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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)

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward a proposal to the Shareholders to effect the Capital Reorganisation which involves:

(i) the Capital Reduction whereby the nominal or par value of each issued Share will be reduced from HK$0.25 to HK$0.001 by cancelling the paid-up capital to the extent of HK$0.249 on each issued Share;

(ii) the Share Sub-division whereby immediately following the Capital Reduction becoming effective, each authorised but unissued Share of a nominal or par value of HK$0.25 will be subdivided into two hundred and fifty (250) New Shares of a nominal or par value of HK$0.001 each; and

(iii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to the distributable reserve account of the Company which may be applied by the Company in any manner permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, details of the Capital Reorganisation, together with a notice convening the EGM and related form of proxy, is expected to be despatched to the Shareholders on or before Friday, 15 August 2025.

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(iii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to the distributable reserve account of the Company which may be applied by the Company in any manner permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK$150,000,000 divided into 600,000,000 Shares of a nominal or par value of HK$0.25 each, of which 360,759,879 Shares have been issued and are fully paid or credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reorganisation becomes effective, the authorised share capital of the Company will become HK$150,000,000 comprising 150,000,000,000 New Shares, of which 360,759,879 New Shares will be in issue. The aggregate nominal value of the issued share capital of the Company will become approximately HK$360,759.88.

The table below summarises the effect of the Capital Reorganisation (assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reorganisation becomes effective):

	As at the date of this announcement	**Immediately upon the Capital Reorganisation becoming effective**
Nominal or par value	HK$0.25 per Share	HK$0.001 per New Share
Authorised share capital	HK$150,000,000	HK$150,000,000
Number of authorised shares	600,000,000 Shares	150,000,000,000 New Shares
Issued shares	360,759,879 Shares	360,759,879 New Shares
Issued share capital	HK$90,189,969.75	HK$360,759.88

Based on the 360,759,879 Shares in issue immediately after the Capital Reorganisation becoming effective, a credit amounting to approximately HK$89.8 million will arise as a result of the Capital Reduction. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company which may be applied by the Company in any manner permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

The Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred, the implementation of the Capital Reorganisation will have no material effect on the consolidated net asset value of the Group, nor will they alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

(i) the passing of a special resolution to approve the Capital Reorganisation at the EGM;

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;

(iii) if required, the Court granting an order confirming the Capital Reduction;

(iv) if required, compliance with any conditions which the Court may impose in relation to the Capital Reduction;

(v) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (if required) and the minute containing the particulars required under the Companies Act with respect to the Capital Reduction; and

(vi) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the legal advisers to the Company (as to Cayman Islands law) will, if required under the Companies Act, apply to the Court for hearing date(s) to confirm the Capital Reduction. Further announcement(s) will be made by the Company on the preliminary timetable as soon as the Court hearing dates are confirmed.

Listing and dealing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of and permission to deal in the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New 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 New 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 HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates for the New Shares

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reorganisation is not ascertainable at present. Should the Capital Reorganisation become effective, Shareholders may submit existing share certificates for Shares in red colour to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for exchange, at the expense of the Company, within one month from the effective date of the Capital Reorganisation, for share certificates for the New Shares in purple colour.

Details of such free exchange of share certificates will be announced as soon as the Court hearing date(s) and the effective date of the Capital Reorganisation is ascertained.

Thereafter, all existing share certificates of the Shares will continue to be good evidence of title to the New Shares, and may 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 share certificate for the Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever is higher. The existing share certificates of the Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

REASONS FOR THE CAPITAL REORGANISATION

The proposed Capital Reorganisation will enable the nominal or par value of the Shares to be reduced from HK$0.25 to HK$0.001 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to the distributable reserve account of the Company which may be applied by the Company in any manner permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

The Board is of the opinion that the proposed Capital Reduction will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

The Board considers that the Capital Reorganisation will enable the nominal or par value of the Shares to be reduced from HK$0.25 to HK$0.001 each, thus giving greater flexibility to the Company to issue new shares of the Company in the future given that the Company is not permitted, without an order of the Court, to issue new shares of the Company below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue new shares of the Company, even if the Capital Reorganisation becomes effective.

As at the date of this announcement, the Company has no intention or plan to carry out other corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation. In addition, the Company has no present intention to conduct any equity fund raising activities. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

Based on the above and having considered that save for applying the credit arising from the Capital Reduction towards offsetting the accumulated losses of the Company, the Directors consider that the Capital Reorganisation will have no material effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company, therefore, the Directors are of the view that the Capital Reorganisation is in the best interests of the Company and its Shareholders as a whole.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Capital Reorganisation. This expected timetable is indicative only and any subsequent changes to it will be announced in a separate announcement by the Company as and when appropriate.

Events	**Time and Date**
Expected despatch date of the Circular, proxy form and notice of the EGM	on or before Friday, 15 August 2025
Latest time for lodging transfer documents of the Shares in order to be qualified for attendance and voting at the EGM	4:30 p.m. on Thursday, 28 August 2025
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM	Friday, 29 August 2025 to Wednesday, 3 September 2025 (both days inclusive)
Latest time for lodging proxy forms for the EGM	2:00 p.m. on Monday, 1 September 2025
Record date for determining attendance and voting at the EGM	Wednesday, 3 September 2025
Expected date and time of EGM to approve the Capital Reorganisation	2:00 p.m. on Wednesday, 3 September 2025
Announcement of the poll result of the EGM	Wednesday, 3 September 2025

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation and therefore the dates are tentative only.

Events	**Time and Date**
Expected effective date of the Capital Reorganisation	before 9:00 a.m. on Wednesday, 3 December 2025
Commencement of dealing in the New Shares	9:00 a.m. on Wednesday, 3 December 2025
First day of free exchange of existing share certificates of the Shares for new share certificates of the New Shares	Wednesday, 3 December 2025
Last day of free exchange of existing share certificates of the Shares for new share certificates of the New Shares	Tuesday, 13 January 2026

All times and dates specified in this announcement refer to Hong Kong times and dates, unless otherwise stated.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, details of the Capital Reorganisation, together with a notice convening the EGM and related form of proxy, is expected to be despatched to the Shareholders on or before Friday, 15 August 2025.

Shareholders and potential investors of the Company should note that the Capital Reorganisation is subject to the fulfilment of the conditions set out in this announcement. Accordingly, the Capital Reorganisation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

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

"Board"	the board of Directors
"Business Day(s)"	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong

"Capital Reduction"	the proposed reduction of the issued share capital of the Company whereby the nominal or par value of each issued Share will be reduced from HK$0.25 to HK$0.001 by cancelling the paid up capital to the extent of HK$0.249 on each issued Share
"Capital Reorganisation"	collectively, the Capital Reduction and the Share Sub-division
"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
"Circular"	the circular to be despatched to the Shareholders containing, among other things, details of the Capital Reorganisation and the notice of the EGM
"Companies Act"	the Companies Act (2025 Revision) of the Cayman Islands, as consolidated and revised
"Company"	Volcano Spring International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1715)
"Court"	the Grand Court of the Cayman Islands
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering, and, if thought fit, approving the Capital Reorganisation
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Group"	the Company and its subsidiaries

"HKSCC"	the Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Share(s)"	ordinary share(s) of a nominal or par value of HK$0.001 each in the share capital of the Company immediately following the Capital Reorganisation becoming effective
"Share(s)"	ordinary share(s) of a nominal or par value of HK$0.25 each in the share capital of the Company
"Share Sub-division"	the proposed sub-division of each authorised but unissued Share of a nominal or par value of HK$0.25 into two hundred and fifty (250) New Shares of a nominal or par value of HK$0.001 each
"Shareholder(s)"	the holder(s) of the issued Share(s) and/or New Share(s), as the case may be
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

By order of the Board
Volcano Spring International Holdings Limited
Zhao Jie
Executive Director

Hong Kong, 4 August 2025

As at the date of this announcement, the executive Directors are Mr. Zhao Jie, Madam Maeck Can Yue and Mr. Wu Huizhang, the non-executive Director is Ms. Zhang Yuanjie, and the independent non-executive Directors are Mr. Li Wei, Mr. Lin Dongming and Mr. Shen Shujing.