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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Shuang Yun Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 26 October 2017 in relation to the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “**Listing**”), the announcement of the Company dated 19 October 2021 in relation to change in use of proceeds (the “**Announcement**”) and the interim report of the Company for the six months ended 30 June 2022. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

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\$109.5 million. As at the date of this announcement, the Company had utilized approximately HK\$104.5 million of the Net Proceeds and the amount of the unutilized Net Proceeds was approximately HK\$5 million (the “**Unutilized Net Proceeds**”).

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 1.6% of the net proceeds from the Global Offering in an amount of approximately HK\$5 million, which were originally allocated for acquire a property for as set out in item (a) above, will be re-allocated to working capital 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	–	–	13.7	–
– Acquire a property for (i) our ancillary office	39.0	35.6	34.0	5.0	–	31.1	–
(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	8.1	7.4	8.1	–	–	7.4	–
– Upgrade of information technology system	2.0	1.8	2.0	–	–	1.8	–
– Working capital	33.4	30.5	33.4	–	5.0	35	–
– Repayment of financial liabilities	12.0	11	12.0	–	–	11	–
	<u>109.5</u>	<u>100.0</u>	<u>104.5</u>	<u>5.0</u>	<u>5.0</u>	<u>100.0</u>	<u>–</u>

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

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.

Having monitored and assessed the cost of the new project, the preliminary work of the project will be need more cash to be invested, for procurement of materials and project commencing expenses. The Group considers it is necessary to increase its cash allocation for the purpose of working capital for running the project.

Having considered the above, the Board is 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 reallocating the balance of the net proceeds to the working capital.

Based on the interest of the Company and its Shareholders as a whole, and in view of strengthening the efficiency and effectiveness of the capital use, and also to guarantee the flow of its own capital, the use of proceeds is appropriately adjusted to better meet the current business needs of the Company, which also enables the Company to invest its financial sources in a more beneficial business opportunities in the future. The re-allocation of balance of the net proceeds from acquisition of a property to invest to upfront costs for additional new construction project, which is more beneficial to meet the operation needs of the Company and increase its financial effects.

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
(alias Chen Zhilong)
Chairman and Executive Director

Hong Kong, 22 March 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.