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YUE KAN HOLDINGS LIMITED

裕勤控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2110)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Yue Kan Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 November 2020 (the “**Prospectus**”) in relation to the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”), the updates regarding the change in use of proceeds in connection with the Listing set out in the announcement dated 10 May 2022 (the “**Announcement**”) and the annual report of the Group for the year ended 31 May 2022 (the “**Annual Report**”), respectively. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

CHANGE IN USE OF PROCEEDS

As disclosed in the Annual Report, aggregate net proceeds received by the Company from the share offer in relation to the Listing were approximately HK\$84.0 million (“**Net Proceeds**”). As at 30 September 2022, being the latest practicable date ascertaining certain information in relation to the utilisation of the Net Proceeds, the unutilised Net Proceeds amounted to approximately HK\$6.1 million (the “**Unutilised Net Proceeds**”). The table below sets out the proposed applications of the net proceeds and usage up to 30 September 2022:

	Original allocation of Net Proceeds HK\$'000	Actual usage up to 30 April 2022 HK\$'000	Revised allocation of the unutilised Net Proceeds as set out in the Annual Report HK\$'000	Utilised amount of Net Proceeds from 1 May 2022 to 30 September 2022 HK\$'000	Unutilised amount as at 30 September 2022 HK\$'000	Expected timeline of full utilisation of the remaining Unutilised Net Proceeds
Expanding fleet of vessels and site equipment	56,762	36,925	9,837	5,100	4,737	By end of November 2022 (note)
Recruiting additional full-time staff to operate additional vessels and site equipment to be acquired	11,961	6,262	5,699	4,308	1,391	By end of November 2022
Recruiting additional full-time staff	3,758	3,758	-	-	-	N/A
Acquiring performance bonds and/or placing tender deposit	7,118	7,118	10,000	10,000	-	N/A
General working capital	4,360	4,141	219	219	-	N/A
	<u>83,959</u>	<u>58,204</u>	<u>25,755</u>	<u>19,627</u>	<u>6,128</u>	

Note: Approximately HK\$4.7 million allocated for expanding the fleet of vessels and site equipment, will be used for (i) modifying several vessels through the installation of cranes and loading steel ramps; and (ii) acquiring a telescopic crane to be installed to a vessel, instead of acquiring a tug boat as set out in the Announcement.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Having considered the change in demand for marine construction works and the two contracts competed by and awarded to the Group recently (the “**Contracts**”), the Board is of the view that it is more beneficial and appropriate to deploy the Unutilised Net Proceeds from acquiring a tug boat to (i) modify its fleet of vessels; and (ii) purchase a telescopic crane to be installed to a vessel in order to improve its flexibility, fulfil the operation requirements of the two Contracts, whereby the Group has been appointed as the main contractor for certain port work projects, awarded to the Group in July 2022, such will allow the Group to deploy the said vessels, rather than leasing vessels with such equipment from external party(ies), to carry out the relevant works, which the Board expects to lower the Group’s overall rental cost in relation to the aforementioned two Contracts.

With a view to better meet the current business needs of the Group, out of the Unutilised Net Proceeds of approximately HK\$4.7 million for expanding the fleet of vessels and site equipment, approximately HK\$2.8 million will be used to modify several vessels through the installation of

cranes and loading steel ramps, and approximately HK\$3.4 million will be used to acquire a telescopic crane to be installed to a vessel by end of November 2022, with the estimated shortfall of approximately HK\$1.5 million being financed by internal resources of the Group.

The Board considered the proposed reallocation of Unutilised Net Proceeds with a view to fulfil the requirements under the aforesaid awarded projects to be a more appropriate use of capital given the current business environment and the Group's business development, hence a more suitable utilisation of the Unutilised Net Proceeds from the perspective of the Group's business needs. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considered that the proposed changes in the Unutilised Net Proceeds will not have any material adverse impact on the operations of the Group and is in the interests of the Company and its shareholders as a whole.

By order of the Board
Yue Kan Holdings Limited
Heung Che Kan
Chairman and Executive Director

Hong Kong, 3 November 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Heung Che Kan (Chairman), Mr. Heung Yue Wing, Ms. Lee Ming Chu Jade, Mr. Ouyang Jianwen, Mr. Luo Hao and Mr. Wong Yuk; and the independent non-executive Directors of the Company are Mr. Chiu Tai Shing, Mr. Wan San Fai Vincent and Mr. Wan Wai Wing.