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Volcano Spring International Holdings Limited

火山邑動國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1715)

VOLUNTARY ANNOUNCEMENT ESTABLISHMENT OF JOINT VENTURE

ESTABLISHMENT OF JOINT VENTURE

Reference is made to the announcement of the Company dated 12 December 2024 in relation to the Memorandum of Understanding entered into between the Company and YouGu Health Technology.

The Board is pleased to announce that on 12 December 2024 (after trading hours of the Stock Exchange), the Company entered into the Joint Venture Agreement with YouGu Health Technology for the establishment of a Joint Venture in the PRC to explore the field of big healthcare.

Pursuant to the Joint Venture Agreement, the registered share capital will be RMB1,000,000. Of which, the Company and YouGu Health Technology will contribute RMB510,000 and RMB490,000 to the registered capital of the Joint Venture respectively. Upon its establishment, the Joint Venture will be owned as to 51% by the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

MAIN BOARD LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in Rule 14.06 of the Main Board Listing Rules) in respect of the transactions contemplated under the Joint Venture Agreement are less than 5%, the transactions contemplated under the Joint Venture Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Hong Kong Main Board Listing Rules.

This announcement is made by the Company on a voluntary basis. This announcement is published for the purpose of providing the Shareholders and potential investors of the Company with information on the latest development of the Group's business.

ESTABLISHMENT OF JOINT VENTURE

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The Board is pleased to announce that on 12 December 2024 (after trading hours of the Stock Exchange), the Company entered into the Joint Venture Agreement with YouGu Health Technology for the establishment of a Joint Venture in the PRC to explore the field of big healthcare.

The principal terms of the Joint Venture Agreement are set out below:

- Date : 12 December 2024 (after trading hours of the Stock Exchange)
- Parties : (1) the Company; and
(2) YouGu Health Technology

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, YouGu Health Technology and its ultimate beneficial owners are Independent Third Parties and are not connected with the Group and its connected persons.

- Place of incorporation : PRC
- Proposed name of the Joint Venture : Guangzhou Junze Huike Pharmaceutical Technology Co., Ltd. (subject to the final name as approved and registered by the relevant PRC governmental authorities), a company to be established in the PRC with limited liability.
- Proposed business scope of the Joint Venture : (i) research and development of bio-based material technologies; (ii) medical research and experimental development (except for human stem cell, gene diagnosis and treatment technology development and application); (iii) technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; (iv) application software services; (v) software development; (vi) corporate headquarters management; (vii) enterprise management; (viii) sales of smart home consumer devices; and (xi) remote health management services (subject to the approval and registration of the business scope by the PRC enterprise registration authorities).

- Particulars of capital contributions to the registered capital of the Joint Venture : The total registered capital of RMB1,000,000 will be contributed in cash in the following manner:
- (1) A capital contribution of RMB510,000 (representing 51% of the registered capital of the Joint Venture) by the Company; and
 - (2) A capital contribution of RMB490,000 (representing 49% of the registered capital of the Joint Venture) by YouGu Health Technology.

The Company and YouGu Health Technology shall pay up their respective capital contributions in cash to the Joint Venture within ninety (90) days after the establishment of the Joint Venture, respectively.

Upon establishment, the Joint Venture will be owned as to 51% by the Company and its financial results will be consolidated into the consolidated financial statements of the Group, and the Joint Venture will be owned as to 49% by YouGu Health Technology.

- Composition of the members of the board of directors of the Joint Venture and the management : The board of directors of the Joint Venture shall consist of five directors, three of whom shall be appointed by the Company and two of whom shall be appointed by YouGu Health Technology.

The Company shall also appoint the following management positions of the Joint Venture:

- (1) The chief executive officer of the Joint Venture, who is responsible for making decisions in the normal and day-to-day course of the Joint Venture's business;
- (2) The chief financial officer of the Joint Venture, who is responsible for the financial operations of the Joint Venture; and
- (3) The chief operating officer of the Joint Venture, who shall be appointed by YouGu Health Technology, who is responsible for the day-to-day operation of the Joint Venture.

Restriction of the transfer of equity interests in the Joint Venture and pre-emptive rights : The transfer of any whole or part of the party's equity interest in the Joint Venture by the equity holder of the Joint Venture (the "Vendor") shall be subject to the written consent of the other equity holder of the Joint Venture (the "Non-Vendor"). If the transfer of the party's shareholding in the Joint Venture is allowed, the Non-Vendor shall have a pre-emptive right to acquire the equity interest which the Vendor intends to transfer on the same terms of transfer as the Vendor intends to transfer.

The amount of capital contribution was determined after arm's length negotiation between the Company and YouGu Health Technology with reference to the initial capital requirement of the Joint Venture. The Group intends to finance its investment with its internal resources.

The Directors consider that the terms of the Joint Venture Agreement, including the amount of registered capital, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF YOUNG HEALTH TECHNOLOGY

YouGu Health Technology is a high-tech enterprise based on biotechnology R&D and clinical research, focusing on the development and industrialisation of precision cell therapy technology and medical devices, and dedicated to providing disease prevention and treatment management services for the elite population.

INFORMATION OF THE GROUP

The principal activities of the Group are design, manufacturing and trading of premium kitchen appliances and selling of healthcare products.

REASONS FOR AND BENEFITS OF ESTABLISHING A JOINT VENTURE

The Board believes that the expansion of the Group's business scope into the healthcare sector provides a good opportunity for the Group to diversify its business. The Board believes that the new business expansion will broaden the Group's sources of income and is therefore in the interests of the Company and the Shareholders as a whole.

In addition, the Board considers that through the establishment of the Joint Venture, the Group can make more effective use of the Group's internal resources and the resources of YouGu Health Technology to enter into the field of neurological diseases, which will be beneficial to the development of the Group.

MAIN BOARD LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in Rule 14.06 of the Main Board Listing Rules) in respect of the transactions contemplated under the Joint Venture Agreement are less than 5%, the transactions contemplated under the Joint Venture Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Hong Kong Main Board Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Volcano Spring International Holdings Limited, a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1715)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Main Board”	Main Board operated by the Stock Exchange
“Main Board Listing Rules”	Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Repurchases) with any connected persons of the Company or any of their respective associates (as defined in the Main Board Listing Rules)

“Joint Venture”	Guangzhou Junze Huike Pharmaceutical Technology Co., Ltd. (subject to the final name as approved and registered by the relevant PRC government authorities), a company to be established in the PRC with limited liability by the Company and YouGu Health Technology pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	the joint venture agreement dated 12 December 2024 entered into between the Company and YouGu Health Technology in relation to the establishment of a joint venture
“PRC”	the People’s Republic of China which, and for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YouGu Health Technology”	Shanghai YouGu Health Technology Company Limited, a company incorporated in Shanghai, China with limited liability, a high-tech enterprise engaged in disease prevention and treatment management services
“%”	per cent

By order of the Board
Volcano Spring International Holdings Limited
Zhao Jie
Chairman of the Board, Chief Executive and Executive Director

Hong Kong, 12 December 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Zhao Jie, Madam Maeck Can Yue and Mr. Wu Huizhang, the non-executive Director of the Company is Ms. Zheng Jingwen, and the independent non-executive Directors of the Company are Mr. Li Wei, Mr. Lin Dongming, Mr. Shen Shujing and Mr. Wang Shih-fang.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the HKEXnews website at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the Company’s website at <https://www.volcanospring.com>.