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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 2022

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 2022 together with comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

| | <i>Note</i> | 2022 | 2021 |
|------------------------------------|-------------|---------------------|--------------|
| | | <i>S\$</i> | <i>S\$</i> |
| Revenue | <i>3</i> | 98,511,997 | 78,415,848 |
| Cost of services | | (86,655,155) | (66,511,841) |
| Gross profit | | 11,856,842 | 11,904,007 |
| Other income | <i>4</i> | 1,123,661 | 1,876,533 |
| Other gains | <i>5</i> | 106,711 | 333,414 |
| Impairment loss on contract assets | | (200,000) | – |
| Administrative expenses | | (8,748,645) | (9,556,370) |
| Profit from operations | | 4,138,569 | 4,557,584 |
| Finance costs | <i>6</i> | (2,940,267) | (2,479,015) |
| Profit before tax | | 1,198,302 | 2,078,569 |
| Income tax expense | <i>7</i> | (610,757) | (113,026) |

| | <i>Note</i> | 2022 <i>S\$</i> | 2021 <i>S\$</i> |
|--|-------------|------------------------------|-------------------------|
| Profit for the year | <i>8</i> | <u>587,545</u> | <u>1,965,543</u> |
| Other comprehensive income after tax: | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| Gain/(loss) on revaluation of properties | | <u>15,091</u> | <u>(143,621)</u> |
| Other comprehensive income for the year, net of tax | | <u>15,091</u> | <u>(143,621)</u> |
| Total comprehensive income for the year attributable to owners of the Company | | <u><u>602,636</u></u> | <u><u>1,821,922</u></u> |
| Earnings per share | | | |
| Basic and diluted (<i>cents per share</i>) | <i>10</i> | <u><u>0.06</u></u> | <u><u>0.20</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

| | | 2022 | 2021 |
|--|-------------|--------------------|--------------------|
| | <i>Note</i> | <i>S\$</i> | <i>S\$</i> |
| Non-current assets | | | |
| Property, plant and equipment | | 9,192,309 | 11,305,265 |
| Investment properties | | 2,395,000 | 2,315,000 |
| Right-of-use assets | | 9,479,559 | 8,913,362 |
| | | <u>21,066,868</u> | <u>22,533,627</u> |
| Current assets | | | |
| Trade receivables | 11 | 94,557,736 | 80,760,558 |
| Other receivables, deposits and prepayments | | 414,299 | 682,912 |
| Contract assets | | 34,123,432 | 37,682,800 |
| Bank deposits | | 500,000 | 200,000 |
| Bank balances and cash | | 2,075,542 | 5,389,225 |
| | | <u>131,671,009</u> | <u>124,715,495</u> |
| Current liabilities | | | |
| Trade and other payables | 12 | 21,673,623 | 20,178,968 |
| Contract liabilities | | 151,163 | 26,163 |
| Lease liabilities | | 4,016,366 | 4,394,258 |
| Bank borrowings | | 45,624,129 | 53,447,488 |
| Loan from the ultimate parent | | 6,780,000 | 3,680,000 |
| Current tax liabilities | | 379,751 | 857,356 |
| | | <u>78,625,032</u> | <u>82,584,233</u> |
| Net current assets | | <u>53,045,977</u> | <u>42,131,262</u> |
| Total assets less current liabilities | | <u>74,112,845</u> | <u>64,664,889</u> |

| | 2022 | 2021 |
|--------------------------------|--------------------------|--------------------------|
| | <i>S\$</i> | <i>S\$</i> |
| Non-current liabilities | | |
| Lease liabilities | 4,543,509 | 5,229,411 |
| Bank borrowings | 10,859,987 | 1,856,731 |
| Deferred tax liabilities | 1,068,266 | 540,300 |
| | <u>16,471,762</u> | <u>7,626,442</u> |
| NET ASSETS | <u>57,641,083</u> | <u>57,038,447</u> |
| Capital and reserves | | |
| Share capital | 17,381,244 | 17,381,244 |
| Share premium | 5,130,991 | 5,130,991 |
| Reserves | 35,128,848 | 34,526,212 |
| | <u>35,128,848</u> | <u>34,526,212</u> |
| TOTAL EQUITY | <u>57,641,083</u> | <u>57,038,447</u> |

NOTES

1. BASIS OF PREPARATION

These 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**”). IFRSs comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards (“**IAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and with the disclosure requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

| | |
|------------------------------------|---|
| Amendments to IAS 16 | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to IAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to IFRS 16 (March 2021) | COVID-19 Related Rent Concessions beyond 30 June 2021 |
| Annual Improvements Project | Annual Improvements to IFRS Standards 2018-2020 |

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

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

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

| | Effective for accounting periods beginning on or after |
|--|---|
| Amendments to IAS 1 – Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IAS 1 – Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to IAS 8 – Definition of Accounting Estimates | 1 January 2023 |
| Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction | 1 January 2023 |
| Amendments to IFRS 16 – Lease Liability in a Sales and Leaseback | 1 January 2024 |
| Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined by the IASB |

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:

| | 2022 | 2021 |
|--|--------------------------|--------------------------|
| | S\$ | S\$ |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Disaggregated by service lines | | |
| – Revenue from road construction services | 34,040,436 | 30,966,946 |
| – Revenue from construction ancillary services | <u>64,471,561</u> | <u>47,448,902</u> |
| | <u>98,511,997</u> | <u>78,415,848</u> |
| By timing of recognition | | |
| Over time | <u>98,511,997</u> | <u>78,415,848</u> |

(b) Major customers

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

| | 2022 | 2021 |
|------------|-------------------|-------------------|
| | S\$ | S\$ |
| Customer A | 19,367,992 | 7,133,251 |
| Customer B | 14,736,415 | 12,282,742 |
| Customer C | 13,757,089 | 18,861,310 |
| Customer D | <u>12,338,753</u> | <u>16,142,056</u> |

(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

| | 2022 | 2021 |
|-------------------------------|------------------|------------------|
| | S\$ | S\$ |
| Claims for prolongation costs | 40,935 | 125,378 |
| Government grants | 889,159 | 1,429,295 |
| Rental income | 187,600 | 283,429 |
| Bank interest income | 102 | 10,976 |
| Sundry income | <u>5,865</u> | <u>27,455</u> |
| | <u>1,123,661</u> | <u>1,876,533</u> |

5. OTHER GAINS

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| | S\$ | S\$ |
| Gain on disposal of property, plant and equipment and right-of-use assets | 26,711 | 198,414 |
| Gain on fair value change of investment properties | <u>80,000</u> | <u>135,000</u> |
| | <u>106,711</u> | <u>333,414</u> |

6. FINANCE COSTS

| | 2022 | 2021 |
|--|-------------------------|-------------------------|
| | S\$ | S\$ |
| Interests on bank borrowings | 2,544,069 | 2,018,123 |
| Interest expenses on lease liabilities | <u>396,198</u> | <u>460,892</u> |
| | <u>2,940,267</u> | <u>2,479,015</u> |

7. INCOME TAX EXPENSE

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| | S\$ | S\$ |
| Current year: | | |
| Singapore corporate income tax (“CIT”) | 312,999 | 664,980 |
| (Over)/under provision in prior years | <u>(227,119)</u> | <u>44,044</u> |
| | 85,880 | 709,024 |
| Deferred tax | <u>524,877</u> | <u>(595,998)</u> |
| | <u>610,757</u> | <u>113,026</u> |

Singapore CIT is calculated at 17% of the estimated assessable profit, all determined based on financial year end date of respective group companies, the Group is not eligible for CIT rebate in 2022 (2021: The Group is not eligible for CIT rebate). 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 2021 and 2022.

8. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

| | 2022 | 2021 |
|---|---------------|---------------|
| | S\$ | S\$ |
| Auditors' remuneration | | |
| – Audit service | 160,500 | 152,000 |
| – Non-audit services | 12,600 | 14,000 |
| Cost of materials recognised as an expense | 44,364,060 | 38,114,364 |
| Subcontractor costs recognised as cost of services | 20,191,022 | 11,715,349 |
| Depreciation of property, plant and equipment | 2,893,598 | 2,865,219 |
| Depreciation of right-of-use assets | 2,501,060 | 2,623,021 |
| Impairment loss on contract assets | 200,000 | – |
| Direct operating expenses incurred for investment properties that generated rental income during the year | 15,840 | 13,640 |
| | <u>15,840</u> | <u>13,640</u> |

Cost of services includes staff costs and depreciation of approximately S\$16,442,369 (2021: S\$13,497,463) which are included in the amounts disclosed separately above.

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2021: Nil).

10. EARNINGS PER SHARE

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

| | 2022 | 2021 |
|---|----------------------|----------------------|
| | S\$ | S\$ |
| Earnings for the purpose of basic earnings per share | <u>587,545</u> | <u>1,965,543</u> |
| Weighted average number of shares for the purpose of basic and diluted earnings per share | <u>1,000,000,000</u> | <u>1,000,000,000</u> |

No diluted earnings per share has been presented as there was no potential ordinary shares outstanding for the years ended 31 December 2022 and 2021.

11. TRADE RECEIVABLES

| | 2022 | 2021 |
|---|--------------------------|--------------------------|
| | S\$ | S\$ |
| Trade debtors from contracts with customers | 6,791,535 | 3,420,539 |
| Less: Allowance for trade receivables | <u>(68,567)</u> | <u>(68,567)</u> |
| | 6,722,968 | 3,351,972 |
| Unbilled revenue (<i>Note</i>) | <u>87,834,768</u> | <u>77,408,586</u> |
| | <u><u>94,557,736</u></u> | <u><u>80,760,558</u></u> |

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:

| | 2022 | 2021 |
|--------------------|-------------------------|-------------------------|
| | S\$ | S\$ |
| Less than 30 days | 1,960,717 | 1,683,446 |
| 31 days to 60 days | 976,002 | 660,842 |
| 61 days to 90 days | 3,044,454 | 216,910 |
| More than 90 days | <u>741,795</u> | <u>790,774</u> |
| | <u><u>6,722,968</u></u> | <u><u>3,351,972</u></u> |

All trade receivables were denominated in S\$.

12. TRADE AND OTHER PAYABLES

| | 2022 | 2021 |
|--------------------|--------------------------|--------------------------|
| | S\$ | S\$ |
| Trade payables | 15,102,559 | 14,065,988 |
| Retention payables | 2,095,448 | 1,406,466 |
| Accruals | 2,121,178 | 2,417,790 |
| Other payables | | |
| GST payables | 468,279 | 421,981 |
| Payroll payables | 1,337,458 | 1,183,805 |
| Others | 548,701 | 682,938 |
| | <u>21,673,623</u> | <u>20,178,968</u> |

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

| | 2022 | 2021 |
|---------------------|--------------------------|--------------------------|
| | S\$ | S\$ |
| Within 90 days | 11,143,936 | 9,049,471 |
| 91 days to 180 days | 2,111,665 | 1,770,937 |
| Over 180 days | 1,846,958 | 3,245,580 |
| | <u>15,102,559</u> | <u>14,065,988</u> |

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).

INDUSTRY REVIEW

The preliminary total construction demand for 2022 reached S\$29.8 billion, within BCA's earlier forecast of S\$27 billion to S\$32 billion and similar to the S\$29.9 billion recorded in 2021. The continued firm demand was largely supported by residential and infrastructure projects in both public and private sectors.

Public sector construction demand improved slightly from S\$17.8 billion in 2021 to S\$17.9 billion in 2022, underpinned by major projects such as the Cross Island MRT Line (Phase 1), Jurong Region MRT Line, the Ministry of Health's (MOH) healthcare facilities and new Build-To-Order (BTO) units. On the other hand, while the private sector construction demand moderated slightly from S\$12.1 billion in 2021 to S\$11.9 billion in 2022 amid various economic downside risks, demands for private residential and industrial building developments remained resilient.

FINANCIAL REVIEW

Revenue

Our Group's revenue for the year ended 31 December 2022 was approximately S\$98.5 million, representing a growth of approximately 25.6% as compared to that of approximately S\$78.4 million for the same period of previous year. The increase in revenue was mainly attributable to our construction work has fully recovered from the impact of COVID-19 and new projects awarded and started during the year.

Gross profit

Our Group's gross profit was remaining approximately S\$11.9 million for the year ended 31 December 2021 and 2022.

Our Group's gross profit margin decreased from approximately 15.2% for the year ended 31 December 2021 to approximately 12.0% for the year ended 31 December 2022. Such decrease was mainly due to the increase in unit price of materials and inflation, supply chain reasons in 2022.

Other income

Other income decreased from approximately S\$1.9 million for the year ended 31 December 2021 to approximately S\$1.1 million for the year ended 31 December 2022. Such decrease was mainly due to the decrease in government grants for the year ended 31 December 2022.

Administrative expenses

Administrative expenses decreased from approximately S\$9.6 million for the year ended 31 December 2021 to approximately S\$8.7 million for the year ended 31 December 2022.

Finance costs

Finance costs increased from approximately S\$2.5 million for the year ended 31 December 2021 to approximately S\$2.9 million for the year ended 31 December 2022.

Income tax expense

Our Group's income tax expense was S\$0.6 million for the year ended 31 December 2022, which was primarily due to the increase in the deferred tax liabilities by approximately S\$0.5 million in 2022.

Profit for the year

Profit after tax decreased from approximately S\$2.0 million for the year ended 31 December 2021 to approximately S\$0.6 million for the year ended 31 December 2022 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 2022 was approximately as follows:

| | Revised percentage of net proceeds (%) | Revised allocation of the net proceeds (in HK\$ million) | Accumulated amount utilised as at 31 December 2021 (in HK\$ million) | Amount utilised for the year (in HK\$ million) | Amount remaining (in HK\$ million) |
|--|--|--|--|---|--|
| Use of proceeds | | | | | |
| -Purchase equipment and machinery to Strengthen market position | 13.7 | 15.0 | 15.0 | - | - |
| -Acquire a property for | 31.1 | 34.0 | 34.0 | - | - |
| (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 | 35.0 | 38.4 | 33.4 | - | 5.0 |
| -Repayment of financial liabilities | 11.0 | 12.0 | 12.0 | - | - |
| Total | 100.0 | 109.5 | 104.5 | - | 5.0 |

TIMELINE IN THE USE OF PROCEEDS

On the date of 6 February 2023, a new project with contract sum of SGD\$49.8 million was awarded to one of the subsidiaries Double-Trans Pte Ltd of the Company. The new project was awarded from one of the Government authority, and the project was commenced on the date of 6 February 2023. The remaining balance of the net proceeds after revised allocation of HKD 5 million have been used in working capital for running the project up to the date of the announcement.

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 2022, the Group has satisfied the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 accreditation for the quality management system, environmental management system and occupational safety and health management system respectively. Details of our environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" in the annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Our Group's operations are mainly carried out by the Company's subsidiaries incorporated in Singapore while the Company itself is incorporated in the Cayman Islands with its shares listed on 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 2022 and up to the date of this 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), the value of certified progress payments is projected to increase to between S\$27 billion to S\$32 billion for 2023, from the preliminary estimate of about S\$29.8 billion for 2022, to account for a steady level of construction demand and backlog from the pandemic.

As for the medium term, the BCA expects total construction demand to reach between S\$25 billion and S\$32 billion per year from 2024 to 2027, also led by the public sector.

BCA expects civic engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

CONTINGENT LIABILITIES

Our Group did not have any material contingent liabilities as at 31 December 2022.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have any material capital commitments.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our Group's cash and cash equivalents balances decreased from approximately S\$5.4 million as at 31 December 2021 to S\$2.1 million as at 31 December 2022. As at 31 December 2022, the total interest-bearing loans of our Group was approximately S\$56.5 million, representing an increase of approximately S\$1.2 million as compared to approximately S\$55.3 million as at 31 December 2021. The current ratio increased from approximately 1.5 times for the year ended 31 December 2021 to approximately 1.7 times for the year ended 31 December 2022, while the gearing ratio was remaining approximately 1.2 time for the year ended 31 December 2022 and 2021. Our Group's equity balance increased to approximately S\$57.6 million as at 31 December 2022 as compared to approximately S\$57.0 million as at 31 December 2021, which was attributable to the profits recorded for the year.

EMPLOYEES AND REMUNERATION POLICIES

Our Group had 518 employees as at 31 December 2022 and 412 employees as at 31 December 2021. 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 2022 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S\$2.2 million and the Group's investment properties with carrying amount of approximately S\$2.4 million.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2022, 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 2022.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2022, 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 2022.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 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 C.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 the CEO in the same person facilitates the execution of the business strategies and decision making, and maximizes the effectiveness of the Group’s operation. The Board also believes that the presence of three independent non-executive directors of the Company provides added independence to the Board. The Board will review the structure from time to time and consider an adjustment should it become appropriate.

Under the code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. During the year, the Company does not have insurance cover in this respect because the Board believes that the Director’s risk of being sued or getting involved in litigation in their capacity as Directors is relatively low. Since 1 January 2023, the Company has arranged appropriate insurance covering the Directors’ liabilities in respect of legal action against its Directors.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, 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 2022 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.hkexnews.hk and the website of the Company at www.shuangyunholdings.com. The annual report of the Company for the year ended 31 December 2022 will be despatched to the shareholders of the Company and made 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, 2 April 2023

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.