

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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
UNUTILISED PROCEEDS FROM THE GLOBAL OFFERING
OF THE COMPANY AS AT 31 DECEMBER 2019**

Reference is made to the Company's annual report for the year ended 31 December 2019 published on 22 April 2020. Unless otherwise stated herein, capitalised terms used but not otherwise defined herein shall have the same meanings as that ascribed to them in the announcement.

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 of directors is still discussing about the proceeds matters in order to maximize the interest of minority 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 unutilized proceeds are pertaining to acquire a property and build-up an asphalt plant

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

- 1) In 2018, the owner's price for the target property is much higher than the market price. The board of directors of the Company decided not to acquire the property and will look for more suitable property.
- 2) In 2019, Asphalt prices began to fall. Market predicted prices would fall further in 2020. The board of directors of the Company believed that it is not a good time to invest in an asphalt plant.
- 3) Since 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 the normal level of operations even after the circuit breaker period was lifted on 1 June 2020, as the Group had to meet additional COVID-19 safe and controlled restart measures for each construction project, before work could be resumed. According to Singapore Government COVID-19 Safe Management Measures, workers who are able to resume work are recommended to stay within the construction site and strictly no cross deployment of workers are allowed between projects, therefore the Group has to provide the temporary dormitories to the workers and subcontractor workers in the construction site. These 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.
- 4) 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 were limited manpower due to many countries' COVID-19 lockdown. 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 financial pressure on the Group's cashflow.

- 5) According to Ministry of Trade and Industry announcement in July 2020, Gross domestic product (GDP) dived by a record 41.2% in the three months ended June 2020, on a quarter-on-quarter annualised basis. That was worse than economists' expectations for a 37.4% decline in the quarter when Singapore was under a lockdown to curb the spread of the virus. Though the board of directors of the Company 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 minority shareholder and in view of the relatively long investment return cycle in acquisition of a property, the board of director of the Company 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.

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

Hong Kong, 29 July 2020

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.