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Volcano Spring International Holdings Limited

火山邑動國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1715)

(1) PROPOSED SHARE CONSOLIDATION AND (2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Placing Agent



PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation pursuant to which every twenty-five (25) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of HK\$0.25 each.

The Share Consolidation is conditional upon, among other things, the approval of Shareholders at the EGM.

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 8 February 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 18,903,000 Placing Shares at the Placing Price of HK\$1.13 per Placing Share to not less than six Placees (who are individual, institutional or professional investors), who and whose ultimate beneficial owners are Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the Specific Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 18,903,000 Placing Shares under the Placing represents (i) approximately 25.0% of the issued share capital of the Company as at the date of this announcement (assuming the Share Consolidation becoming effective); and (ii) approximately 20.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the Share Consolidation becoming effective).

The Placing Price of HK\$1.13 per Placing Share represents (i) a premium of approximately 18.9% to the closing price of HK\$0.95 per Share as quoted on the Stock Exchange on the date of the Placing Agreement (assuming the Share Consolidation becoming effective); and (ii) a premium of approximately 15.3% to the average closing price of HK\$0.98 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement (assuming the Share Consolidation becoming effective); and (iii) a premium of approximately 9.7% to the average closing price of HK\$1.03 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Placing Agreement (assuming the Share Consolidation becoming effective).

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$21.4 million and approximately HK\$20.6 million, respectively. The Company intends to apply the net proceeds from the Placing towards the repayment of the Group's other borrowing and to replenish the Group's general working capital.

GENERAL

The Placing Shares will be allotted and issued under the Specific Mandate. The Share Consolidation and the Placing will be subject to the Shareholders' approval at the EGM.

A circular containing, among other things, (i) further details of the Share Consolidation; (ii) further details of the Placing; and (iii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the twelve-month period immediately preceding the date of this announcement, or prior to such twelve-month period where dealing in respect of the Shares issued pursuant thereto commenced within such twelve-month period, nor has it issued any bonus securities, warrants or other convertible securities within such twelve-month period. The Placing does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Placing is in compliance with Rule 7.27B of the Listing Rules.

Shareholders and potential investors of the Company shall be aware that: (i) the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed "Conditions of the Share Consolidation" in this announcement; and (ii) the Placing is on a best effort basis and Completion is subject to fulfillment of the conditions set out in the paragraph headed "Conditions of the Placing" in this announcement. Accordingly, the Share Consolidation and the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation pursuant to which every twenty-five (25) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of HK\$0.25 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares with par value of HK\$0.01 each, of which 1,890,300,000 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Existing Shares will be issued or repurchased from the date hereof until the date of the EGM, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$100,000,000 divided into 400,000,000 Consolidated Shares with par value of HK\$0.25 each, of which 75,612,000 Consolidated Shares will be in issue. Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

The Share Consolidation will become effective on the next Business Day immediately following the fulfilment of the above conditions.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

No part of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Free exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Tuesday, 2 April 2024, being the Business Day immediately after the date of the EGM, Shareholders may on or after Tuesday, 2 April 2024 and until Monday, 13 May 2024 (both days inclusive), submit their share certificates for the Existing Shares to Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong to exchange for new share certificates for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each new share certificate for the Consolidated Shares issued or each share certificate for the Existing Shares submitted for cancellation, whichever is higher.

The share certificates for the Existing Shares will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Thursday, 9 May 2024 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the share certificates for the Existing Shares will continue to be good evidence of title to the Consolidated Shares on the basis of twenty-five (25) Existing Shares for one (1) Consolidated Share.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Further, the Stock Exchange issued a letter to the Company on 4 September 2023, reminding the Company that the trading price below HK\$0.10 is close to the extremity of HK\$0.01. The Stock Exchange would not consider approving listing application on any future fund raising of the Company if the share price of the Company is close to such extremity.

In view that the Shares had been traded at around or below HK\$0.10 in the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation so that the Company will be able to comply with the aforesaid trading requirements of the Listing Rules.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and are in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any changes 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 Hong Kong local times and dates.

Events	Time and dates
Expected despatch date of circular with notice of the EGM.	Thursday, 29 February 2024
Latest time for lodging share transfer in order to qualify for EGM voting entitlement	4:30 p.m. on Tuesday, 19 March 2024
Closure of the register of members for the purpose of determining members who are entitled to attend the EGM.	Wednesday, 20 March 2024 to Wednesday, 27 March 2024 (both dates inclusive)
Latest date and time for lodging the proxy form for the EGM	4:00 p.m. on Monday, 25 March 2024
Date and time of the EGM	4:00 p.m. on Wednesday, 27 March 2024
Announcement of results of the EGM	Wednesday, 27 March 2024

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation.

- Effective date of the Share Consolidation Tuesday, 2 April 2024
- Dealing in the Consolidated Shares commences 9:00 a.m. on Tuesday, 2 April 2024
- Original counter for trading in the Existing Shares
of the Company in board lots of 10,000
Existing Shares temporarily closes 9:00 a.m. on Tuesday, 2 April 2024
- Temporary counter for trading in the Consolidated Shares
in board lots of 400 Consolidated Shares (in the form of
existing share certificates) opens 9:00 a.m. on Tuesday, 2 April 2024
- First day of free exchange of existing share certificates
for new share certificates for the Consolidated Shares Tuesday, 2 April 2024
- Original counter for trading in the Consolidated Shares
in board lots of 10,000 Consolidated Shares
(in the form of new share certificates) re-opens 9:00 a.m. on Wednesday, 17 April 2024
- Parallel trading in the Consolidated Shares
(in the form of new share certificates and
existing share certificates) commences 9:00 a.m. on Wednesday, 17 April 2024
- Designated broker starts to stand in the market to
provide matching services for the sale and purchase
of odd lots of Consolidated Shares 9:00 a.m. on Wednesday, 17 April 2024
- Designated broker ceases to stand in the market to
provide matching services for the sale and purchase
of odd lots of Consolidated Shares 4:00 p.m. on Thursday, 9 May 2024
- Temporary counter for trading in board lots of 400
Consolidated Shares (in the form of existing share
certificates) closes 4:10 p.m. on Thursday, 9 May 2024
- Parallel trading in the Consolidated Shares (in the form
of new share certificates and existing share certificates)
ends 4:10 p.m. on Thursday, 9 May 2024
- Last day for free exchange of existing share certificates
for new share certificates for the Consolidated Shares Monday, 13 May 2024

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 8 February 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 18,903,000 Placing Shares at the Placing Price of HK\$1.13 per Placing Share to not less than six Placees (who are individual, institutional or professional investors), who and whose ultimate beneficial owners are Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the Specific Mandate.

THE PLACING AGREEMENT

Date

8 February 2024

Parties

Issuer : The Company
Placing Agent : I Win Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 18,903,000 Placing Shares at the Placing Price of HK\$1.13 per Placing Share on a best effort basis and will receive a placing commission of 0.75% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent (i.e. the gross proceeds from the Placing).

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions.

Placees

The Placing Agent will place the Placing Shares, on a best effort basis, to individual, institutional or professional investors, who and whose ultimate beneficial owners are Independent Third Parties. It is expected that the Placing Shares will be placed to not less than six Placees.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 18,903,000 Placing Shares under the Placing represents (i) approximately 25.0% of the issued share capital of the Company as at the date of this announcement (assuming the Share Consolidation becoming effective); and (ii) approximately 20.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the Share Consolidation becoming effective). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$4,725,750 (assuming the Share Consolidation becoming effective).

Placing Price

The Placing Price is HK\$1.13 per Placing Share which represents:

- (i) a premium of approximately 18.9% to the closing price of HK\$0.95 per Share as quoted on the Stock Exchange on the date of the Placing Agreement (assuming the Share Consolidation becoming effective);
- (ii) a premium of approximately 15.3% to the average closing price of HK\$0.98 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement (assuming the Share Consolidation becoming effective); and
- (iii) a premium of approximately 9.7% to the average closing price of HK\$1.03 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Placing Agreement (assuming the Share Consolidation becoming effective).

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the prevailing market price of the Shares, market demand for the Placing Shares and the general market conditions. The Board considers that the Placing Price and the terms of the Placing Agreement to be fair and reasonable based on the current market conditions and are in the best interests of the Company and the Shareholders as a whole.

Specific Mandate

The Placing Shares will be issued under the Specific Mandate to be sought and approved by the Shareholders at the EGM.

Ranking of Placing Shares

The Placing Shares will rank pari passu in all respects with the Existing Shares in issue on the date of allotment and issue of the Placing Shares.

Application for listing of Placing Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfillment of all of the following:

- (i) the passing of necessary resolution(s) by the shareholders of the Company who are allowed to vote under the Listing Rules of the relevant resolution(s) to approve the Share Consolidation; the Placing Agreement and the transactions contemplated hereunder, including the grant of the Specific Mandate at the EGM;
- (ii) the granting by the Listing Committee of listing of, and permission to deal in, the Consolidated Shares being obtained;
- (iii) the granting by the Listing Committee of listing of, and permission to deal in, all of the Placing Shares being obtained and not being subsequently revoked; and
- (iv) there shall not have occurred any material breach or any event rendering materially untrue or inaccurate, any of the representations, warranties or undertakings by the Company under the Placing Agreement.

If any of the conditions are not fulfilled on or before 31 August 2024 or such later date as the parties of the Placing Agreement may agree in writing, the Placing Agreement shall be terminated and none of the parties to the Placing Agreement shall have any claim against the other for any matter arising out of or in connection with the Placing Agreement, except for any antecedent breach of any obligation under the Placing Agreement.

Completion

Completion of the Placing will take place within seven Business Days immediately after the date on which all conditions as set out above have been fulfilled, but in any event no later than 31 August 2024, or such other date as the Company and the Placing Agent may agree in writing.

Termination

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the Placing Agreement without liability to the Company by giving written notice to the Company at any time on or prior to 9:00 a.m. on the Completion Date, if any of the following events occur:

- (i) in the absolute opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in international financial, political or economic conditions, existing laws, currency exchange rates or exchange controls, as would be likely to materially adverse to the Company or its subsidiaries or would prejudice materially the consummation of the Placing or would otherwise make the Placing inadvisable or inexpedient;
- (ii) any material 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 hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof 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;

- (iii) there is any adverse change in the financial condition of the Company and its subsidiaries as a whole whether or not arising in the ordinary course of business which in the reasonable opinion of the Placing Agent is material in the context of the Placing; or
- (iv) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the reasonable opinion of the Placing Agent, would prejudice materially the consummation of the Placing or would otherwise make the Placing inadvisable or inexpedient.

In the event that the Placing Agreement is terminated in accordance with the relevant terms and conditions of the Placing Agreement, all obligations of the parties to the Placing Agreement shall cease and determine and none of the parties to the Placing Agreement shall have any claim against the other for any matter arising out of or in connection with the Placing Agreement, except for any antecedent breach of any obligation under the Placing Agreement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in the developing, manufacturing and trading of healthcare products and premium kitchen appliances with a major focus on the PRC market.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$21.4 million and approximately HK\$20.6 million respectively. The net placing price per Placing Share will be approximately HK\$1.09.

The Company intends to apply approximately HK\$20.0 million or 97.1% of the net proceeds from the Placing towards the repayment of the Group's other borrowing; and approximately HK\$0.6 million, or 2.9% of the net proceeds from the Placing to replenish the Group's general working capital. As at the date of this announcement, the Group had outstanding other borrowing of approximately RMB20.0 million bearing interest at 15% per annum. The intended partial repayment with the net proceeds from the Placing will reduce the Group's finance costs by approximately RMB3.0 million per year. The net proceeds from the Placing will be utilised by the end of 2024.

In the past few years, the financial performance of the Group was adversely affected by the coronavirus outbreak. The Boards believes that the Placing will provide funding to reduce the gearing ratio and finance costs of the Group and it is also a good opportunity to broaden the Company's shareholder base.

The Board has considered other alternative fund-raising methods such as debt financing. The Board considered that debt financing may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and prevailing market conditions and it may be relatively uncertain and time-consuming.

The Board is of the view that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Date of completion	Fund raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
21 August 2023, 25 August 2023 and 31 August 2023	7 September 2023	Placing of 55,300,000 new Shares at the placing price of HK\$0.075 to one placee under general mandate	Approximately HK\$4.1 million	Approximately HK\$4.1 million for the partial repayment of other borrowing	Approximately HK\$4.1 million has been fully applied for the partial repayment of other borrowing
21 July 2023	31 July 2023	Placing of 163,120,000 new Shares at the placing price of HK\$0.08 each to not less than six placees under general mandate	Approximately HK\$12.9 million	Approximately HK\$12.9 million for the partial repayment of other borrowing	Approximately HK\$12.9 million has been fully applied for the partial repayment of other borrowing
18 May 2023	25 May 2023	Placing of 171,880,000 new Shares at the placing price of HK\$0.08 each to not less than six placees under general mandate	Approximately HK\$13.6 million	(a) Approximately HK\$11.0 million for the partial repayment of other borrowing; and (b) Approximately HK\$2.6 million for replenishment of working capital	(a) Approximately HK\$11.0 million has been fully applied for the partial repayment of other borrowing; and (b) Approximately HK\$2.6 million has been fully applied for replenishment of working capital

Save for the aforesaid, the Company did not conduct any other fund raising activities involving the issue of its equity securities in the last twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation but before the Completion; and (iii) immediately after the Share Consolidation and the Completion, assuming that there is no change in the issued share capital of the Company between the date of this announcement and the Completion:

Shareholders	As at the date of this announcement		Immediately after the Share Consolidation but before the Completion		Immediately after the Share Consolidation and the Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Seashore Global Enterprises Limited (“Seashore Global”) (Note)	375,000,000	19.84	15,000,000	19.84	15,000,000	15.87
The Places	–	–	–	–	18,903,000	20.00
Other public Shareholders	1,515,300,000	80.16	60,612,000	80.16	60,612,000	64.13
Total	1,890,300,000	100	75,612,000	100	94,515,000	100

Note: The issued shares of Seashore Global are wholly-owned by Mr. Wu Huizhang. On 5 July 2022, the Company signed an agreement to pledge a total of 375,000,000 Existing Shares, which owned by Seashore Global to Kingston Finance Limited as security for loan facilities provided to the Company.

GENERAL

The Placing Shares will be allotted and issued under the Specific Mandate. The Share Consolidation and the Placing will be subject to the Shareholders’ approval at the EGM.

A circular containing, among other things, (i) further details of the Share Consolidation; (ii) further details of the Placing; and (iii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the twelve-month period immediately preceding the date of this announcement, or prior to such twelve-month period where dealing in respect of the Shares issued pursuant thereto commenced within such twelve-month period, nor has it issued any bonus securities, warrants or other convertible securities within such twelve-month period. The Placing does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Placing is in compliance with Rule 7.27B of the Listing Rules.

Shareholders and potential investors of the Company shall be aware that: (i) the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement; and (ii) the Placing is on a best effort basis and Completion is subject to fulfillment of the conditions set out in the paragraph headed “Conditions of the Placing” in this announcement. Accordingly, the Share Consolidation and the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Board”	board of Directors
“Business Day”	a day (other than Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business during their normal business hours
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Company”	Volcano Spring International Holdings Limited (stock code: 01715), a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“Completion Date”	the date of Completion, within seven Business Days immediately after the date on which all conditions of the Placing as set out above have been fulfilled
“Consolidated Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve, among others, the Share Consolidation; and the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Placing Shares
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual, institutional or professional investors, who and whose ultimate beneficial owners are Independent Third Parties, procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares, on a best effort basis, procured by the Placing Agent to the Placees, on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	I Win Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 8 February 2024 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$1.13 per Placing Share
“Placing Shares”	a maximum up to 18,903,000 new Consolidated Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, but for the purpose of this announcement, do not include, Hong Kong, Macau and Taiwan
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Shareholder(s)”	holder(s) of Shares
“Share Consolidation”	the share consolidation of every twenty-five (25) issued and unissued Existing Shares into one (1) Consolidated Share
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to allot and issue a maximum of 18,903,000 Placing Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent

By order of the Board
Volcano Spring International Holdings Limited
Maeck Can Yue
Chairperson and Executive Director

Hong Kong, 8 February 2024

As at the date of this announcement, the executive Directors of the Company are Madam Maeck Can Yue and Mr. Wu Huizhang, and the independent non-executive Directors of the Company are Mr. Wang Shih-fang, Mr. Yan Chi Ming, Mr. Hooi Hing Lee and Mr. Li Wei.