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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)**

### **CHANGE IN USE OF PROCEEDS**

Reference is made to the announcements of Yues International Holdings Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 15 June 2022, 5 July 2022 and 14 July 2022 (the “**Announcements**”) in relation to, among others, the placing of new shares of the Company (the “**Shares**”) under the general mandate to not less than six places, which was completed on 14 July 2022, and the respective annual and interim reports of the Company relating to the update on the use of proceeds. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

As disclosed in the section headed “Use of Proceeds” in the announcement of the Company dated 5 July 2022 with the title of “Supplemental Letter Agreement In Relation To Placing Of New Shares Under General Mandate”, the Company intended to apply the entire net proceeds from the Placing of approximately HK\$14.0 million for the development of the Chinese Medicine Business. As at the date of this announcement, the unutilized amount of the net proceeds from the Placing amounts to approximately HK\$14.0 million (the “**Unutilised Net Proceeds**”).

The board of directors (the “**Board**”) of the Company would like to announce that, after due consideration and careful assessment of the reasons set out in the section headed “Reasons for the change in use of proceeds” below, the Board has resolved to change (the “**Proposed Change**”) the use of the Unutilised Net Proceeds with a revised allocation and expected timeline of full utilization as follows:

|   | <b>Planned use<br/>of net<br/>proceeds</b><br><i>HK\$'million</i> | <b>Unutilised Net<br/>Proceeds as at<br/>the date of this<br/>announcement</b><br><i>HK\$'million</i> | <b>Revised<br/>allocation of<br/>the Unutilised<br/>Net Proceeds</b><br><i>HK\$'million</i> | <b>Expected timeline<br/>for full utilisation<br/>of the Unutilised<br/>Net Proceeds</b> |
|---|---|---|---|--|
| Development of the Chinese<br>Medicine Business                                   | 14.0  | 14.0  | —   | —  |
| Development of the Chinese<br>Medicine Business and/or<br>general working capital | —   | —   | 14.0  | On or before<br>31 December 2025   |
|   | <u>—</u>  | <u>—</u>  | <u>14.0</u>   |  |

## **REASONS FOR THE CHANGE IN USE OF PROCEEDS**

Due to the pressure on drug price, rising raw material price, and intense market competition in the Traditional Chinese Medicine (“**TCM**”) industry in the PRC, the operating trend of various sub-sectors of the TCM industry continued to diverge. Having considered the above and the challenging macroeconomic environment in the PRC, the Group adopted a more prudent approach with a view to ensuring that any participation or investment in the TCM industry in the PRC is only made after careful and comprehensive consideration and in the interest of the Company and its Shareholders as a whole. As a result, the Company has not yet utilised the net proceeds allocated for “Development of the Chinese Medicine Business”.

In light of the factors as aforementioned, the Board considered that the Unutilised Net Proceeds may not be applied for “Development of the Chinese Medicine Business” in the near future. As a result, the Board has decided to expand the use of the Unutilised Net Proceeds to “Development of the Chinese Medicine Business and/or general working capital”, which would enable the Group to apply its financial resources more efficiently and ensure that the Group’s funds have sufficient liquidity to cope with emergency situations or short-term funding needs in business operations. The Board believes that the expansion in use of the Unutilised Net Proceeds will provide a higher level of flexibility for the Group to manage its assets and liabilities against the current unstable business environment and enable the Group to capture other business opportunities for the Group’s revenue growth.

The Board considers that the aforementioned change in use of proceeds from the Placing is in the best interest of the Company and the Shareholders as a whole, and it would not have any material adverse effect on the existing business and operation of the Group. Save as disclosed in this announcement, the Board does not anticipate any other change to the plan as to the use of the Unutilised Net Proceeds from the Placing.

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

Hong Kong, 11 June 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.*