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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)

MAJOR AND CONNECTED TRANSACTION DISPOSAL OF EQUITY INTEREST AND SHAREHOLDER'S LOAN IN A SUBSIDIARY AND TERMINATION OF PUT OPTION

THE DISPOSAL

On 20 December 2024, the Vendor, Purchaser I, Ms. Guo and the Target Company entered into the SPA pursuant to which Purchaser I has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Interest, representing 60% equity interest in the Target Company, at a consideration of RMB1. After Closing, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

THE ASSIGNMENT OF SHAREHOLDER'S LOAN

As at the date of this announcement, the Vendor has advanced the Shareholder's Loan in the principal amount of RMB7,500,000 to the Target Company. On 20 December 2024, the Vendor, Purchaser II and the Target Company entered into the Loan Transfer Agreement pursuant to which, Purchaser II shall acquire from the Vendor the Shareholder's Loan at a consideration of RMB7,000,000.

THE TERMINATION AGREEMENT

On 20 December 2024, the Vendor, Purchaser I and the Target Company entered into the Termination Agreement pursuant to which all the parties to the Termination Agreement have agreed to terminate the 2023 Agreements and the Put Option at nil consideration.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the SPA, the Loan Transfer Agreement and the Termination Agreement exceeds 25% but is less than 75%, the SPA, the Loan Transfer Agreement and the Termination Agreement constitute major transaction for the Company and are subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Target Company, a non-wholly owned subsidiary of the Group, is 30% owned by Ms. Guo and 10% by Purchaser I. Accordingly, each of Ms. Guo and Purchaser I is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. As the transactions contemplated under the SPA and the Termination Agreement are connected transactions between the Group and a connected person at the subsidiary level on normal commercial terms or better, it is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the SPA, the Loan Transfer Agreement and the Termination Agreement; and therefore, none of them will be required to abstain from voting on the relevant resolutions at the EGM.

The Company will convene an EGM to approve the SPA, the Loan Transfer Agreement and the Termination Agreement and the transactions contemplated thereunder. A circular containing, among other things, information relating to the SPA, the Loan Transfer Agreement and the Termination Agreement, a notice of the EGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 13 January 2025.

THE BACKGROUND

Reference is made to the announcements of the Company dated 31 July 2023 and 22 December 2023 in relation to, among other things, the sale and purchase agreement and an amendment agreement (collectively, "**the 2023 Agreements**") entered between Purchaser I, the Vendor and the Target Company in respect of the sale and purchase of the Sale Interest from Purchaser I to the Vendor as well as the Put Option.

THE SPA

On 20 December 2024, the Vendor, Purchaser I, Ms. Guo and the Target Company entered into the SPA pursuant to which Purchaser I has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Interest at a consideration of RMB1. After Closing, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

The principal terms of the SPA are as follows:

- Date** : 20 December 2024
- Parties** : (i) the Vendor;
(ii) Purchaser I;
(iii) Ms. Guo; and
(iv) the Target Company.
- Subject matter** : The Vendor has conditionally agreed to sell, and Purchaser I has conditionally agreed to purchase, the Sale Interest, representing 60% issued share capital of the Target Company, subject to the terms and conditions of the SPA.
- Consideration** : RMB1.
- Basis of consideration** : Pursuant to the terms of the 2023 Agreements, the Vendor has not paid any consideration to the Purchaser I for the purchase of Sale Interest as at the date of this announcement. As such, the consideration for the Disposal was set at RMB1.
- Conditions** : Closing of the SPA and the change of registrations and filings for the Target Company shall be conditional upon the following conditions being satisfied or waived (where applicable):
(i) the SPA has come into effect;
(ii) the Loan Transfer Agreement has come into effect;
(iii) the Stock Exchange has no further comment on the circular(s) to be issued by the Company as to the Disposal; and
(iv) the Disposal has been approved by the Shareholders.
- Representation** : Purchaser I agrees to fully cooperate with the Vendor and the Target Company to complete the transaction and undertakes to take control of the Target Company once the conditions of the SPA are met.
- Right of first refusal** : Ms. Guo agrees to waive his right of first refusal in respect of the Sale Interest.

LOAN TRANSFER AGREEMENT

As at the date of this announcement, the Vendor has advanced the Shareholder's Loan in the principal amount of RMB7,500,000 to the Target Company. The annual interest rate of the Shareholder's Loan ranges from 5% to 10%. The total amount of interest incurred as of the date this announcement is RMB622,379. On 20 December 2024, the Vendor, Purchaser II and the Target Company entered into the Loan Transfer Agreement pursuant to which, Purchaser II shall acquire from the Vendor the Shareholder's Loan at a consideration of RMB7,000,000.

The principal terms of the Loan Transfer Agreement are as follows:

Date : 20 December 2024

Parties : (i) the Vendor;
(ii) Purchaser II; and
(iii) the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Purchaser II and its ultimate beneficial owner(s) are independent third parties to the Group.

Subject matter : The Vendor has conditionally agreed to transfer, and Purchaser II has conditionally agreed to purchase the Shareholder's Loan subject to the terms and conditions of the Loan Transfer Agreement.

Consideration : RMB7,000,000, which shall be paid by Purchaser II to the Vendor within five Business Days after all the conditions set forth below have been satisfied.

Basis of consideration : The consideration was determined upon arm's length negotiations between the parties, taking into account the operational performance of the Target Company and the upcoming Disposal. An appropriate discount has been applied to the consideration, considering the difficulty and uncertainty of full recovery of the Shareholder's Loan.

Conditions : Closing of the Loan Transfer Agreement, under which Purchaser II will become the new creditor of the Shareholder's Loan and will assume all rights associated with the Shareholder's Loan against the Target Company, shall be conditional upon the following conditions being satisfied or waived (where applicable):

- (i) the Loan Transfer Agreement has come into effect;
- (ii) the SPA has come into effect;

(iii) the Stock Exchange has no further comment on the circular(s) to be issued by the Company as to the transfer of Shareholder's Loan; and

(iv) the transfer of Shareholder's Loan has been approved by the Shareholders.

TERMINATION OF 2023 AGREEMENTS AND PUT OPTION

On 20 December 2024, the Vendor, Purchaser I and the Target Company entered into the Termination Agreement pursuant to which all the parties to the Termination Agreement have agreed to terminate the 2023 Agreements and the Put Option, effective upon the following conditions being satisfied or waived (where applicable), at nil consideration:

- (i) the Termination Agreement has been duly signed by the parties;
- (ii) the SPA has come into effect;
- (iii) the change of registrations and filings for the Target Company in respect of the Disposal has been completed;
- (iv) the Loan Transfer Agreement has come into effect;
- (v) the Stock Exchange has no further comment on the circular(s) to be issued by the Company as to the Disposal and transfer of Shareholder's Loan; and
- (vi) the Disposal and the transfer of Shareholder's Loan have approved by the Shareholders.

INFORMATION OF PARTIES

The Company is an investment holding company and together with its subsidiaries are principally engaged in the provision of transportation, warehousing, in-plant logistics and customisation services. The Vendor is a wholly owned subsidiary of the Company.

The Target Company was established in the PRC on 8 April 2010 with limited liability. As at the date of this announcement, the Target Company is owned as to 60% by the Vendor, 30% by Ms. Guo and 10% by Purchaser I. The Target Group is principally engaged in freight forwarding; freight loading and unloading; domestic trade agency; the non-vessel operating common carriers (NVOCC) business; international freight forwarding; general cargo storage services; packaging services; packing services for transported cargoes; storage equipment leasing services; international freight forwarding by land; road cargo terminal operation; road cargo transportation; international road cargo transportation; import and export of goods, etc.

Purchaser II is a company incorporated in PRC with limited liability and is principally engaged in sales of packaging materials and products. Purchaser II is owned as to 80% by Yan Huixiang (鄢惠香) and 20% by Zhou Xueping (周雪平). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Purchaser II and its ultimate beneficial owner(s) are independent third parties to the Group.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the key unaudited financial information of the Target Group for the two financial years ended 31 December 2022 and 2023:

	For the year ended 31 December	
	2022	2023
	RMB	RMB
	(Unaudited)	(Unaudited)
	(Approximately)	(Approximately)
Profit before taxation	2,589,000	1,080,000
Profit after taxation	2,575,000	689,000

As at 31 December 2023, the unaudited net asset value of the Target Group was approximately RMB12,165,000. As at 30 November 2024, the unaudited net asset value of the Target Group was approximately RMB2,333,000.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The management is of the view that the Disposal and termination of the 2023 Agreements as well as the Put Option will allow the Group to focus on core strategic areas, reduce exposure to market risks, thereby enhancing the operational efficiency of the Group. Due to the highly fragmented and competitive nature of the logistics market in China, especially in the road transport sector, the Target Company faces significant market pressure and has not demonstrated the expected level of synergy with the Group.

The assignment of the Shareholder's Loan will mitigate the risk of financial loss and enable quicker recovery of funds. Full recovery of the Shareholder's Loan may be uncertain after the Target Company ceases to be a subsidiary of the Group upon completion of the Disposal. The assignment of the Shareholder's Loan will provide the Group with immediate access to cash, helping to maintain financial stability.

Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the SPA, the Loan Transfer Agreement and the Termination Agreement were determined after arm's length negotiation, and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company and are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as of the date of this announcement, none of the Directors has any material interests in the SPA, the Loan Transfer Agreement or the Termination Agreement or shall abstain from voting in respect of the relevant resolutions.

FINANCIAL EFFECT ARISING FROM THE TRANSACTIONS

After completion of the Disposal, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

Based on (a) the consideration of the SPA, (b) the unaudited net asset value of Target Group as at 30 November 2024 of which the Group owns 60%, (c) the goodwill of approximately RMB425,000 and (d) intangible asset net value of approximately RMB1,469,000 set off against deferred tax liabilities of RMB367,000 recognized by the Group, as well as (e) related expenses of approximately RMB495,000 for the Disposal, the Group currently expects to record a gain of approximately RMB4,693,000 from the Disposal. The actual result from of the Disposal is subject to audit and therefore may be different from the amount mentioned above.

Based on the consideration of the Loan Transfer Agreement, the unaudited book value and interest receivable of the Shareholder's Loan, the Group currently expects to record a loss of approximately RMB1,122,000 from the assignment of the Shareholder's Loan. The actual loss/profit is subject to audit and therefore may be different from the amount mentioned above.

The proceeds from the Disposal and the assignment of the Shareholder's Loan are estimated to be approximately RMB7,000,001 and are expected to be used for investing in the development of the healthcare sector and/or for the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the SPA, the Loan Transfer Agreement and the Termination Agreement exceeds 25% but is less than 75%, the SPA, the Loan Transfer Agreement and the Termination Agreement constitute major transaction for the Company and are subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Target Company, a non-wholly owned subsidiary of the Group, is 30% owned by Ms. Guo and 10% by Purchaser I. Accordingly, each of Ms. Guo and Purchaser I is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. As the transactions contemplated under the SPA and the Termination Agreement are connected transactions between the Group and a connected person at the subsidiary level on normal commercial terms or better, it is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the SPA, the Loan Transfer Agreement and the Termination Agreement; and therefore, none of them will be required to abstain from voting on the relevant resolutions at the EGM.

The Company will convene an EGM to approve the SPA, the Loan Transfer Agreement and the Termination Agreement and the transactions contemplated thereunder. A circular containing, among other things, information relating to the SPA, the Loan Transfer Agreement and the Termination Agreement, a notice of the EGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 13 January 2025.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“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
“Company”	Yues International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the director(s) of the Company
“Disposal”	the sale and purchase of the Sale Interest from the Vendor to Purchaser I
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve the SPA the Loan Transfer Agreement and the Termination Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange

“Loan Transfer Agreement”	the sale and purchase agreement dated 20 December 2024 entered into between the Vendor, Purchaser II and the Target Company pursuant to which, Purchaser II shall acquire from the Vendor the Shareholder’s Loan in the principal amount of RMB7,500,000 at a consideration of RMB7,000,000
“Ms. Guo”	Ms. Guo Chonghui (郭崇慧), who owns 30% equity interest in the Target Company as at the date of this announcement
“Purchaser I”	Mr. Wang Haixi (王海曦), who owns 10% equity interest in the Target Company as at the date of this announcement
“Purchaser II”	Guangzhou Fengyou Packaging Products Co., Ltd.* (廣州豐優包裝製品有限公司), a company incorporated in the PRC with limited liability
“Put Option”	the put option granted by Purchaser I to the Vendor under the 2023 Agreements, which allows the Vendor to request Purchaser I to repurchase the Sale Interest at nil consideration
“Sale Interest”	the 60% equity interest in the Target Company held by the Vendor as at the date of this announcement
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be, whether issued or unissued
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholder’s Loan”	shareholder’s loan owed by the Target Company to the Vendor in the principal amount of RMB7,500,000 and relevant interests
“SPA”	the sale and purchase agreement dated 20 December 2024 entered into between the Vendor, Purchaser I, Ms. Guo and the Target Company in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhongshan Haihui Technology Logistics (Group) Co., Ltd.* (中山海慧科企物流(集團)有限公司), a company established in the PRC with limited liability
“Target Group”	Target Company and its subsidiaries
“Termination Agreement”	the termination agreement dated 20 December 2024 entered into between the Vendor, Purchaser I and the Target Company in relation to the termination of the 2023 Agreements and the Put Option

“Vendor”

Guangdong Yues International Logistics Co., Ltd.* (廣東樂氏國際物流有限公司), a wholly-owned subsidiary of the Company

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

Hong Kong, 20 December 2024

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

* *For identification purpose only*