



Shuang Yun Holdings Limited 雙運控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1706

Interim Report
2021



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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

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

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

COMPANY'S WEBSITE

www.shuangyunholdings.com

STOCK CODE

1706

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

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**board**”) of Shuang Yun Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), I would like to present to our shareholders the interim report of our Group for the six months ended 30 June 2021.

During the six months ended 30 June 2021, the revenue of our Group was approximately S\$41.4 million, representing an increase by approximately 16.6% from approximately S\$35.5 million for the same period of previous year. Our Group's gross profit increased from approximately S\$5.8 million for the six months ended 30 June 2020 to approximately S\$7.0 million for the six months ended 30 June 2021, representing an increase of approximately 20.7%. The increase in revenue and corresponding gross profit were mainly attributable to low base effects as most construction works were suspended during the Circuit Breaker last year.

Construction recovery in 2021 will continue to be driven primarily by the public sector at 65% of industry-wide spending, up from 62% in 2020, according to a report by professional services company Turner & Townsend. It says this comes as prospects for construction demand are expected to improve marginally.

According to the press released by the Building and Construction Authority (BCA), projects construction demand for 2021 to be rise to between S\$23 billion and S\$28 billion in value. This increase will be largely attributed to the backlog created during the pandemic. The government also expects a sustained recovery in construction demand over the next five years, notwithstanding that the construction demand for 2021 is not yet back to pre-COVID level.

Despite a decline in construction activity, tender pricing for new projects is anticipated to increase from 6% to 10%, driven by contractors allowing for labour shortages, increases in key construction material costs, availability of contracting resources, and the implementation of the safe management measures.

Singapore's construction industry remains one of the most severely affected sectors hit by the COVID-19 pandemic. As we continue down the path to recovery with vaccination programmes in progress and the number of cases under control, it is imperative that the construction sector rebuilds itself through collaboration and innovation. We will optimise and manage our resources to seize opportunities and actively engage in those which are beneficial to the long-term development of the Group.

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

31 August 2021

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 2021 together with comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	NOTES	S\$	S\$
Revenue	4	41,403,385	35,545,371
Cost of services		(34,425,845)	(29,789,529)
Gross profit		6,977,540	5,755,842
Other income	5	1,157,524	1,127,060
Administrative expenses		(5,688,355)	(4,945,714)
Other gains/(losses)	6	138,424	(110)
Finance costs	7	(1,380,864)	(1,511,104)
Profit before taxation	8	1,204,269	425,974
Income tax expense	9	(198,000)	–
Profit and other comprehensive income for the period		1,006,269	425,974
EARNING PER SHARE			
Basic (S\$ cents)	11	0.1006	0.0426

Condensed Consolidated Statement of Financial Position

		As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
	NOTES		
Non-current assets			
Property, plant and equipment	12	13,035,714	14,339,338
Right-of-use assets	13	10,111,445	11,553,920
Investment properties	14	2,180,000	2,180,000
		25,327,159	28,073,258
Current assets			
Trade receivables	15	80,144,293	75,839,314
Other receivables, deposits and prepayments	16	3,549,368	3,943,346
Contract assets	17	31,734,593	27,918,103
Bank deposit		200,000	200,000
Bank balances and cash		5,279,674	5,381,293
		120,907,928	113,282,056
Current liabilities			
Trade and other payables	18	32,929,231	23,647,505
Contract liabilities	17	499,620	1,465,194
Lease liabilities		4,310,392	4,280,079
Income tax payable		417,673	687,077
Borrowings		42,431,093	44,845,902
		80,588,009	74,925,757
Net current assets		40,319,919	38,356,299

Condensed Consolidated Statement of Financial Position

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
<i>NOTES</i>		
Non-current liabilities		
Lease liabilities	7,107,645	8,505,016
Borrowings	1,150,925	1,542,302
Deferred tax liabilities	1,165,714	1,165,714
	9,424,284	11,213,032
Net assets	56,222,794	55,216,525
Capital and reserves		
Share capital	17,381,244	17,381,244
Share premium	5,130,991	5,130,991
Reserves	33,710,559	32,704,290
Equity attributable to owners of the Company	56,222,794	55,216,525

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium <i>(Note (a))</i>	Reserves			Total
			Other reserves <i>(Note (b))</i>	Revaluation reserves	Accumulated profits	
	S\$	S\$	S\$	S\$	S\$	S\$
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 (Unaudited)	-	-	-	-	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
At 1 January 2021 (Audited)	17,381,244	5,130,991	10,700,000	717,176	21,287,114	55,216,525
Total comprehensive income for the period (Unaudited)	-	-	-	-	1,006,269	1,006,269
At 30 June 2021 (Unaudited)	17,381,244	5,130,991	10,700,000	717,176	22,293,383	56,222,794

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	
	2021	2020
	(Unaudited)	(Unaudited)
	S\$	S\$
Net cash from operating activities	3,312,877	1,616,648
Net cash generated from/(used) in investing activities	60,899	(184,285)
Net cash used in financing activities	(3,475,395)	(1,434,968)
Net decrease in cash and cash equivalents	(101,619)	(2,605)
Cash and cash equivalents at beginning of the period	5,381,293	4,005,738
Cash and cash equivalents at end of the period, represented by bank balances and cash	5,279,674	4,003,133

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 unaudited condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND REVISED STANDARDS

All IFRSs effective for the accounting period commencing from 1 January 2021, 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.

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).

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 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	
	2021 (Unaudited)	2020 (Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by nature of works:		
– Revenue from road construction services	12,523,034	9,256,450
– Revenue from construction ancillary services	28,880,351	26,288,921
Revenue from external customers	41,403,385	35,545,371
By timing of recognition		
Overtime	41,403,385	35,545,371

2. Geographical information

The Group principally operates in Singapore. Approximately 100% (2020: 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	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Government grants	907,410	916,890
Rental income	131,429	80,080
Sundry income	118,685	130,090
	1,157,524	1,127,060

6. OTHER GAINS/(LOSSES)

	Six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Gains/(Losses) arising on disposal of property, plant and equipment	138,424	(110)

7. FINANCE COSTS

	Six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Interest on:		
Borrowings	1,097,909	1,187,908
Lease liabilities	282,955	323,196
	1,380,864	1,511,104

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	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Depreciation of property, plant and equipment and right of use assets	2,870,167	3,179,136
Staff costs	6,341,143	5,306,585
Cost of materials recognised as expenses	24,865,252	22,717,104
Subcontractor costs recognised as costs of services	1,662,392	870,964
Gross rental income from investment properties	50,697	52,080
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the period	(18,337)	(7,387)
	32,360	44,693

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Tax expense comprises:		
Current tax – Singapore corporate income tax	198,000	–

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\$190,000 of chargeable income.

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.

Notes to the Condensed Consolidated Financial Statements

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the periods ended 30 June 2021 and 2020 were based on the following data:

	Six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	1,006,269	425,974
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,000,000,000	1,000,000,000
Basic earnings per share (<i>S\$ cents</i>)	0.1006	0.0426

For the periods ended 30 June 2021 and 2020, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

12. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2021, the Group acquired items of plant and machinery with a cost of S\$32,721 (six months ended 30 June 2020: S\$278,765). Items of plant and machinery with a net book value of S\$178,564 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: S\$25,680), resulting in a gain on disposal of S\$138,424 (six months ended 30 June 2020: loss on disposal of S\$110).

(b) Valuation

The valuations of land and buildings held for own use carried at fair value were updated at 30 June 2021 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2020 valuations. No change in valuation was noted for the six months ended 30 June 2021.

13. RIGHT-OF-USE ASSETS

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

Notes to the Condensed Consolidated Financial Statements

14. INVESTMENT PROPERTIES

(a) Acquisitions and disposals

There were no additions and disposals for the six months ended 30 June 2021.

(b) Valuation

The valuations of investment properties carried at fair value were updated at 30 June 2021 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2020 valuations. No change in valuation was noted during the six months ended 30 June 2021.

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 2021		
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 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
	2,180,000	2,180,000

There was no transfer into or out of Level 3 during the financial period ended 30 June 2021 and 2020.

Notes to the Condensed Consolidated Financial Statements

15. TRADE RECEIVABLES

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Trade receivables	5,353,818	4,865,885
Loss allowance	(68,567)	(68,567)
	5,285,251	4,797,318
Unbilled revenue (<i>Note a</i>)	74,859,042	71,041,996
	80,144,293	75,839,314

- (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 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Less than 30 days	2,182,800	1,559,743
31 days to 60 days	303,799	300,059
61 days to 90 days	231,565	1,385,292
More than 90 days	2,567,087	1,552,224
	5,285,251	4,797,318

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 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Deposits	3,077,760	3,069,442
Prepayments	153,705	779,660
Advances to staff	41,975	–
Others	275,928	94,244
	3,549,368	3,943,346

Notes to the Condensed Consolidated Financial Statements

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Contract assets		
Construction services	31,734,593	27,918,103
Contract liabilities		
Construction services	499,620	1,465,194

18. TRADE AND OTHER PAYABLES

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Trade payables	26,066,307	18,184,777
Retention payables	785,454	702,287
Accruals	2,086,156	3,020,868
Other payables		
GST payables	15,815	46,350
Payroll payables	981,643	957,190
Others	2,993,856	736,033
	32,929,231	23,647,505

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 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Within 90 days	18,289,033	13,624,581
91 days to 180 days	2,962,243	468,637
Over 180 days	4,815,031	4,091,559
	26,066,307	18,184,777

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

19. SHARE CAPITAL

	No. of shares	Par Value HK\$	Share Capital HK\$
Authorised share capital of the Company:			
At 31 December 2020 (audited) and			
30 June 2021 (unaudited)	2,000,000,000	0.10	200,000,000
	No. of shares	Share Capital HK\$	Share Capital S\$
Issued and fully paid			
At 31 December 2020 (audited) and			
30 June 2021 (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 2021 and 2020:

Compensation of key management personnel

The remuneration of directors and other members of key management during the financial periods ended 30 June 2021 and 2020 were as follows:

	Six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Short-term benefits	708,360	709,471
Post-employment benefits	58,980	59,469
	767,340	768,940

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

Construction recovery in 2021 will continue to be driven primarily by the public sector at 65% of industry-wide spending, up from 62% in 2020.

The construction sectors are projected to see some recovery from the low base last year. However, labour shortages arising from prevailing border restrictions on the entry of migrant workers, especially from South Asia, are likely to continue to weigh on the recovery of activities at worksites. While border restrictions may be eased towards the later part of the year, thus alleviating labour shortages, the output of construction sectors is expected to remain substantially below pre-COVID levels even at the end of the year.

Revenue

During the six months ended 30 June 2021, the revenue of our Group was approximately S\$41.4 million, representing an increase by approximately 16.6% from approximately S\$35.5 million for the same period of previous year. The increase in revenue was mainly attributable to our construction work has gradually recovered from the impact of COVID-19, even though we are facing a rebound from the COVID-19 pandemic.

Gross profit

Our Group's gross profit increased from approximately S\$5.8 million for the six months ended 30 June 2020 to approximately S\$7.0 million for the six months ended 30 June 2021, representing an increase of approximately 20.7%. The increase in gross profit is attributable to low base effects as most construction works were suspended during the Circuit Breaker last year.

Our Group's gross profit margin increased from approximately 16.2% for the six months ended 30 June 2020 to approximately 16.9% for the six months ended 30 June 2021.

Other income

Other income remained at approximately S\$1 million for the six months ended 30 June 2021 and 2020.

Administrative expenses

Administrative expenses increased by approximately S\$0.8 million from approximately S\$4.9 million for the six months ended 30 June 2020 to approximately S\$5.7 million for the six months ended 30 June 2021 mainly due to the increase in staff costs and other operating expenses.

Management Discussion and Analysis

Finance costs

Finance costs decreased by approximately 6.7% from approximately S\$1.5 million for the six months ended 30 June 2020 to approximately S\$1.4 million for the six months ended 30 June 2021.

Income tax expenses

Our Group's income tax expense was S\$0.2 million for the six months ended 30 June 2021, which was primarily due to the increase in the profit before taxation from approximately S\$0.4 million to approximately S\$1.2 million.

Profit for the period

Profit after taxation increased from approximately S\$0.4 million for the six months ended 30 June 2020 to approximately S\$1.0 million for the six months ended 30 June 2021 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 2021 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 2021 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 2021.

CAPITAL COMMITMENTS

As at 30 June 2021, 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\$5.5 million as at 30 June 2021, representing a decrease of approximately S\$0.1 million as compared to approximately S\$5.6 million as at 31 December 2020.

As at 30 June 2021, the total interest-bearing loans of our Group was approximately S\$43.6 million, representing a decrease of approximately S\$2.8 million as compared to approximately S\$46.4 million for the year ended 31 December 2020. The current ratio was remained at approximately 1.5 time for the six months ended 30 June 2021 and for the year ended 31 December 2020, while the gearing ratio was decreased from approximately 1.0 time for the year ended 31 December 2020 to approximately 0.9 time for the six months ended 30 June 2021.

Our Group's equity balance increased to approximately S\$56.2 million as at 30 June 2021 as compared to approximately S\$55.2 million as at 31 December 2020, which was attributable to the profits recorded for the period.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

Our Group had 360 employees as at 30 June 2021 and 366 employees as at 31 December 2020. 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 2021 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 six months ended 30 June 2021, 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 2021.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2021, 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 2021.

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 2021, 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 Directors	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Tan Chai Ling (alias Mr. Chen Zhilong) ("Mr. Tan") (Note 1)	Interest in controlled corporation	750,000,000	75%
Ms. Chong Sook Fern (alias Ms. Zhang Shufen) ("Ms. Chong") (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 positions in the shares of associated corporations

Name of Directors	Name of associated corporation	Nature of interest	Number 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 2021, 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 2021, 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 2021, 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 DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, the profile of the Director of the Company has been updated as follows:

Independent non-executive Director

Prof. Pong Kam Keung, aged 59, 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, and a member of Governance & Quality Committee of the Hong Kong Green Building Council Limited from January 2017 to December 2020. He has been an adjunct professor at the Division of Environment & Sustainability of the Hong Kong University of Science and Technology since December 2013. 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 the Directors' securities transactions throughout the six months period ended 30 June 2021.

Other Information

CORPORATE GOVERNANCE

During the six months ended 30 June 2021, 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 2021.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group’s unaudited condensed consolidated results for the six months ended 30 June 2021 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, 31 August 2021