

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Shuang Yun Holdings Limited
雙運控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1706)

CHANGE IN USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting the underwriting commissions and expenses payable by the Company in relation to the Global Offering, were approximately HK\$94.5 million. As disclosed in the Prospectus, the net proceeds from the Global Offering were originally intended to be applied by the Company for the following purposes:

- (a) Acquire a property and build-up an asphalt plant: approximately HK\$63.7 million, representing approximately 67.4% of the net proceeds will be used to acquire a property of approximately 100,000 sq.ft., among which approximately 10.1%, 4.8%, 31.6% and 53.5% will be used for (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 (26.0% will be used for maintenance and accessway of our construction machineries and 74.0% will be used for storage of our construction machineries), respectively, at the end of 2017 (subject to the Listing Date).
- (b) Purchase and enhance machinery: approximately HK\$12.9 million, representing approximately 13.7% of the net proceeds will be used to purchase and enhance machinery.
- (c) Increase manpower: approximately HK\$7.0 million, representing approximately 7.4% of the net proceeds will be used to increase our manpower in the future to achieve market expansion and competing for more projects.

- (d) Upgrading information technology systems: approximately HK\$1.7 million, representing approximately 1.8% of the net proceeds will be used during the period for the six months ending 31 December 2017 for upgrading our information technology systems, such as acquiring both hardware and software for our Group to improve our efficiency, accuracy and consistency in our business process.
- (e) Working Capital: approximately HK\$9.2 million, representing approximately 9.7% of the net proceeds will be used as working capital.

For reasons set out in the paragraph headed “Reasons for and Benefits of the Change in Use of Proceeds” of this announcement, the Board has resolved to change the use of net proceeds from the Global Offering as follows: approximately 31.8% of the net proceeds from the Global Offering in an amount of approximately HK\$34.8 million, which were originally allocated for build-up asphalt plant as set out in item (a) above, will be re-allocated to supplement the operation of the Company. The use of net proceeds from the Global Offering in the revised manner is set out as follows:

Use of proceeds	Net proceeds (in HK\$ million)	Percentage of net proceeds (%)	Utilisation as at date of announcement (in HK\$ million)	Remaining balance of the net proceeds as at the date of this announcement (in HK\$ million)	Revised allocation of the net proceeds (in HK\$ million)	Revised percentage of net proceeds (%)	Remaining balance of the net proceeds after revised allocation (in HK\$ million)
- Purchase equipment and machinery to strengthen market position	15.0	13.7	15.0	-	15.0	13.7	-
- Acquire a property for	73.8	67.4	34.0	39.8	39.0	35.6	5.0
(i) our ancillary office	7.5	10.1	-	7.5	-	-	-
(ii) dormitory for our foreign workers	3.5	4.8	-	3.5	-	-	-
(iii) workshop to prepare asphalt premix for our own usage; and	23.3	31.6	12.5	10.8	12.5	32.1	-
(iv) our machinery warehouse	39.5	53.5	21.5	18.0	26.5	67.9	5.0
- Increase manpower for market expansion and competing for more projects	8.1	7.4	8.1	-	8.1	7.4	-
- Upgrade of information technology system	2.0	1.8	2.0	-	2.0	1.8	-
- Working capital	10.6	9.7	10.6	-	33.4	30.5	22.8
- Repayment of financial liabilities	-	-	-	-	12.0	10.6	12.0
	109.5	100.0	69.7	39.8*	109.5	100.0	39.8

*: This includes HK\$16.7 million, which is a refundable deposit for the construction of an asphalt plant.

Note: any discrepancies in this table between totals and sums of amounts listed herein are due to rounding.

Save for the aforesaid changes, there are no other changes in the use of the net proceeds from the Global Offering.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

From the end of year 2019, the COVID-19 pandemic continues to spread around the world disrupting large parts of the global economy and forcing some countries to completely shut down all but the essential services. Singapore Government announced circuit breaker measure in March 2020 and the circuit breaker period were extended to 1 June 2020, to date the country is still combating the impact of COVID-19 pandemic, and the current local community cases are more severe compared to last year. It remains uncertain how long the COVID-19 crisis will last. However, what is certain is that Singapore construction industry is still facing significant manpower shortages, supply chain constraints, and escalating construction costs all attributable to the global pandemic. Thousands of foreign workers in Singapore have been infected with COVID-19, accounting for the majority of the country's 2020 cases. As part of the government's circuit breaker measures, all construction works were ceased in April 2020 to further reduce the spread of the virus until 3rd quarter 2020. This year 2021, the Group is catching up on the construction work progresses, however the efficiency and effectiveness of the work are worse off than Pre-COVID mainly due to the aforesaid factors.

Though the directors are confident in the long-term outlook of the construction industry in Singapore, in view of the reduced support in the funding for the construction works by bank facilities, exhaust of construction material and the materials price increase, limited manpower due to COVID-19, and the price for new tenders remains very competitive.

And the relatively long investment return cycle in the acquisition of a property, and global economic disruption due to COVID-19, the Company intends to centralize the spare funds and optimize the utilization of the financial resources.

Having considered the above, the Directors are of the view that the unutilized net proceeds originally allocated to acquisition of a property can now be better utilized for benefit for the Group in the short to medium term by being re-allocated of 31.8% of the net proceeds to the followings:

- a) To re-allocate of 11% of net proceeds to repay bank borrowings to improve the Group's financial position in order to enhance the tender success rate, and

- b) To re-allocate of 20.8% of net proceeds to working capital to support ongoing construction projects that have been delayed due to COVID-19, and newly awarded construction projects with a total contract value of approximately HK\$150 million since December 2020, to support project operations and ensure the smooth progress of the projects, hereby guaranteeing our profit margin. That will also promote the healthy development of the Group's business and be able to flexibly respond to changes in the Singapore construction market in the future.
- c) The Group will continue to research and monitor the market, according to the Group's future development needs, we will resume to carry out the original property acquisition plan at an appropriate time in the future, thereby further expanding our business.

The Board is of the view that the reallocation is in line with the business strategy of the Group and will not adversely affect the operation and business of the Group and is in the best interest of the Company and the Shareholders as a whole.

By Order of the Board
Shuang Yun Holdings Limited
Tan Chai Ling
Chairman

Hong Kong, 19 October 2021

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