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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

For the Year, operating results of the Group were as follows:

- The Group recorded revenue of approximately RMB133.9 million (2022: approximately RMB179.5 million), representing a decrease of approximately RMB45.6 million or approximately 25.4% as compared with the Previous Year.
- Loss for the Year was approximately RMB34.2 million (Previous Year: approximately RMB0.2 million) which is mainly attributable to the decrease in revenue generated from the provision of transportation service, warehousing service and in-plant logistic service of approximately RMB44.1 million by the Group, the increase in lease payment relating to short-term leases of approximately RMB6.8 million, and the recognition of impairment of right-of-use assets of RMB2.8 million for the Year.
- The basic loss per share for the Year was approximately RMB3.28 cents (Previous Year: approximately RMB0.02 cents).
- The Directors do not recommend the payment of a final dividend for the Year (Previous Year: nil).

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Yues International Holdings Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023 (the "**Year**"), together with the comparative figures for the year ended 31 December 2022 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**133,881**	179,483
Other income, gains and losses, net		**9,595**	6,838
Employee benefits expenses		**(66,744)**	(70,648)
Subcontracting expenses		**(33,714)**	(57,652)
Lease payment relating to short-term leases		**(35,291)**	(28,490)
Depreciation of property, plant and equipment		**(1,637)**	(1,295)
Depreciation of right-of-use assets		**(3,852)**	(3,558)
Impairment of right-of-use assets		**(2,846)**	–
Amortisation of intangible assets		**(27)**	–
Other expenses	*5*	**(31,714)**	(25,301)
Operating Loss		**(32,349)**	(623)
Finance costs	*6*	**(1,057)**	(427)
Loss before income tax		**(33,406)**	(1,050)
Income tax (expenses)/credit	*7*	**(757)**	880
Loss for the year		**(34,163)**	(170)
Attributable to:			
Owners of the Company		**(34,431)**	(170)
Non-controlling interests		**268**	–
		(34,163)	(170)
Loss per share (in RMB cents)			
Basic and diluted	*10*	**(3.28)**	(0.02)

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(34,163)**	(170)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of foreign operations, net of nil tax	**(3,102)**	1,075
Other comprehensive (expense)/income for the year	**(3,102)**	1,075
Total comprehensive (expense)/income for the year	**(37,265)**	905
Attributable to:		
Owners of the Company	**(37,533)**	905
Non-controlling interests	**268**	–
	(37,265)	905

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,885**	3,996
Right-of-use assets		**21,719**	7,019
Goodwill and intangible assets		**2,045**	–
Deferred income tax assets		**241**	–
Rental deposits	*11*	**675**	769
Loan receivables	*11*	**11,692**	43,000
Deposit in relation to purchase of property, plant and equipment		**36,167**	–
Financial assets at fair value through profit or loss		**4,580**	6,093
Total non-current assets		**80,004**	60,877
Current assets			
Trade and other receivables	*11*	**92,677**	62,800
Amount due from a non-controlling shareholder		**32,121**	–
Cash and cash equivalents		**78,026**	55,530
Total current assets		**202,824**	118,330
Total assets		**282,828**	179,207
EQUITY			
Share capital	*13*	**9,770**	8,139
Reserves		**128,686**	135,869
Equity attributable to owners of the Company		**138,456**	144,008
Non-controlling interests		**5,352**	–
Total equity		**143,808**	144,008

	Note	2023 *RMB'000*	2022 *RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**19,593**	4,236
Other payables	*12*	**8,178**	–
Contingent consideration payable for business combination		**8,115**	–
Deferred income tax liabilities		**284**	–
Total non-current liabilities		**36,170**	4,236
Current liabilities			
Trade and other payables	*12*	**38,819**	24,973
Contract liabilities		**566**	–
Bank and other borrowings		**52,602**	–
Lease liabilities		**5,896**	3,356
Amount due to a director		**4,581**	2,388
Current income tax liabilities		**386**	246
Total current liabilities		**102,850**	30,963
Total liabilities		**139,020**	35,199
Total equity and liabilities		**282,828**	179,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 GENERAL INFORMATION

Yues International Holdings Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company in Hong Kong and in the People's Republic of China (the "**PRC**") is Room 3, 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong and Units 1301 and 1302, 13/F, Citic Plaza, No.233, Tianhe Road, Guangzhou, the PRC respectively.

The Company is an investment holding company and together with its subsidiaries (collectively, the "**Group**") are principally engaged in the provision of transportation, warehousing, in-plant logistics and customisation services.

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated. The consolidated financial statements have been approved for issue by the board of directors of the Company on 27 March 2024.

2 BASIS OF PREPARATION AND OF MATERIAL ACCOUNTING POLICIES

(a) Compliance with HKFRSs, HKCO and Listing Rules

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong) ("**HKCO**"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

(b) Measurement basis

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit or loss ("**FVPL**") and contingent consideration payable for business combination, which are measured at fair values.

(c) New and amended standards adopted by the Group

The Group has applied the following new and amended standards and improvements for the first time for their annual reporting period commencing on 1 January 2023 that are relevant to the Group:

- Definition of Accounting Estimates — amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — amendments to HKAS 12
- Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Impact on application of Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these consolidated financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Impact on application of Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings/accumulated losses or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The application of the amendments has no material impact on the Group's financial position and performance. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

(d) New standards, amendments and interpretations not yet adopted

The following new standards, amendments and interpretations have been published that are relevant to the Group but not yet effective for the current reporting period commencing on 1 January 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced an assessment of the impact of the new or revised standards that have been issued but either not yet effective for the financial period beginning on 1 January 2023 or not been early adopted by the Group which are relevant to the Group's operations. The Group believes that the application of amendments to HKFRSs, amendments to HKASs and the new interpretations is unlikely to have a material impact on the Group's consolidated statement of financial position and performance as well as disclosure in the future.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with external customers

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Recognised over time		
— Transportation service	**50,335**	73,127
— Warehousing service	**19,276**	34,465
— In-plant logistics service	**62,932**	69,071
Recognised at a point in time		
— Customisation service	**1,338**	2,820
	133,881	179,483

All revenue is for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4 SEGMENT INFORMATION

The Group's operating segments, which also represent the Group's reportable segments, are determined based on information reported to the chief operating decision-maker of the Group, who has been identified as the executive directors of the Company. Chief operating decision-maker reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(i) Transportation service;

(ii) Warehousing service;

(iii) In-plant logistics service; and

(iv) Customisation service.

Reportable segment results represent the profit or loss resulted by each segment and exclude interest income from bank and other deposits, loan receivables and bond measured at amortised cost, interest expenses on bank and other borrowing, fair value change of financial assets at FVPL and contingent consideration payable for business combination, and unallocated corporate income and expenses.

The following is an analysis of the Group's revenue from contracts with customers and results by segment:

Year ended 31 December 2023

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	**50,335**	**19,276**	**62,932**	**1,338**	**133,881**
Segment results	**10,256**	**(30,705)**	**14,127**	**(377)**	**(6,699)**
Interest income from bank deposits					**1,052**
Interest income from loan receivables					**4,478**
Unrealised loss on fair value change of financial assets at FVPL					**(1,513)**
Fair value change on contingent consideration payable for business combination					**(63)**
Unallocated corporate income					**5,641**
Unallocated corporate expenses					**(36,302)**
Loss before income tax					**(33,406)**

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:						
Amortisation of intangible assets	**27**	**–**	**–**	**–**	**–**	**27**
Depreciation of property, plant and equipment	**214**	**131**	**–**	**–**	**1,292**	**1,637**
Depreciation of right-of-use assets	**–**	**2,496**	**–**	**–**	**1,356**	**3,852**
Loss on disposal of property, plant and equipment	**–**	**485**	**–**	**–**	**–**	**485**
Impairment of right-of-use assets	**–**	**2,846**	**–**	**–**	**–**	**2,846**

Year ended 31 December 2022

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	73,127	34,465	69,071	2,820	179,483
Segment results	8,900	(1,281)	13,492	383	21,494
Interest income from bank deposits					801
Interest income from loan receivables					1,344
Interest income from bond measured at amortised cost					1,274
Unrealised gain on fair value change of financial assets at FVPL					93
Unallocated corporate income					3,152
Unallocated corporate expenses					(29,208)
Loss before income tax					(1,050)

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:						
Depreciation of property, plant and equipment	299	229	–	–	767	1,295
Depreciation of right-of-use assets	–	2,746	–	–	812	3,558
Loss on disposal of property, plant and equipment	–	–	–	–	6	6

Segment assets and liabilities

No segment assets and segment liabilities and other segment information are presented as such amounts are not reviewed by the Group's chief operating decision-makers for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's chief operating decision-makers.

Geographical information

The Group principally operates in the PRC.

During the year ended 31 December 2023, 96% (2022: 97%) of the Group's revenue from external customers, based on the operation location of respective customers, is derived from the PRC.

The Group's non-current assets other than goodwill, deferred income tax assets and financial instruments by geographical locations, which are determined by the geographical locations in which the asset is located in the case of property, plant and equipment, right-of-use assets, intangible assets and deposit in relation to purchase of property, plant and equipment are as follows:

	2023	2022
	RMB'000	*RMB'000*
Non-current assets		
The PRC	**62,379**	9,195
Hong Kong	**11**	1,820
	62,390	11,015

Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of the Group's revenues, is set out below:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**51,759**	56,891
Customer B	**24,568**	18,563

5 OTHER EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Auditor's remuneration	**1,283**	1,287
Entertainment expenses	**2,453**	1,132
Fleet operating expenses	**4,682**	4,604
Insurance expenses	**806**	861
Legal and professional fees	**5,103**	3,381
Loss on disposal of property, plant and equipment	**–**	6
Other taxes and surcharges	**318**	535
Outsourced labour costs	**9,464**	8,575
Repair and maintenance expenses	**435**	142
Telephone and communication fees	**360**	393
Travelling expenses	**1,511**	158
Utilities expenses	**575**	1,079
Other operating expenses	**4,724**	3,148
	31,714	25,301

6 FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on lease liabilities	**501**	427
Interest expenses on bank and other borrowings	**556**	–
	1,057	427

7 INCOME TAX

(i) PRC Enterprise Income Tax

The PRC Enterprise Income Tax ("**EIT**") is calculated at 25% (2022: 25%) of the estimated assessable profits for the current year. One of the subsidiaries of the Company is entitled to preferential tax concession rate at 15% as it has obtained the High and New Tech Enterprises licence.

(ii) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) on the estimated assessable profit. No provision for Hong Kong Profits Tax has been made for the subsidiaries incorporated in Hong Kong as there are no assessable profits for both current and prior years.

(iii) Income tax from other tax jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Taxation recognised in the consolidated statement of profit or loss represents:

	2023	2022
	RMB'000	*RMB'000*
The PRC Enterprise Income Tax		
Current year	**3**	–
Over-provision in respect of prior years	**–**	(745)
	3	(745)
Overseas Income tax		
Current year	**373**	354
Deferred income tax		
Origination and reversal of temporary differences	**381**	(489)
Income tax expenses/(credit)	**757**	(880)

8 ACQUISITION OF SUBSIDIARIES UNDER BUSINESS COMBINATION

On 31 October 2023, the Company, through Guangdong Yues International Intelligent Logistics Co., Ltd., a wholly-owned subsidiary of the Company (the "**Purchaser**"), acquired 60% equity interest (the "**Sale Shares**") in Zhongshan Haihui Technology Logistics (Group) Co., Ltd. ("**Haihui**", together with its subsidiaries, the "**Haihui Group**") from an independent third party (the "**Vendor**") at a consideration of RMB9,000,000 (the "**Consideration**") (the "**Acquisition**"). Upon the completion of the transaction, Haihui Group has become a subsidiary of the Company and the consolidated financial statements of Haihui Group were therefore consolidated into the consolidated financial statements of the Company.

Pursuant to the agreement for sale and purchase ("**Acquisition Agreement**") dated 31 July 2023 entered into among the Purchaser, the Vendor and Haihui in relation to the Acquisition, the Consideration shall be paid by the Purchaser to the Vendor in cash, subject to status of fulfilment in the profit guarantee (the "**Profit Guarantee**") as discussed below.

Pursuant to the Acquisition Agreement, the Vendor and Haihui has jointly undertaken to the Purchaser that the audited revenue and audited net profit of the Haihui Group for the period commenced from 1 August 2023 and up to 30 June 2024 (the "**Guaranteed Period**") shall not be less than RMB60,000,000 (the "**Guarantee Revenue**") and RMB3,500,000 (the **"Guarantee Profit**") respectively.

On 22 December 2023, the Purchaser, the Vendor and Haihui have entered into an amendment agreement to the Acquisition Agreement (the "**Amendment Agreement**") to revise certain terms in the Acquisition Agreement. Pursuant to the terms of the Amendment Agreement, the original Guaranteed Period as stated in the Acquisition Agreement should be amended and replaced as the period commenced from 1 January 2024 and up to 31 December 2024 (the "**Revised Guaranteed Period**"), with other terms and conditions of the Acquisition Agreement remain unchanged and continue in full force and effect.

In the event that either the Guaranteed Revenue or the Guaranteed Profit is not achieved, the Purchaser has the right to exercise the put option and request the Vendor to repurchase the Sale Shares at nil consideration (the "**Put Option**"). If the Purchaser decides to exercise the Put Option, the Purchaser shall not be obliged to pay the Consideration and the Vendor shall, within 20 business days upon receipt of the notice of exercising the Put Option issued by the Purchaser, complete all the necessary procedures including the registration with relevant government authorities in respect of the repurchase of the Sale Shares.

If the Purchaser decides not to exercise the Put Option, and (i) where the Guaranteed Profit is achieved, no adjustment will be made to the Consideration or (ii) where the Guaranteed Profit is not achieved, the Purchaser shall pay to the Vendor the Consideration adjusted with the shortfall of the actual profit for the Guaranteed Period to the Guaranteed Profit.

The fair value of the identifiable assets and liabilities acquired and goodwill arose as at the date of the Acquisition are as follows:

	RMB'000
Property, plant and equipment	1,191
Right-of-use assets	20,694
Intangible assets	1,647
Deposit in relation to purchase of property, plant and equipment	36,167
Deferred income tax assets	628
Trade and other receivables	15,213
Amount from a non-controlling shareholder	33,512
Cash and cash equivalents	1,426
Deferred income tax liabilities	(290)
Lease liabilities	(21,092)
Bank and other borrowings	(50,586)
Trade and other payables	(25,092)
Taxation payables	(141)
Contract liabilities	(566)
Net identifiable assets acquired	12,711
Non-controlling interests[#]	(5,084)
Net identifiable assets attributable to owners of the Company	7,627
Goodwill arising on business combination	425
Fair value of contingent consideration	8,052

Net cash outflow arising on acquisition:

Cash and cash equivalents acquired	1,426

[#] Non-controlling interests are measured at the non-controlling interests' proportionate share of fair value of the identifiable net assets of the acquired subsidiaries.

9 DIVIDENDS

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2023 and 2022.

10 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
	RMB'000	*RMB'000*
Loss for the year attributable to the owners of the Company	**34,431**	170
Weighted average number of ordinary shares in issue (in thousands)	**1,050,659**	921,879

(b) Diluted

Diluted loss per share is the same amount as the basic loss per share for the year ended 31 December 2023 as the Company has no dilutive potential shares (2022: the exercise of the outstanding share options would be anti-dilutive).

11 TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables arising from contracts with customers *(Note (a))*	**39,913**	26,508
Prepayments	**12,147**	3,374
Other receivables	**1,082**	1,417
Rental deposits	**5,710**	9,785
Loan and interest receivables	**46,192**	58,587
Deposit in relation to investment in financial asset at FVPL	**–**	6,898
	105,044	106,569
Less: Non-current portion		
— Loan receivables	**(11,692)**	(43,000)
— Rental deposits	**(675)**	(769)
Current portion	**92,677**	62,800

Note:

(a) Trade receivables

The Group normally grants credit terms to its customers ranging from 0 to 150 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**27,411**	15,080
31 to 90 days	**5,666**	10,262
91 to 180 days	**5,696**	1,153
Over 180 days	**1,140**	13
	39,913	26,508

12 TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**19,659**	8,112
Accrued employee benefit expenses	**5,176**	5,617
Advance from a business partner	**8,178**	–
Other accrued expenses and other tax payables	**3,443**	3,808
Other payables	**10,541**	7,436
	46,997	24,973
Less: Non-current portion		
— Advance from a business partner	**(8,178)**	–
Current portion	**38,819**	24,973

The credit period granted by the Group's suppliers mainly ranges from 30 to 90 days.

The ageing analysis of the trade payables based on invoice date were as follows:

	2023	2022
	RMB'000	*RMB'000*
1 to 30 days	**15,589**	6,188
31 to 60 days	**2,011**	806
61 to 90 days	**393**	328
Over 90 days	**1,666**	790
	19,659	8,112

13 SHARE CAPITAL

	Number of shares (thousand)		Share capital	
	2023	2022	**2023**	2022
			HKD'000	*HKD'000*
Authorised:				
At 1 January and 31 December	**10,000,000**	10,000,000	**100,000**	100,000
Issued and fully paid:				
At 1 January	**964,400**	884,400	**9,644**	8,844
Issue of shares through share placing *(Note i)*	**176,880**	–	**1,768**	–
Issue of shares through share placing *(Note ii)*	**–**	80,000	**–**	800
At 31 December	**1,141,280**	964,400	**11,412**	9,644

	2023	2022
	RMB'000	*RMB'000*
Share capital presented in consolidated statement of financial position	**9,770**	8,139

All shares issued during the years ended 31 December 2023 and 2022 rank pari passu in all respects with the existing shares of the Company.

Note:

(i) On 7 July 2023, the Company issued an aggregate of 176,880,000 shares with a price of HKD0.196 each. The gross proceed from the share placing was approximately HKD34,669,000 (equivalent to approximately RMB31,981,000).

(ii) On 14 July 2022, the Company issued an aggregate of 80,000,000 shares with a price of HKD0.185 each. The gross proceed from the share placing was approximately HKD14,800,000 (equivalent to approximately RMB12,474,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established logistics service provider in the PRC which provides a wide range of logistics services to meet the needs of the customers' supply chains including (i) transportation; (ii) warehousing; (iii) in-plant logistics; and (iv) customisation services (consisting mainly of labelling services and bundling services).

The Group offers transportation services which primarily involve the delivery of the customers' production materials, components and finished goods to their downstream clients, manufacturing plants and/or designated locations. The Group, after completion of the Acquisition in the second half of 2023, has three warehouses located in the Guangdong Province with a total gross floor area of approximately 40,000 square metres which offer warehousing services to customers. The Group's in-plant logistics services cover the management of the movement of (i) production materials and components and work-in-progress to the production lines within the customers' manufacturing plants; and (ii) finished goods out to their factory gate. The Group's range of services gives it a competitive advantage over other logistics service providers in the PRC which offer only a limited range of services.

The logistics and warehousing industry in the PRC faced immense hardship in the year 2023. Due to diverse challenges both domestic and from overseas, demand from local customers for logistics and storage arrangements decreased substantially. As the pace of economic growth slowed low, earnings for companies and their inclination to invest in logistics and warehousing have diminished greatly. Moreover, impacted by the rising tide of trade protectionism around the globe and geopolitical risks, exports from the PRC have endured tremendous setbacks, which did sequentially undermine needs for transporting goods across borders and storage, leading to an overall drop in the revenue for the Group. The trials encountered in 2023 were without equal for the logistics and warehousing sector locally, as slower growth, weaker demands from customers, and shrinking exports did compound issues further still.

Domestic logistics industry in the PRC is also under the pressure from rising costs. While logistics demand continues to decrease, the operational costs of the industry, on the contrary, are gradually rising, including transportation costs, warehousing costs, labor costs, and other aspects. Specifically, transportation costs are facing significant pressure due to issues such as traffic congestion, high energy consumption, and environmental pollution. Traditional transportation methods like road transportation are already under strain. Additionally, the shortage of skilled labor is also a pressing issue, with difficulties in recruiting professionals, innovative talents, and operational personnel becoming increasingly prominent.

In 2023, overall demand for the Group's domestic transportation and international freight forwarding services remained below pre-pandemic levels due to ongoing uncertainty. In response, the Group prudently managed operating expenses by cautiously reducing marketing and promotion budgets. At the same time, escalating outsourced labor and shipping costs presented a challenge. Through stringent control of outsourcing costs, the Group has successfully decreased the proportion of subcontracting expenses to total revenue from approximately 32.1% in 2022 to approximately 25.2% in 2023. Considering the persistent market volatility, the Group judiciously managed resources while also taking measures to mitigate escalating external cost pressures through tight cost control. While demand recovery was still ongoing, the Group demonstrated resilience through careful expense management during unpredictable economic conditions.

To enhance the Group's market dominance, expand market share and influence, and to improve the ability to respond to market changes, the Group has successfully acquired 60% equity interest of Zhongshan Haihui Technology Logistics (Group) Company Limited in October 2023. The Acquisition, in addition to diversification of risk, has also enabled the optimal allocation and sharing of resources of the Group by integrating the resources of different enterprises to effectively utilise assets, avoid waste, achieve resource sharing, and improve overall operational efficiency.

OUTLOOK

Looking forward to 2024, from the perspective of market demand, although the PRC's logistics and warehousing industry still has certain growth potential, the growth rate may gradually slow down. With the saturation of the domestic market and the complexity of the international trade environment, logistics demand may not continue to grow rapidly as in the past. Therefore, industry participators need to pay closer attention to market changes and flexibly adjust their business strategies to cope with potential market fluctuations. The Group will maintain a cautious and optimistic attitude, strengthen market research and technological innovation, and actively respond to potential risks and issues, as well as to provide high quality warehousing services and expects 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.

To cope with the contemporary volatile business environment, the Group is now also actively seeking potential strategic partners in diverse domains. The Group will continue to strive to find opportunities in the face of challenges, including but not limited to participating in Chinese Medicine-related businesses such as the storage and distribution of Chinese Medicine products, so as to return shareholders and to achieve a sustainable business growth.

The Group will also seek appropriate business development opportunities for future acquisitions and/or setting up the joint-venture business, cooperation and/or investment opportunities in the Chinese Medicine industry such as Chinese medicine culture dissemination, retail of Chinese medicine, Chinese medicine health care and health tourism, when appropriate, through integrating internal resources and the business network of the chairman of the Company who has extensive experience in the Chinese Medicine Business.

FINANCIAL REVIEW

Revenue

The Group is principally engaged in provision of transportation, warehousing, in-plant logistics and customisation service. The overall revenue of the Group decreased by approximately RMB45.6 million or approximately 25.4% from approximately RMB179.5 million for the Previous Year to approximately RMB133.9 million for the Year.

Transportation service

Transportation service primarily involved (i) the delivery of the customers' production materials or components from their suppliers to their manufacturing plants; (ii) the arrangement for transportation of the customers' finished goods to their designated locations or downstream customers; (iii) sea transportation services; and (iv) international freight forwarding agency services. The transportation service of the Group primarily covered across the PRC and has expanded to Egypt since late 2018.

Revenue from the transportation service recorded a decrease of approximately 31.2% from approximately RMB73.1 million for the Previous Year to approximately RMB50.3 million for the Year mainly attributable to a decrease in orders from customers for local transportation services in the PRC and international freight forwarding agency services caused by the reduction of sales volume to end customers and the set-up of production facilities in local countries by overseas customers respectively.

Warehousing service

The warehousing service of the Group included provision of inventory storage and management services. As at 31 December 2023, the Group had three warehouses in the PRC with total gross floor area of approximately 40,000 square metres.

Revenue from the warehousing service decreased by approximately 44.1% from approximately RMB34.5 million for the Previous Year to approximately RMB19.3 million for the Year mainly due to the decrease in demand for warehousing service from customers to minimise the storage cost by keeping low level of inventories.

In-plant logistics service

The in-plant logistics service primarily included management of the movement of (i) production materials and components and work-in-progress to the production lines within the customers' manufacturing plants; and (ii) finished goods out to factory gate of the customers.

Revenue generated from the in-plant logistics service decreased by approximately 9.0% from approximately RMB69.1 million for the Previous Year to approximately RMB62.9 million for the Year.

Customisation service

The customisation service mainly comprised of labelling services and bundling services which is subject to the demand from its customers on an as-needed basis.

Revenue generated from the customisation service amounted to approximately RMB2.8 million and approximately RMB1.3 million for the Previous Year and the Year, respectively.

Other income, gains and losses, net

Other income gains and losses, net mainly consisted of net exchange gains, interest income from loan receivables, bank interest income, government grants and unrealised loss on fair value change of financial assets at FVPL. A net gain increased from approximately RMB6.8 million for the Previous Year to approximately RMB9.6 million for the Year mainly due to (i) net exchange gains arising from the translation of foreign currency denominated monetary items of approximately RMB3.3 million for the Year, compared to net foreign exchange gains of approximately RMB2.6 million for the Previous Year; and (ii) increase in interest income from loan receivables by approximately RMB4.5 million; offset by (iii) a RMB1.5 million unrealised loss on fair value change of financial assets at FVPL recognised for the Year.

Employee benefits expenses

Employee benefits expenses primarily consisted of (i) wages and salaries; (ii) social security fund and insurance contribution; and (iii) other allowances and benefits.

The employee benefits expenses decreased by approximately RMB3.9 million, or 5.5% from approximately RMB70.6 million for the Previous Year to approximately RMB66.7 million for the Year.

Sub-contracting expenses

Sub-contracting expenses primarily represented the amount paid to subcontractors for the provision of certain transportation services. Sub-contracting expenses were incurred for the orders for domestic transportation service and international freight forwarding agency services by our customers, whereby the Group, through outsourcing to independent subcontractors, assisted the customers to obtain cargo space from shipping companies or shipping agents that meet their requirements. The sub-contracting expenses decreased by approximately RMB24.0 million from approximately RMB57.7 million for the Previous Year to approximately RMB33.7 million for the Year mainly contributed by a corresponding decrease in revenue for the Year.

Lease payment relating to short-term leases

Short-term lease payment mainly comprised lease payments for rental expense for office premises, warehouses, staff quarters and forklifts, which do not meet the definition of lease liability as lessee under HKFRS 16. Short-term lease payment has increased by approximately RMB6.8 million, or 23.9%, to approximately RMB35.3 million for the Year from approximately RMB28.5 million for the Previous Year mainly due to the inception of new lease of a warehouse in Guangdong Province in September 2023.

Depreciation of right-of-use assets

The Group has certain leases pursuant to HKFRS 16 in respect of (i) premises comprising warehouses, office premises and staff quarters; and (ii) plant and machinery such as forklifts. The depreciation of right-of-use assets has kept at the same level of approximately RMB3.6 million for the Previous Year and approximately RMB3.9 million for the Year.

Finance costs

Finance costs mainly represented interest expenses on lease liabilities and bank and other borrowings. Finance costs has increased significantly from approximately RMB0.4 million for the Previous Year to approximately RMB1.1 million for the Year mainly attributed to the new lease of a warehouse in Guangdong Province, and the inclusion of bank loan interest of the subsidiary acquired during the Year.

Other expenses

Other expenses mainly include (i) fleet vehicles operating expenses which mainly included fuel costs and maintenance expenses of our fleet vehicles; (ii) outsourced labour costs; (iii) office and telephone expenses which mainly included general office expenses and long-distance calling fees; (iv) insurance expenses for the warehouses and transportations; (v) entertainment and travelling expenses for business soliciting; and (vi) others which mainly included maintenance expenses for the warehouses, professional fees and other miscellaneous expenses.

Other expenses increased by approximately RMB6.4 million from approximately RMB25.3 million for the Previous Year to approximately RMB31.7 million for the Year, mainly due to increase in entertainment and travelling expenses for the Year, and additional acquisition-related legal and professional fees incurred during the Year.

Loss for the year

As a result of the aforesaid, the Group recorded a loss of approximately RMB34.2 million for the Year (Previous Year: loss of approximately RMB0.2 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by internal resources. As at 31 December 2023, the Group had net current assets of approximately RMB100.0 million (2022: approximately RMB87.4 million) and cash and cash equivalents of approximately RMB78.0 million (2022: approximately RMB55.5 million). The Directors confirm that the Group will have sufficient financial resources to meet its obligations as and when they fall due in the foreseeable future.

GEARING RATIO

The Group monitors its capital on the basis of the gearing ratio, which is expressed as a percentage of net debt divided by equity attributable to owners of the Company. Net debt is calculated as the sum of bank and other borrowings, lease liabilities, contingent consideration payable and amount due to a director less cash and cash equivalents. The gearing ratio of the Group was approximately 9.2% as at 31 December 2023 (31 December 2022: N/A).

CAPITAL STRUCTURE

The capital structure of the Group comprises issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares and share buy-backs as well as the issue of new debt or the redemption of existing debt.

For the year ended 31 December 2023, there was no change to the authorised share capital of the Company which is HK$100,000,000 dividable into 10,000,000,000 shares in the par value of HK$0.01 each.

As at 31 December 2023, the Company had issued a total of 1,141,280,000 shares in the par value of HK$0.01 each, and all shares were fully paid and rank pari passu with each other in all respects.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 12 June 2023 (after trading hours), the Company entered into a placing agreement with the placing agent (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**"). The gross proceed from the Placing was approximately 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) was approximately HK$34.15 million, representing a net issue price of approximately HK$0.193 per placing share.

In view of the current market conditions, the Board are of the view that the Placing facilitated the raising of funds for diversifying the Group's logistics services to a broader spectrum of industries, especially in the provision of intelligent logistics services, 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. On 7 July 2023, the Placing was completed and 176,880,000 placing shares have been placed by the Placing Agent to not less than six placees at the placing price of HK$0.196 per placing share pursuant to the terms and conditions of the placing agreement.

For further details, please refer to the announcements of the Company dated 12 June 2023 and 7 July 2023.

USE OF PROCEEDS

The net proceeds from the Placing and placing of 80,000,000 shares at the placing price of HK$0.185 per share pursuant to the placing agreement dated 15 June 2022 (the "**2022 Placing**") of the shares of the Company, amounted to approximately HK$48.2 million.

An analysis of the utilisation of the net proceeds from the 2022 Placing up to 31 December 2023 is set out below:

	Planned use of net proceeds *HK$'million*	**Unutilised net proceeds as at 31 December 2022** *HK$'million*	**Actual use of net proceeds during the Year** *HK$'million*	**Unutilised net proceeds as at 31 December 2023** *HK$'million*
Development of the Chinese Medicine business *(Note)*	14.0	14.0	–	14.0

An analysis of the utilisation of the net proceeds from the Placing up to 31 December 2023 is set out below:

	Planned use of net proceeds *HK$'million*	**Actual use of net proceeds during the Year** *HK$'million*	**Unutilised net proceeds as at 31 December 2023** *HK$'million*
Development of intelligent logistics services business *(Note)*	34.2	–	34.2

Note: It is expected that the remaining balance of the unutilized net proceeds allocated for the "Development of the Chinese Medicine business" and "Development of intelligent logistics services business" will be utilized in the year ending 31 December 2024.

FOREIGN CURRENCY EXPOSURE

The Group's business activities are principally in the PRC and are primarily denominated in RMB. Certain subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group did not resort to any currency hedging facility during the Year. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CHARGE ON THE GROUP'S ASSETS

The Group did not have any charge on its assets as at 31 December 2023 (2022: nil).

CONTINGENT LIABILITIES

Save as disclosed in this announcement, the Group did not have any significant contingent liabilities as at 31 December 2023 (2022: nil).

CAPITAL COMMITMENTS

As at 31 December 2023, the Group did not have any material capital commitment (2022: nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any significant investments, material acquisitions, and disposals of subsidiaries and affiliated companies during the Year, nor there were any future plans for material investments or additions of capital assets as at 31 December 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 577 (2022: 678) full time employees. The Group determines the employee' s remuneration based on factors such as qualification, duty, contributions, work experience, the prevailing market conditions and the Group's remuneration policy. Employees' benefits include contributions to retirement scheme and share options under the Company's share option scheme. To enhance the expertise of our employees, the Group also provides them on-the-job training and sponsors them to attend external training courses and seminars.

EVENTS AFTER THE REPORTING PERIOD

The Board are not aware of any significant event which had material effect on the Group subsequent to 31 December 2023 and up to the date of this announcement.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except for share option scheme, during the year ended 31 December 2023, the Company or any of its subsidiaries was not a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders of the Company.

To accomplish this, the Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the year ended 31 December 2023 and up to the date of this announcement.

COMPETING INTERESTS

For the year ended 31 December 2023, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' transactions in the securities of the Company. Specific enquiry has been made of all the Directors and all Directors confirmed that they had fully complied with the required standard of dealings and the code of conduct adopted by the Company and there was no event of non-compliance throughout the year ended 31 December 2023 and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend payment of final dividend for the year ended 31 December 2023 (2022: nil).

SHARE OPTION SCHEME

Prior to the listing of the shares on GEM of the Stock Exchange (which subsequently transferred to the main board of the Stock Exchange), the Company conditionally adopted a share option scheme (the "**Previous Share Option Scheme**") on 26 September 2017 which became effective and unconditional upon the listing. The Company has terminated the Previous Share Option Scheme and has adopted a new share option scheme (the "**New Share Option Scheme**") under the Shareholders' approval by way of poll at the extraordinary general meeting held on 23 November 2023. The New Share Option Scheme is effective upon obtaining the listing approval from the Stock Exchange on 29 November 2023.

For the year ended 31 December 2023, no share options were granted, exercised, cancelled or lapsed under the Previous Share Option Scheme and the New Share Option Scheme. As at 1 January 2023 and 31 December 2023, 69,000,000 share options were outstanding under the Previous Share Option Scheme.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Baker Tilly on this announcement.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (the "**Audit Committee**") are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee internal control and risk management procedures of the Group. The Audit Committee comprises the three independent non-executive Directors, namely, Mr. Lau Wai Piu Patrick, Mr. Yu Chun Man and Mr. Chan Koon Yung. Mr. Lau Wai Piu Patrick is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2023 and is of the view that such financial statements have been prepared in compliance with the applicable accounting standards, and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("**AGM**") of the Company will be held on Tuesday, 18 June 2024. A notice convening the AGM, together with a circular therefor, will be dispatched to the shareholders of the Company, and will be available on websites of the Stock Exchange and the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, both days inclusive during which no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM or any adjournment thereof, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 12 June 2024.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.goalrise-china.com). The annual report of the Group for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 March 2024

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