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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



Grand China Securities Limited

On 12 June 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 176,880,000 Placing Shares at the Placing Price of HK\$0.196 per Placing Share.

The Placing Shares represents: (a) approximately 18.34% of the total existing issued Shares as at the date of this announcement; and (b) approximately 15.50% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK\$0.196 per Placing Share represents (i) a discount of approximately 0.51% to the closing price of HK\$0.197 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 0.51% over the average closing price of approximately HK\$0.195 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be HK\$34.67 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$34.15 million, representing a net issue price of approximately HK\$0.193 per Placing Share.

The Company intends to apply the entire net proceeds of the Placing of approximately HK\$34.15 million for the development of the Intelligent Logistics Services Business, details of which have been set out in the section headed “REASONS FOR THE PLACING AND USE OF PROCEEDS” in this announcement.

As Completion is conditional upon fulfilment of the condition precedent set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 12 June 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing.

The principal terms and conditions of the Placing Agreement are as follows:

Date

12 June 2023

Parties

- (1) the Company as issuer; and
- (2) the Placing Agent as placing agent

The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Pursuant to the terms of the Placing Agreement, the Placing Agent will charge a placing commission of 1.5% of the aggregate consideration received by the Company from the sale of Placing Shares.

The placing commission was negotiated on arm’s length basis between the Company and the Placing Agent, and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Number of the Placing Shares

The Placing Agent has conditionally agreed to act as agent of the Company to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 176,880,000 new Shares at the Placing

Price (excluding the Stock Exchange trading fee, SFC transaction levy, CCASS stock settlement fee and brokerage as may be payable by the Placees), upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represents: (a) approximately 18.34% of the total existing issued Shares as at the date of this announcement; and (b) approximately 15.50% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue by the Company of the Placing Shares).

Rights of the Placing Shares

The Placing Shares will rank *pari passu* in all respects among themselves and with the other existing Shares upon issuance.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose respective ultimate beneficial owners are Independent Third Parties.

Placing Price

The Placing Price is HK\$0.196 per Placing Share and represents:

- (i) a discount of approximately 0.51% to the closing price of HK\$0.197 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 0.51% over the average closing price of approximately HK\$0.195 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 net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$34.15 million per Placing Share. Based on a nominal value of HK\$0.01 per Share, the aggregate nominal value of the Placing Shares is HK\$1,768,800.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and the current market conditions.

Condition of the Placing

The Placing Completion is conditional upon the listing of, and permission to deal in, the Placing Shares being granted by the Stock Exchange on or before 12:00 noon on Long Stop Date.

If such condition is not fulfilled on or prior to the Long Stop Date, the Placing Agreement shall terminate and none of the Company or the Placing Agent shall have any claim against the other for damages, compensation or otherwise, provided however that the Company shall remain liable for the payment of any costs, charges and expenses referred to in the Placing Agreement.

Application for listing

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

Completion

Completion of the Placing shall take place on the Completion Date (or such other date as may be agreed between the Company and the Placing Agent) after the fulfilment of the condition as set out in paragraph headed “Condition of the Placing” above are satisfied.

Termination

If at any time prior to 9:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent the success of the Placing would or might be adversely affected by:

- (a) any material breach of any of the representations and warranties by the Company as set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than three trading days (other than in connection with the Placing); or
- (c) any of the following events:
 - (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date thereof and including an event or change in relation to a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not *sui generis* with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange or any other stock exchange on which the Company’s securities are traded, occurring due to exceptional financial circumstances or otherwise; or
 - (iv) a change in taxation in Hong Kong, or the PRC or the implementation of exchange controls which shall or might materially and adversely affect the Company in their capacity as such;

then, and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 a.m. on the Completion Date.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting held on 17 June 2022, subject to the limit of up to 20% of the total number of issued Shares as at the date of the annual general meeting. Under the General Mandate, the Directors are authorised to issue up to 176,880,000 new Shares. Up to the date of this announcement, no new Share has been allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group has four operating segments: transportation service segment principally providing supply chain logistics services; warehousing service segment principally providing warehousing of cargoes and warehouse management services; in-plant logistics service segment principally providing transportation of in-plant cargoes; and customization service segment principally providing labeling and bundling services.

With the PRC's economy has gradually returned to normal operation and the expected scale of the logistics industry will continue to increase steadily, the Group intends to actively diversify the logistics services to a broader spectrum of industries, in anticipation of any potential change in the customers' operation demand for logistics services. Leveraging on its expertise in logistics industry, the Group intends to embark on the provision of intelligent logistics services (the "**Intelligent Logistics Services Business**"), providing one-stop logistics services with integration of logistics and information technology. The Group expects that the combination of the automated storage facilities, transportation robots, big data and other smart technologies in supply chain and procurement management could provide customers with smooth and convenient logistics experience, which, in turn, will be beneficial to the continued growth of its logistics services business. As a result, further capital and resources are required for the Group's participation in and the development of the Intelligent Logistics Services Business. The Board considers that the Placing will facilitate the raising of funds for the business operation of the Group, especially in the development of the Intelligent Logistics Services Business, and strengthen the Group's financial conditions.

In light of the above, the Directors are of the opinion that the terms of the Placing Agreement, including the Placing Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon Completion, the aggregate gross proceeds from the Placing are expected to be approximately HK\$34.67 million. The net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are estimated to be approximately HK\$34.15 million, representing a net issue price of approximately HK\$0.193 per Placing Share. The Company intends to apply the entire net proceeds of the Placing of approximately HK\$34.15 million for the development of the Intelligent Logistics Services Business.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming all the Placing Shares are fully placed and there are no other changes in the share capital of the Company from the date of this announcement up to the date of issue of the Placing Shares, to the best knowledge, information and belief of the Directors and based on the disclosure of interest filed by the substantial shareholder, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion:

Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares held</i>	<i>Approximate % of total issued Shares</i>	<i>Number of Shares held</i>	<i>Approximate % of total issued Shares</i>
Portree Wealth Limited Public	166,700,000	17.28	166,700,000	14.61
— Placees	—	—	176,880,000	15.50
— Other Public Shareholders	<u>797,700,000</u>	<u>82.72</u>	<u>797,700,000</u>	<u>69.89</u>
Total	<u>964,400,000</u>	<u>100.00</u>	<u>1,141,280,000</u>	<u>100.00</u>

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company did not raise funds on any issue of equity securities raising activities during the past twelve months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
15 June 2022	Placing of new Shares	HK\$14,000,000	To be applied for development of Chinese Medicine business	To be used as intended

WARNING

As Completion is conditional upon fulfilment of the condition precedent set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday and Sunday) on which commercial banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Company”	Yues International Holdings Group Limited, being a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1529)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the third Business Day immediately following receipt of the listing of, and permission to deal in, the Placing Shares to be granted by the Stock Exchange (or such other date and place as the Company and the Placing Agent may agree)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company’s annual general meeting held on 17 June 2022 to allot, issue and deal with up to 20% of the then issued Shares
“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 PRC

“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company, any promoter, director, supervisor, chief executive, management shareholder or substantial shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Listing Committee”	has the same meaning as ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	3 July 2023 (or such other dates as the Company and the Placing Agent may agree)
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 176,880,000 Placing Shares on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	Grand China Securities Limited, being a corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 12 June 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.196 per Placing Share (excluding the Stock Exchange trading fee, SFC transaction levy, CCASS stock settlement fee and brokerage as may be payable by the Placees)
“Placing Share(s)”	a total of up to 176,880,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“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, 12 June 2023

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