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YUE KAN HOLDINGS LIMITED

裕勤控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2110)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Yue Kan Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 November 2020 (the “**Prospectus**”) in relation to the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”), the updates regarding the change in use of proceeds in connection with the Listing set out in the annual report of the Group for the year ended 31 May 2021 (the “**Annual Report**”) and the interim report of the Group for the six months ended 30 November 2021 (the “**Interim Report**”), respectively. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

CHANGE IN USE OF PROCEEDS

As disclosed in the Interim Report, aggregate net proceeds received by the Company from share offer were approximately HK\$84.0 million (“**Net Proceeds**”). As at 30 April 2022, being the latest practicable date ascertaining certain information in relation to the utilisation of the Net Proceeds, the unutilised Net Proceeds amounted to approximately HK\$25.8 million (the “**Unutilised Net Proceeds**”). The Board has resolved to change the use of the Unutilised Net Proceeds and the expected timeline as follows:

	Planned use of proceeds as set out in the Interim Report <i>HK\$'000</i>	Actual usage up to the 30 April 2022 <i>HK\$'000</i>	Unutilised amount as at 30 April 2022 <i>HK\$'000</i>	Revised allocation of the Unutilised Net Proceeds <i>HK\$'000</i>	Expected timeline of full utilisation of the remaining Unutilised Net Proceeds
Expanding fleet of vessels and site equipment	56,762	36,925	19,837	9,837	By end of November 2022
Recruiting additional full-time staff to operate additional vessels and site equipment to be acquired	11,961	6,262	5,699	5,699	By end of November 2022
Recruiting additional full-time staff	3,758	3,758	-	N/A	
Acquiring performance bonds and/or placing tender deposit	7,118	7,118	-	10,000	By end of May 2022
General working capital	4,360	4,141	219	219	By end of May 2022
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Total	<u>83,959</u>	<u>58,204</u>	<u>25,755</u>	<u>25,755</u>	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The COVID-19 outbreak and social distancing and quarantine measures implemented by the Hong Kong Government from time to time for the containment of the COVID-19 outbreak have had an impact on Hong Kong's social and economic environments. Against this backdrop, the Board considered that reallocating Unutilised Net Proceeds to secure an awarded contract would be a more appropriate use of capital given the current business environment and the Group's business development. The Board believes that the revised allocation of the Unutilised Net Proceeds should be suitably altered to better deal with present economic conditions.

Reallocation of Unutilised Net Proceeds for expanding fleet of vessels and site equipment to acquire performance bonds and/or place tender deposit

The Directors have decided to reallocate the Unutilised Net Proceeds to better reflect the change in business strategy after review of the prevailing economic conditions which the Group operates. The total Unutilised Net Proceeds allocated under expanding fleet of vessels and site equipment will be reduced by approximately HK\$10.0 million and will be used to acquire performance bonds and/or place tender deposit in order to fulfil the bond requirement under a new contract awarded in May 2022 with an initial contract sum of approximately HK\$125.5 million.

With a view to better meet the current business needs of the Group, out of the revised Unutilised Net Proceeds of approximately HK\$9.8 million for expanding the fleet of vessels and site equipment, approximately HK\$5.1 million will be used to acquire a mobile scalper and an excavator by end of May 2022 for the development of an awarded port works contract, and approximately HK\$4.7 million will be used to acquire a tug boat by end of November 2022.

The Board is of the view that the reallocation of the Unutilised Net Proceeds for expanding fleet of vessels and site equipment and acquiring performance bonds and/or place tender deposit will be more appropriate to the Group's business development as well as a better utilisation of the Unutilised Net Proceeds. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considered that the proposed changes in the Unutilised Net Proceeds will not have any material adverse impact on the operations of the Group and is in the interests of the Company and its shareholders as a whole.

By order of the Board
Yue Kan Holdings Limited
Heung Che Kan
Chairman and Executive Director

Hong Kong, 10 May 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Heung Che Kan (Chairman), Mr. Heung Yue Wing, Ms. Lee Ming Chu Jade and Mr. Ouyang Jianwen; and the independent non-executive Directors of the Company are Mr. Chiu Tai Shing, Mr. Fung Hoi Fung and Mr. Wan Wai Wing.