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Yues International Holdings Group Limited

樂氏國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1529)

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial Adviser to the Company



軟庫中華

SBI China Capital

SBI China Capital Hong Kong Securities Limited

Placing Agent to the Rights Issue



軟庫中華

SBI China Capital

SBI China Capital Financial Services Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$69.4 million before expenses by way of the Rights Issue of a maximum of 533,664,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.13 per Rights Share on the basis of four (4) Rights Shares for every one (1) existing Share held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$67.6 million (assuming no change in the number of Shares in issue on or before the Record Date).

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to Places for the benefit of the No Action Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules. On 14 February 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Places, on a best effort basis, to subscribe for the Unsubscribed Rights Shares.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of resolution(s) relating to the Rights Issue at the EGM.

As at the date of this announcement, the Company does not have any controlling shareholder. None of the Directors and the chief executive of the Company and their respective associates holds any Shares. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Tuesday, 18 March 2025 to Monday, 24 March 2025 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS OF RIGHTS ISSUE

The register of members of the Company will be closed from Friday, 28 March 2025 to Monday, 7 April 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lau Wai Piu Patrick, Dr. Wang Yi, Mr. Chan Koon Yung, and Mr. Zhang Yao, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transaction contemplated thereunder, on whether the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

Mango Financial Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder; and (iv) a notice convening the EGM, is expected to be made available to the Shareholders on or before 7 March 2025.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM, the Company will make available the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available the Prospectus to the Non-Qualifying Shareholders for their information only but the Company will not send the PAL to the Non-Qualifying Shareholders. For the avoidance of doubt, the Non-Qualifying Shareholders (if any) are entitled to attend and vote at the EGM.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Listing Committee of the Stock Exchange having granted or agreed to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement for further details. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Any Unsubscribed Rights Shares remain not placed after the completion of the Placing under the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$69.4 million before expenses by way of the Rights Issue of a maximum of 533,664,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.13 per Rights Share on the basis of four (4) Rights Shares for every one (1) existing Share held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$67.6 million (assuming no change in the number of Shares in issue on or before the Record Date).

Further details of the Rights Issue are set out below:

Rights Issue statistics

Basis of Rights Issue : Four (4) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date

Subscription Price : HK\$0.13 per Rights Share

Number of Shares in issue as at the date of this announcement : 133,416,000 Shares
As at the date of this announcement, the Company does not hold any treasury shares and there is no repurchased Share pending cancellation.

Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed) : 533,664,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)

Maximum total number of issued Shares upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed) : 667,080,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed) : Approximately HK\$69.4 million before deducting of the costs and expenses which the Company will incur in the Rights Issue

As at the date of this announcement, the Company has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming that there is no change in the number of issued Shares on or before the Record Date and no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 533,664,000 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents 400% of the issued share capital of the Company as at the date of this announcement and will represent 80% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares (assuming the Rights Issue is fully subscribed).

The Subscription Price

The Subscription Price of HK\$0.13 per Rights Share is payable in full upon the acceptance of the relevant provisional allotment of Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 7.14% to the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.25% to the average closing price per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.163 per Share;
- (iii) a discount of approximately 34.67% to the average closing price per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.199 per Share;
- (iv) a discount of approximately 1.52% to the theoretical ex-rights price of approximately HK\$0.132 per Share based on the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 88.68% to the latest published unaudited consolidated net asset value per Share as at 30 June 2024 of approximately RMB1.070 or equivalent to approximately HK\$1.148 (based on the net asset value attributable to the owners of the Company as at 30 June 2024 of approximately RMB142.7 million as disclosed in the interim report of the Company for the six months ended 30 June 2024 and 133,416,000 Shares (as adjusted for the share consolidation effective on 8 November 2024) in issue as at 30 June 2024); and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 21.47%, represented by a discount of the theoretical diluted price of approximately HK\$0.139 per Share to the benchmarked price of approximately HK\$0.177 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.14 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$0.177 per Share).

The net price per Rights Share (i.e. Subscription Price less costs and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of the Rights Shares will be approximately HK\$0.127 (assuming no change in the number of Shares in issue on or before the Record Date). Assuming full acceptance of the Rights Shares by the Qualifying Shareholders, the aggregate nominal value of the Rights Shares of HK\$0.1 each, will be HK\$53,366,400 (assuming no change in the number of Shares in issue on or before the Record Date).

The Subscription Price was determined by the Company with reference to the recent market prices of the Shares, the current market conditions, the financial position of the Group and the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and the Use of Proceeds” below in this announcement.

The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of provisional allotment of Rights Shares will be four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotments should be made by completing a PAL (in accordance with the instructions printed thereon) and lodging the same with a cheque, banker’s cashier order or remittance for the Rights Shares being applied for with the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Thursday, 24 April 2025.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

In order to be registered as a member of the Company on the Record Date, all transfer documents for Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Thursday, 27 March 2025.

The last day for dealing in Shares on a cum-rights basis is Tuesday, 25 March 2025, and the Shares will be dealt with on an ex-rights basis starting from Wednesday, 26 March 2025.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in their own names prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

Non-Qualifying Shareholders (if any)

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares.

Overseas Shareholders (if any)

Based on the register of members of the Company as of the date of this announcement, there are seven Shareholders with registered addresses situated outside Hong Kong.

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents will not be filed or registered under the applicable securities legislation of any jurisdiction other than Hong Kong. For the avoidance of doubt, the Overseas Shareholders (if any) are entitled to attend and vote at the EGM.

The Company notes the requirements under Rule 13.36(2)(a) of the Listing Rules, and will make reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholder(s) present on the Record Date, if any, under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory body(ies) or stock exchange(s). If, based on legal advice to be provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions or prohibitions under the laws of the relevant jurisdiction(s) or any requirements of the relevant regulatory body(ies) or stock exchange(s) in such jurisdiction(s), to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, such Overseas Shareholder(s), if any, will be regarded as Non-Qualifying Shareholder(s) and will not qualify for the Rights Issue. The basis of exclusion of Non-Qualifying Shareholder(s), if any, from the Rights Issue will be disclosed in the Prospectus.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdiction(s) of Overseas Shareholder(s), if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL) to the Non-Qualifying Shareholders for information purposes only.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be offered for subscription by the Placing Agent to the Placees under the Placing.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to Placees for the benefit of the No Action Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to Placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the commission and expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Thursday, 8 May 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on a pro-rata basis (based on all Unsubscribed Rights Shares) to the No Action Shareholders and Non-Qualifying Shareholders (but rounded down to the nearest cent) as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for, and where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; and
- (ii) for Non-Qualifying Shareholders, the relevant Non-Qualifying Shareholders whose name and address appeared on the register of members of the Company on the Record date with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) and Non-Qualifying Shareholder(s) mentioned above which is in an amount more than HK\$100 will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of HK\$100 or less for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and Non-Qualifying Shareholders may or may not receive any Net Gain.

Placing Agreement

On 14 February 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares. Principal terms of the Placing Agreement are as follow:

Date : 14 February 2025 (after trading hours)

Placing Agent : SBI China Capital Financial Services Limited

To the best knowledge, information and belief of the Directors, after making reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are independent third parties and neither the Placing Agent nor any of its associates hold any Shares as at the date of this announcement.

Placing fee and expenses : The commission payable to the Placing Agent shall be HK\$100,000 or 1.0% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares actually procured by the Placing Agent (whichever is higher). The Company shall be responsible for all costs and expenses reasonably incurred in connection with or arising out of the Placing.

Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.

The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

- Placees** : The Placing Agent undertakes to use its best endeavour to procure that (i) the Unsubscribed Rights Shares shall only be placed to professional persons, institutional, corporate or individual investor(s) who and whose respective ultimate beneficial owner(s) shall be independent third parties and are not acting in concert with any of the connected persons of the Company and their respective associates; (ii) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iii) the Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.
- Ranking of Unsubscribed Rights Shares** : The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Placing conditions** : The Placing is subject to and conditional upon (i) the Rights Issue having become unconditional; (ii) the listing of, and permission to deal in, the Rights Shares granted by the Listing Committee of the Stock Exchange not having been withdrawn or revoked; (iii) the representations and warranties of the Company in the Placing Agreement remaining true and accurate in all material respects and none of the undertakings of the Company in the Placing Agreement having been breached in any material respect; (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (v) the Placing Agreement not having been terminated in accordance with the terms thereof.
- Placing end date** : 4:00 p.m. on Thursday, 8 May 2025 or such other date as the Company and the Placing Agent may agree.

Termination

: The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to Latest Time for Termination upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (a) the Company fails to comply with its obligations under the Placing Agreement;
- (b) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion date of the Placing which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;
- (c) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Placing;

- (d) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (e) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (f) there is any change in the circumstances of the Company which in the reasonable opinion of the Placing Agent will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company;
- (g) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;
- (h) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing;
- (i) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Placing Agent, a material omission in the context of the Rights Issue;

- (j) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements in connection with the Rights Issue.

Further, if all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate and be of no further effect and neither Party shall be under any liability to the other Party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

The terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue. The Directors consider that the terms of the Placing Agreement, including the placing commission, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Placing Agreement.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of four (4) Rights Shares for every one (1) Share held, no fractional entitlement to Rights Shares shall arise.

Odd lot arrangement

No odd lot matching services will be provided.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, any Unsubscribed Rights Shares will be placed on a best effort basis by the Placing Agent to Places under the Compensatory Arrangements. Any Unsubscribed Rights Shares remain not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue. Subject to fulfillment of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the ultimate subscription level.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules and does not cause the Company's public float to decrease to below 25%.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The board lot size of the nil paid Rights Shares will be the same as that of the fully-paid Rights Shares, i.e. 2,000 Shares in one board lot.

No securities of the Company in issue or the Rights Shares for which listing or permission to deal in is to be sought is or will be listed or dealt in on any other stock exchange.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully paid forms are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, subscribing, exercising, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceed, if any, from the sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for Rights Issues

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully paid Rights Shares are expected to be posted on or about Friday, 16 May 2025 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Friday, 16 May 2025 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (a) the passing of all necessary resolutions to be proposed at the EGM for approving the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder;
- (b) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors no later than the Prospectus Posting Date of the Prospectus Documents and other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Listing Rules and the Companies (WUMP) Ordinance;
- (c) the Prospectus Documents having been made available to the Qualifying Shareholders on the Prospectus Posting Date, and the Prospectus having been made available to the Non-Qualifying Shareholders, if any, for information purpose only within two Business Days after the Prospectus Posting Date (where applicable);
- (d) the Listing Committee of the Stock Exchange having granted or agreed to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) before the first day of dealings of the Rights Shares in their nil-paid forms;
- (e) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (f) the Placing Agreement not being terminated pursuant to the terms thereof and remains in full force and effect before completion of the Placing; and
- (g) the Company having complied with the requirements under all applicable laws and regulations.

All conditions set out above cannot be waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 133,416,000 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the date of this announcement to the completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares have been placed by the Placing Agent:

	As at the date of this announcement		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares have been placed by the Placing Agent	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
Places	—	—	—	—	533,664,000	80
Other public shareholders	<u>133,416,000</u>	<u>100</u>	<u>667,080,000</u>	<u>100</u>	<u>133,416,000</u>	<u>20</u>
Total	<u><u>133,416,000</u></u>	<u><u>100</u></u>	<u><u>667,080,000</u></u>	<u><u>100</u></u>	<u><u>667,080,000</u></u>	<u><u>100</u></u>

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Shares.

The Public Float Requirement shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with Rule 8.08 of the Listing Rules.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Date of announcements	Description of fund-raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
19 April 2024 and 30 April 2024	Placing of 192,880,000 placing shares under general mandate at the placing price of HK\$0.097 per placing share	Approximately HK\$18.52 million	For investment in infrastructure of the logistic business	Approximately HK\$10.8 million has been paid in October and November 2024 to acquire the land use right of a land situated at Jiangxi Province, the PRC. The remaining net proceeds will be applied as intended.

Save as disclosed above, the Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

Closure of Register of Members for EGM

The register of members of the Company will be closed from Tuesday, 18 March 2025 to Monday, 24 March 2025 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

Closure of register of members of Rights Issue

The register of members of the Company will be closed from Friday, 28 March 2025 to Monday, 7 April 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue, which has been prepared on the assumption that all the conditions to the Rights Issue, will be fulfilled or otherwise waived, and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates:

Event	Time and Date
	Year 2025
Date of despatch of the Circular.....	Friday, 7 March
Latest time for lodging share transfer documents to qualify for attendance and voting at the EGM.....	4:30 p.m. on Monday, 17 March
Closure of register of members for the EGM (both days inclusive)	Tuesday, 18 March– Monday, 24 March
Latest time and date for lodging proxy forms for the EGM.....	11:00 a.m. on Saturday, 22 March
Time and date of the EGM	11:00 a.m. on Monday, 24 March
Register of members reopens.....	Tuesday, 25 March
Last day of dealings in Shares on a cum-rights basis	Tuesday, 25 March
First day of dealings in the Shares on an ex-rights basis.....	Wednesday, 26 March
Latest time for lodging transfer documents of the Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Thursday, 27 March
Closure of the register of members of the Company for determining entitlements under the Rights Issue (both days inclusive).....	Friday, 28 March– Monday, 7 April
Record Date for determining entitlements under the Rights Issue	Monday, 7 April
Register of members of the Company re-opens.....	Tuesday, 8 April
Despatch of Prospectus and the PAL (in the case of the Non-Qualifying Shareholders, the Prospectus only)	Tuesday, 8 April

Event	Time and Date
	Year 2025
First day of dealings in nil-paid Rights Shares	Thursday, 10 April
Latest time for splitting of the PAL	4:30 p.m. on Monday, 14 April
Last day of dealings in nil-paid Rights Shares	Thursday, 17 April
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Thursday, 24 April
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 24 April
Announcement of the number of the Unsubscribed Rights Shares subject to the Compensatory Arrangements	Friday, 2 May
Commencement of the placing of the Unsubscribed Rights Shares by the Placing Agent	Tuesday, 6 May
Latest time for the placing of the Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Thursday, 8 May
Latest time for terminating the Placing Agreement.....	4:00 p.m. on Friday, 9 May
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares)	Thursday, 15 May
Despatch of refund cheques, if any (if the Rights Issue is terminated), and despatch of share certificates for the fully-paid Rights Shares	Friday, 16 May
Commencement of dealings of fully-paid Rights Shares	9:00 a.m. on Monday, 19 May
Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders and net proceeds from the sale of nil-paid Rights Shares to the relevant Non-Qualifying Shareholders (if any)	Monday, 26 May

All times and dates in this announcement refer to Hong Kong local times and dates. The dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company. The Company will make an announcement to notify the Shareholders and the Stock Exchange in the event of any changes to the expected timetable as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHT SHARES

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” is announced by the Government of Hong Kong:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of Latest Time for Acceptance. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of Latest Time for Acceptance. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Thursday, 24 April the date of Latest Time for Acceptance, the dates mentioned in the section headed “EXPECTED TIMETABLE FOR THE RIGHTS ISSUE” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

INFORMATION ON THE GROUP

The Company is an investment holding company and together with its subsidiaries are principally engaged in the provision of transportation, warehousing, in-plant logistics and customisation services.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, it is expected that the maximum gross proceeds and net proceeds from the Rights Issue will be approximately HK\$69.4 million and approximately HK\$67.6 million respectively. The Company intends to use the net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$27.6 million, representing approximately 40.8% of the net proceeds, will be used for the Group’s general working capital including employee benefits expenses, subcontracting expenses for certain transportation, warehousing and customisation services; and other expenses (such as professional fees, fleet operating expenses and outsourced labour costs where appropriate);

- (ii) approximately HK\$20.0 million, representing approximately 29.6% of the net proceeds, will be used for the Group's newly developed goat milk product business in Inner Mongolia Autonomous Region. The Group currently intends to apply such amount of net proceeds in the following manner: (a) approximately HK\$1.2 million on strengthening research and development capabilities such as purchasing equipment and/or retaining talents to develop goat milk products; (b) approximately HK\$6.0 million on exploring and developing marketing channels for sales of goat milk products; and (c) approximately HK\$12.8 million on sourcing goat milk for processing by subcontractors to goat milk powder. Development of goat milk product business is a strategic move for the Group to the health sector for business diversification, having considered that health awareness is the market trend. Goat milk is gradually gaining more favor among consumers due to its low allergenicity and high nutritional value; and the middle-aged and elderly groups have become the driving force for the growth of the goat milk powder market. The Group currently intends to commence sales of goat milk powder in the first quarter of year 2025;
- (iii) approximately HK\$20.0 million, representing approximately 29.6% of the net proceeds, will be used for building warehouse(s) and/or other logistic related facilities in the traditional Chinese medicine (TCM) logistics industry park in Jiangxi, PRC aiming to provide quality warehousing and logistic services to customers for TCM products.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Despite the Group maintained a cash and cash equivalent of approximately RMB82.8 million as at 30 June 2024, the Directors consider that the Company has the funding needs to enhance its working capital and to facilitate its business development in view of the following:

- (i) the historical weak operating cashflow position. The Group recorded net cash used in operating activities of approximately RMB33.8 million for the year ended 31 December 2023 and net cash used in operating activities of approximately RMB25.7 million for the six months ended 30 June 2024;
- (ii) the Group acquired a land use right in October 2024 for establishment of a TCM logistic industry park to serve other business sectors of the Group, including TCM warehousing, distribution, healthcare and wellness. Besides, the Group has newly developed the goat milk product business since end of year 2024 for business diversification. Both the development of the TCM logistic industry park (such as TCM warehousing and/or other logistic facilities) and the goat milk product business are at early stage and will require additional funding; and
- (iii) the existing logistic business is labour intensive and incurs large amount of employee benefits expenses and sub-contracting expenses to cope with business growth. Employee benefits expenses and sub-contracting expenses of the Group in total amounted to approximately RMB100.5 million for the year ended 31 December 2023 and approximately RMB84.9 million for the six months ended 30 June 2024. The Directors believe that it is in the interest of the Company to maintain sufficient funds for at least 12 months of operations to achieve a healthy cashflow and reserve funds when market opportunities arise.

The Directors considered different types of fund-raising alternatives available to the Group including but not limited to debt financing and other equity fund raising such as placement of shares.

Compared with other fund-raising alternatives, the Rights Issue will provide each and every Qualifying Shareholders with the opportunity to participate in the future development of the Group without material dilution of their interest in the Company. On the other hand, the Rights Issue also allows the Qualifying Shareholders the flexibility to sell off some or all of their rights entitlements in the open market (subject to the market demand) and realise the cash value therefrom. The Rights Issue represents a good opportunity to raise additional funds through the equity market and will enhance the Group's financial strength without the ongoing burden of interest expenses, and also offer all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company.

Based on the above, the Directors consider that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of resolution(s) relating to the Rights Issue at the EGM.

As at the date of this announcement, the Company does not have any controlling shareholder. None of the Directors and the chief executive of the Company and their respective associates holds any Shares. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lau Wai Piu Patrick, Dr. Wang Yi, Mr. Chan Koon Yung, and Mr. Zhang Yao, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transaction contemplated thereunder, on whether the terms

are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

Mango Financial Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder; and (iv) a notice convening the EGM, is expected to be made available to the Shareholders on or before 7 March 2025.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM, the Company will make available the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available the Prospectus to the Non-Qualifying Shareholders for their information only but the Company will not send the PAL to the Non-Qualifying Shareholders. For the avoidance of doubt, the Non-Qualifying Shareholders (if any) are entitled to attend and vote at the EGM.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Listing Committee of the Stock Exchange having granted or agreed to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this announcement for further details. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed and remains not placed after completion of the Placing under the Compensatory Arrangements, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their

assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays, public holidays and days on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon) on which banks are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Yues International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1529)
“Compensatory Arrangements”	the arrangement involving placing of the Unsubscribed Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules

“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder
“Independent Financial Adviser”	Mango Financial Limited, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder, and as to voting
“Independent Shareholders”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“independent third party(ies)”	has the meaning ascribed to it pursuant to the Listing Rules
“Last Trading Day”	Friday, 14 February 2025, being the last trading day of the Shares on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 24 April 2025 (or such other time and date as the Company may determine), being the latest time and date for acceptance of and payment for the Rights Shares as described in the Prospectus Documents

“Latest Time for Termination”	4:00 p.m. on Friday, 9 May 2025 (or such other time and date as the Company and the Placing Agent may determine in writing), being the latest time for termination of the Placing Agreement
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) (under the PALs or their renounces or such person who hold any nil-paid rights at the time such nil-paid rights are lapsed)
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) (if any) whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“NQS Unsold Rights Shares”	the NQS Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement
“Overseas Shareholders”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is/are in (a) place(s) outside Hong Kong

“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“Placee(s)”	professional persons, institutional, corporate or individual investor(s), who and whose respective ultimate beneficial owner(s) shall be independent third party(ies) and are independent of and not acting in concert with any of the connected persons of the Company and their respective associates, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of Unsubscribed Rights Shares by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	SBI China Capital Financial Services Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 14 February 2025 entered into between the Company and the Placing Agent in relation to the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and the PAL(s)
“Prospectus Posting Date”	Tuesday, 8 April 2025 or such other date as may be determined by the Company, being the expected date the Prospectus Documents will be made available and/or sent (as the case may be) to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Public Float Requirement”	the public float requirement under Rule 8.08(1) of the Listing Rules which requires, inter alia, at least 25% of the issuer’s total number of issued shares (excluding treasury shares) must at all times be held by the public

“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Monday, 7 April 2025 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of four (4) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 533,664,000 new Shares (assuming no change in the number of Shares in issue on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.13 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

“Unsubscribed Rights
Shares”

the Rights Shares that are not subscribed by the Qualifying
Shareholders and the NQS Unsold Rights Shares

By order of the Board
Yues International Holdings Group Limited
Le Kang
Chairman

Hong Kong, 14 February 2025

As at the date of this announcement, the Board consists of five executive Directors, Mr. Le Kang, Mr. Li Zhigang, Mr. Li Jiahao, Mr. Du Yingyou, and Ms. Liu Ping, and four independent non-executive Directors, Mr. Lau Wai Piu Patrick, Dr. Wang Yi, Mr. Chan Koon Yung and Mr. Zhang Yao.

** For identification purposes only*