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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 19 April 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 192,880,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at the Placing Price of HK\$0.097 per Placing Share.

The Placing Price of HK\$0.097 per Placing Share represents (i) a discount of approximately 11.82% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.83% to the average of the closing prices of approximately HK\$0.121 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The maximum number of the Placing Shares represents (i) approximately 16.9% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be HK\$18.71 million and the net proceeds will be approximately HK\$18.52 million (after deduction of commission and other expenses of the Placing). The Directors intend to apply the net proceeds from the Placing for investment in infrastructure of the logistic business.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

The Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

On 19 April 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement. The principal terms of the Placing Agreement are summarised below:

Date

19 April 2024

Parties

- (a) the Company; and
- (b) the Placing Agent

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Placing Agent and its respective ultimate beneficial owner(s) is an Independent Third Party.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of Placing Shares of up to 192,880,000 Shares under the Placing represents (i) approximately 16.9% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum of 192,880,000 Placing Shares under the Placing will be HK\$1,928,800.

Placing Price

The Placing Price of HK\$0.097 per Placing Share represents:

- (i) a discount of approximately 11.82% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.83% to the average of the closing prices of approximately HK\$0.121 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Placing commission

The Placing Agent will be entitled to a commission equivalent to 1% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent.

Placees

Pursuant to the terms of the Placing Agreement, the Company shall appoint the Placing Agent as its exclusive agent to procure on a best effort basis, not less than six Placees to subscribe for the Placing Shares on and subject to the terms set out in the Placing Agreement.

The Placing Agent shall use its best endeavours to ensure that (i) each of the Placees shall be a Professional Investor or other investors; (ii) each of the Placees and their respective ultimate beneficial owner shall be an Independent Third Party; and (iii) immediately after the Completion, none of the Placees and their respective beneficial owners will become a substantial Shareholder (has the meaning as ascribed to it in the Listing Rules).

Conditions of the Placing

The Completion is conditional upon the Listing Committee of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Placing Shares.

The Company shall use its best endeavours to procure the fulfillment of the condition above and in the event the condition above is not fulfilled by 10 May 2024 (or such later date as may be agreed by the parties in writing), all rights, obligations and liabilities of the parties in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Completion

The Completion shall take place on the third (3) Business Day following the day on which the condition set out above is satisfied (or such later date as may be agreed between the parties).

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit of up to 20.0% of the total number of issued Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 192,880,000 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the Shares in issue, be free and clear from all liens, charges, encumbrances, claims, options and third party rights and with all rights attaching thereto as at the Completion Date, including the right to receive all future dividends and other distributions thereafter declared, made or paid on the Shares.

Termination

Notwithstanding anything contained in the Placing Agreement to the contrary, the Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if:

- (i) any event occurring or matter arising on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations contained in the Placing Agreement untrue or incorrect in any material respect and such would have a material adverse impact or effect on the Placing, comes to the notice of the Placing Agent; or
- (ii) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the reasonable opinion of the Placing Agent and in its reasonable discretion may materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not *ejusdem generis* with the foregoing) which, in the reasonable opinion of the Placing Agent and in its reasonable discretion will, or may be expected to, have a material adverse effect on the Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Placing; or

- (iii) there is any adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Placing Agent and in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Placing.

If notice is given pursuant to the above, 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 rights or obligations which may have accrued under the Placing Agreement prior to such termination.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in provision of transportation, warehousing, in-plant logistics and customisation services which are divided into four operating segments, namely (i) the transportation service segment which is principally providing supply chain logistics services; (ii) the warehousing service segment which is principally providing warehousing of cargoes and warehouse management services; (iii) the in-plant logistics service segment which is principally providing transportation of in-plant cargoes; and (iv) the customisation service segment which is principally providing labelling and bundling services.

As stated in the annual results announcement of the Company for the year ended 31 December 2023, the Group recorded drop in revenue from approximately HK\$179.5 million for the year ended 31 December 2022 to approximately HK\$133.9 million for the year ended 31 December 2023, and increase in loss from approximately HK\$0.2 million for the year ended 31 December 2022 to approximately HK\$34.2 million for the year ended 31 December 2023. In light of the above, the Company would like to improve the Group's business operations and financial position by investing in infrastructure that is related to the Group's existing logistic service business so as to broaden its source of income and enhance the Group's value to the Shareholders.

The Directors (including the independent non-executive Directors) are of the view that the Placing represents an opportunity to raise additional capital for the Group to strengthen its financial position in order to supplement the capital requirements for the Group to further develop its logistic service business, which is in the interests of the Group and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be HK\$18.71 million and the net proceeds will be approximately HK\$18.52 million (after deduction of commission and other expenses of the Placing). The net placing price will be approximately HK\$0.096 per Placing Share. The Directors intend to apply the net proceeds from the Placing for investment in infrastructure of the logistic business.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms after arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the Placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of initial announcement	Fund raising activity	Net proceeds	Intended use of the net proceeds	Actual use of proceeds as at the date of this announcement
12 June 2023	Placing of new Shares under general mandate	HK\$34.15 million	the development of the intelligent logistics services business	Will be applied as intended

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best knowledge, information and belief of the Directors and based on the disclosure of interest filed by the substantial Shareholder, the table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion (assuming the Placing Shares are placed in full and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date):

Name of the Shareholder	As at the date of this announcement		Immediately after the Completion (assuming the Placing Shares are placed in full and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Portree Wealth Limited (<i>Note</i>)	166,700,000	14.6	166,700,000	12.5
The Placees	—	0.0	192,880,000	14.5
Other public Shareholders	<u>974,580,000</u>	<u>85.4</u>	<u>974,580,000</u>	<u>73.0</u>
Total	<u>1,141,280,000</u>	<u>100.0</u>	<u>1,334,160,000</u>	<u>100.0</u>

Note:

Portree Wealth Limited is the registered owner of 166,700,000 Shares. The entire issued share capital of Portree Wealth Limited is owned by Mr. Zhu Zhijian. Under the SFO, Mr. Zhu Zhijian is deemed to be interested in all the Shares registered under the name of Portree Wealth Limited.

The Completion is subject to the satisfaction of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 16 June 2023
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“Company”	Yues International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1529)
“Completion”	the completion of the Placing upon and subject to the terms and conditions set out in the Placing Agreement
“Completion Date”	the third (3) Business Day following the day on which the condition precedent to the Placing Agreement is satisfied (or such later date as may be agreed between the parties to the Placing Agreement)
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and otherwise deal with up to 192,880,000 Shares, representing 20.0% of the total number of the then issued Shares as at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	person(s) or entity(ies) who is/are third party(ies) independent of, and not connected with the Company and any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any Professional Investors or other investors whom the Placing Agent or its agent(s) has procured to subscribe for any of the Placing Shares pursuant to and in accordance with the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 192,880,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	West Bull Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 19 April 2024 in relation to the Placing
“Placing Price”	HK\$0.097 per Placing Share
“Placing Share(s)”	up to 192,880,000 new Shares to be placed pursuant to the Placing Agreement
“Professional Investor”	has the same meaning as ascribed thereto in Part 1 of Schedule 1 to the SFO and any rules made thereunder
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 19 April 2024

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