	16,489,065
Retention payables	**702,287**	569,953
Accruals	**3,020,868**	4,894,706
Other payables		
GST payables	**46,350**	53,396
Payroll payables	**957,190**	1,409,727
Others	**736,033**	1,062,444
	23,647,505	24,479,291

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2020	2019
	S$	*S$*
Within 90 days	**13,624,581**	9,031,513
91 days to 180 days	**468,637**	5,836,271
Over 180 days	**4,091,559**	1,621,281
	18,184,777	16,489,065

All trade payables were denominated in S$.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

IMPACT OF THE COVID-19 PANDEMIC

I. From the end of the year 2019, the 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.

II. Due to the COVID-19 impact, the Group did not generate revenue from April to mid of July 2020. The Group recorded a revenue decrease of approximately 41.8%, from S$112.3 million for year ended 31 December 2019 to approximately S$65.4 million for the year ended 31 December 2020.

III. COVID-19 has also disrupted the supply of labour and materials to the construction sector. Meanwhile the Group still incurred fixed cost, suffered in exhaust of construction materials and the increase of price. Furthermore, there were limited manpower due to COVID-19, worker wages continue to be paid during the circuit breaker period in accordance with government's regulation. This result of the Group's gross profit margin decreased from approximately 19.1% for the year ended 31 December 2019 to approximately 14.6% for the year ended 31 December 2020. The Group's profit decreased by 89.1% from approximately S$5.5 million for the year ended 31 December 2019 to approximately S$0.6 million for the year ended 31 December 2020.

IV. Our Group's cash and cash equivalents balances remained relatively stable at approximately S$5.6 million as at 31 December 2020, representing an increase of approximately S$1.4 million as compared to approximately S$4.2 million as at 31 December 2019.

V. As at 31 December 2020, the total interest-bearing loans of our Group was approximately S$46.4 million, representing an increase of approximately S$5.8 million as compared to approximately S$40.6 million for the year ended 31 December 2019. The current ratio was remained at approximately 1.5 time for the year ended 31 December 2019 and 2020, while the gearing ratio was increased from approximately 1.0 time for the year ended 31 December 2019 to approximately 1.1 time for the year ended 31 December 2020.

   Our Group's equity balance increased to approximately S$55.2 million as at 31 December 2020 as compared to approximately S$55.1 million as at 31 December 2019, which was attributable to the profits recorded for the year.

VI. Facing the impact of COVID-19, the Group has its own labour resources and the Group enforced all health and safety procedures on our construction sites including, but not limited to, sanitary protocols, proper hygiene, social distancing, use of personal protective equipment (PPE), toolbox talks on special COVID-19 requirements, system (e.g. contract-tracing TraceTogether App) to track health status of workers, regular COVID-19 testing, housing workers on the same worksite, and prompt reporting of health issues related to COVID-19 by construction workers. In order to compliance with Ministry Of Manpower's requirement of establish a system to implement Safe Management Measures, to provide a safe working environment and minimize risks of further outbreaks. The Group implemented a detailed monitoring plan to ensure compliance with Safe Management Measures, appointing Safe Management Officers to assist in the implementation, coordination and monitoring of the system of Safe Management Measures at the workplace, reducing physical interaction and ensure safe distancing at workplaces, supporting contract tracing requirements, requiring PPE and observing good personal hygiene, ensuring cleanliness of workplace premises, and implementing health checks and protocols to manage potential cases.

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 mid of July 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 for the year ended 31 December 2020.

Revenue

Our Group's revenue for the year ended 31 December 2020 was approximately S$65.4 million, representing a decline of approximately 41.8% as compared to that of approximately S$112.3 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 break period.

Gross profit

I. Our Group's gross profit decreased from approximately S$21.5 million for the year ended 31 December 2019 to approximately S$9.6 million for the year ended 31 December 2020, representing a decrease of approximately 55.3%. The decrease in gross profit is attributable to the increase in construction cost such as labour cost, material cost due to COVID-19 outbreak; and

II. Our Group's gross profit margin decreased from approximately 19.1% for the year ended 31 December 2019 to approximately 14.6% for the year ended 31 December 2020.

Other income

Other income increased from approximately S$0.4 million for the year ended 31 December 2019 to approximately S$2.8 million for the year ended 31 December 2020. Such increase was mainly due to the increase in government grants for the year ended 31 December 2020.

Administrative expenses

Administrative expenses decreased by approximately S$2.8 million from approximately S$12.4 million for the year ended 31 December 2019 to approximately S$9.6 million for the year ended 31 December 2020 mainly due to the decrease in staff costs and other operating expenses during the circuit breaker period from April 2020 to June 2020.

Finance costs

Finance costs were remained at approximately S$2.4 million for the year ended 31 December 2019 and 2020.

Income tax expense

Our Group's income tax expenses was S$Nil for the year ended 31 December 2020, which was primarily due to the decrease in the profit before tax from approximately S$7.2 million to approximately S$0.6 million.

Profit for the year

Profit after tax decreased from approximately S$5.5 million for the year ended 31 December 2019 to approximately S$0.6 million for the year ended 31 December 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 31 December 2020 was approximately as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds	Amount utilised	Amount remaining
	(%)	*(in HK$ million)*	*(in HK$ million)*	*(in HK$ million)*
– Purchase equipment and machinery to strengthen market position	13.7	15.0	15.0	–
– Acquire a property for	67.4	73.8	50.7	23.1
(i) our ancillary office;				
(ii) dormitory for our foreign workers;				
(iii) workshop to prepare asphalt premix for our own usage; and				
(iv) our machinery warehouse				
– Increase manpower for market expansion and competing for more projects	7.4	8.1	8.1	–
– Upgrade of information technology system	1.8	2.0	2.0	–
– Working capital	9.7	10.6	10.6	–
Total	100.0	109.5	86.4	23.1

TIMELINE IN THE USE OF PROCEEDS

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.

Under this uncertain circumstance, we could not guarantee the timeline in the use of proceeds brought forward from issue of equity securities in previous financial year. The Board is still discussing about the proceeds matters in order to maximise the interest of shareholders.

An announcement will be published on the Hong Kong Stock Exchange website to inform the public once the solution is confirmed regarding to this matter.

REASONS FOR THE DELAYED USE OF PROCEEDS

The unutilised proceeds are pertaining to acquire a property and build-up an asphalt plant.

The reasons for the delayed use of proceeds are as follows:

I. In 2018, the owner's price for our target property is much higher than the market price. The Board decided not to acquire the property and will look for more suitable property.

II. In 2019, Asphalt prices began to fall. Market predicted prices would fall further in 2020. The Board believed that was not a good time to invest in an asphalt plant.

III. From the end of the year 2019, the 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. Moreover, according to Government measurement, workers who are able to resume work are recommended to stay in construction site and strictly no cross deployment of workers are allowed between projects, therefore we must provide the temporary dormitory to our workers and subcontractor workers in our construction site. Providing temporary dormitories and additional safe and controlled restart measures for workers will increase the Group's project costs and also increase the Group's financial pressure.

IV. The Group did not generate revenue from April to mid of July 2020. Meanwhile the Group still incurred fixed cost, suffered in exhaust of construction materials and the increase of price. Furthermore, there were limited manpower due to COVID-19, worker wages continue to be paid during the circuit breaker period in accordance with government's regulation. All these factors constituted a huge financial pressure on our cashflow.

V. According to Ministry of Trade and Industry announcement on 15 February 2021, the Singapore economy contracted by 5.4% for the whole of 2020, a reversal from the 1.3% growth recorded in 2019, which amid the disruption to economic activities caused by the COVID-19 pandemic. The construction sector shrank by 35.9%, a sharp retraction from the 1.6% growth posted in 2019, weighed down by weakness in both public sector and private sector construction works.

VI. Though the Board 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 order to protect the interest of shareholders and in view of the relatively long investment return cycle in acquisition of a property, the Board intends to retain the balance proceeds raised from IPO and will wait and see the development of the epidemic, and rationally use financial resources to deal with this uncertain situation.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group considers that a stringent quality assurance system and strong commitment to work's quality, safety, occupational health and environmental management are crucial in delivering quality works to the customers on a timely basis. Therefore, the Group has implemented a stringent management system to regulate the work's quality, safety and environmental management standards, which comply with international standards. During the year ended 31 December 2019, the Group has satisfied the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 accreditation for the quality management system, environmental management system and occupational safety and health management system respectively.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Our Group's operations are mainly carried out by the Company's subsidiaries incorporated in Singapore while the Company itself is incorporated in the Cayman Islands with its shares listed on Stock Exchange. Our Group's establishment and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, Hong Kong and Singapore. During the year ended 31 December 2020 and up to the date of this annual result announcement, there is no material breach of or non-compliance with the applicable law and regulations by our Group that has a significant impact on the business and operations of our Group.

PROSPECTS

According to the press release by the Building and Construction Authority (BCA), Construction demand is expected to make a moderate recovery in 2021, largely supported by public sector demand, with a number of "major" infrastructure projects to be awarded this year. BCA projected that S$23 billion to S$28 billion worth of construction contracts will be awarded in 2021. A "sustained recovery of construction demand over the next five years" is expected, with early forecasts that construction demand may further strengthen to S$25 billion to S$32 billion between 2022 and 2025.

In the medium term, the construction sector's growth will be supported by public sector developments, such as public housing, transport and healthcare infrastructure, these projects will contribute S$14 billion to S$18 billion each year in this period. But the sector is still facing "significant headwinds", especially with a tight manpower situation amid the challenges of bringing in new foreign workers.

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

Extending from our previous efforts, the Group have completed the upgrading of the Group's general contractor grade from level B1 to A2 during the year ended 31 December 2020. This raise our tendering limit from S$40 million to S$85 million, thus enlarge our capacity.

CONTINGENT LIABILITIES

Our Group did not have any material contingent liabilities as at 31 December 2020.

CAPITAL COMMITMENTS

As at 31 December 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$5.6 million as at 31 December 2020, representing a increase of approximately S$1.4 million as compared to approximately S$4.2 million as at 31 December 2019.

As at 31 December 2020, the total interest-bearing loans of our Group was approximately S$46.4 million, representing an increase of approximately S$5.8 million as compared to approximately S$40.6 million for the year ended 31 December 2019. The current ratio was remained at approximately 1.5 time for the year ended 31 December 2019 and 2020, while the gearing ratio was increased from approximately 1.0 time for the year ended 31 December 2019 to approximately 1.1 time for the year ended 31 December 2020.

Our Group's equity balance increased to approximately S$55.2 million as at 31 December 2020 as compared to approximately S$55.1 million as at 31 December 2019, which was attributable to the profits recorded for the year.

EMPLOYEES AND REMUNERATION POLICIES

Our Group had 366 employees as at 31 December 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 31 December 2020 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S$3.7 million and the Group's investment properties with carrying amount of approximately S$2.2 million.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 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 year ended 31 December 2020.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2020, 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 2020.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 (the "**CG Code**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year except for the following deviation:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tan Chai Ling (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 LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's audited financial results for the year ended 31 December 2020 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group with no disagreement by the audit committee of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.shuangyunholdings.com. The annual report will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tan Chai Ling (alias Mr. Chen Zhilong), Ms. Alynda Tan Hue Hong and Ms. Chong Sook Fern (alias Ms. Zhang Shufen); and three independent non-executive Directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Yau Chung Hang.