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Yuk Wing Group Holdings Limited
煜 榮 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1536)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (II) PLACING AGREEMENT UNDER THE COMPENSATORY ARRANGEMENTS

Financial Adviser to the Company

金利豐財務顧問
KINGSTON CORPORATE FINANCE

Placing Agent to the Company

金利豐證券
KINGSTON SECURITIES

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK$0.1 per Rights Share, to raise gross proceeds up to approximately HK$136.8 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date) before expenses by issuing up to 1,368,000,000 Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Excluded Shareholder(s) (if any).

The maximum net proceeds from the Rights Issue, after deducting all relevant expenses, are estimated to be approximately HK$134.9 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date). The net price per Rights Share after deducting the relevant expenses of the Rights Issue will be approximately HK$0.099 (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date).

Assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date, the Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 17.1% (or approximately HK$23.1 million) for the settlement of the Deferred Payment; (ii) approximately 17.3% (or approximately HK$23.3 million) for the payment of the exercise price for exercising the Call Option; (iii) approximately 29.8% (or approximately HK$40.2 million) for the business development in the Target Company; (iv) approximately 3.7% (or approximately HK$5.0 million) for expansion of business operation into the investment property held by the Target Company upon the expiration of the existing tenancies; and (v) approximately 32.1% (or approximately HK$43.3 million) for general working capital of the Group (including but not limited to the rental expenses, payroll expenses, professional fees and other corporate/operating expenses).

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten. Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

The Rights Issue is only available to Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and be a Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. (Hong Kong time) on Thursday, 17 September 2026. The last day of dealings in the Shares on cum-rights basis is Tuesday, 15 September 2026. The Shares will be dealt with on an ex-rights basis from Wednesday, 16 September 2026.

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to independent placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 24 July 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to independent placees on a best effort basis. For details of the Placing Agreement and the Compensatory Arrangements, please refer to the section headed "Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements" in this announcement.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll, in accordance with Rule 7.19A of the Listing Rules. Pursuant to Rule 7.27A(1) of the Listing Rules, where Independent Shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting the ordinary resolution to approve the Rights Issue at the EGM.

As at the date of this announcement, Colour Shine, being a company incorporated in British Virgin Islands with limited liability and wholly owned by Mr. He Xiaoming, is interested in 188,192,000 Shares, representing approximately 41.27% of the issued share capital of the Company. Accordingly, Colour Shine and its associates shall abstain from voting in favour of the resolution approving the Rights Issue at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders (i) as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Shareholders as a whole; and (ii) how to vote, taking into account the recommendations of the Independent Financial Adviser which will be appointed by the Company. An announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 25 August 2026.

Subject to the fulfillment of certain conditions of the Rights Issue including the approval of the Independent Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 16 September 2026. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed "Conditions of the Rights Issue" in this announcement below.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person dealings in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK$0.1 per Rights Share, to raise gross proceeds up to approximately HK$136.8 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date) before expenses by issuing up to 1,368,000,000 Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Excluded Shareholder(s) (if any).

Details of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.1 per Rights Share
Number of Shares in issue as at the date of this announcement	:	456,000,000 Shares
Number of Rights Shares	:	up to 1,368,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	up to HK$136,800,000 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	1,824,000,000 Shares (assuming full subscription under the Rights Issue, no change in the number of Shares in issue on or before the Record Date and no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	approximately HK$136.8 million before expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue	:	approximately HK$134.9 million after expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	approximately HK$0.099 per Rights Share (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
Rights of excess application and underwriter	:	There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten

Compensatory Arrangements	:	Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants, which confer any right to subscribe for or convert into or exchange for Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 1,368,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 300% of the issued share capital of the Company as at the date of this announcement; and (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Company has not received any irrevocable commitments to accept or reject the Rights Issue as at the date of this announcement.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to independent placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

As at the date of this announcement, the Board has not received any information or undertaking from any substantial shareholders of their intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue.

Subscription Price

The Subscription Price is HK$0.1 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

(i) a discount of approximately 27.01% to the closing price of HK$0.137 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 28.06% to the average of the closing prices of HK$0.139 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 30.07% to the average of the closing prices of approximately HK$0.143 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 8.26% to the theoretical ex-rights price of approximately HK$0.109 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.137 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 21.99% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK$0.110 per Share and the benchmarked price of approximately HK$0.141 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK$0.137 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK$0.141 per Share); and

(vi) a discount of approximately 68.45% to the audited consolidated net asset value per Share of approximately HK$0.317 (based on the latest published audited consolidated net asset value of the Company of HK$144,731,000 as at 31 March 2026 and 456,000,000 Shares in issue as at 30 June 2026).

Determination of the Subscription Price

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; and (iii) the reasons as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" below in this announcement.

During the six months prior to and including the Last Trading Day, the market price of the Share fluctuated, reaching a highest closing price of HK$0.335 on 18 May 2026 and a lowest closing price of HK$0.137 on 24 July 2026 (i.e., the Last Trading Day). In particular, the closing price significantly decreased from HK$0.275 on 22 June 2026 to HK$0.193 on 26 June 2026, and continue to decrease to HK$0.137 on 24 July 2026 (i.e., the Last Trading Day). Furthermore, the average daily trading volume of 662,350 Shares (calculated by dividing the total trading volume by the total number of trading days during the said six-month period) represented only approximately 0.15% of the total issued share capital of the Company. These prevailing market circumstances demonstrate a lack of trading liquidity and weak market demand for the Shares.

Under the prevailing market circumstances and economic sentiment and with reference to (i) the recent market performance of the Shares and the average daily trading volume during the six months prior to and including the Last Trading Day as illustrated above, and (ii) the recent business performance and financial position of the Group, especially the Group's loss-making for the year ended 31 March 2026, the Directors consider that it is commercially reasonable to set the Subscription Price lower than the prevailing market price and the consolidated net asset value per Share as illustrated above so as to increase the attractiveness of the Rights Issue and motivate the Qualifying Shareholders and investors to participate in the Rights Issue.

In view of the above, taking into account the reasons for and benefits of the Rights Issue as explained in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" below, and having considered that all Qualifying Shareholders will be offered an equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors consider that (i) the terms of the Rights Issue and the Placing Agreement, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) it is fair and reasonable to set the Subscription Price lower than the prevailing market price to promote the attractiveness of the Rights Issue and motivate the Qualifying Shareholders and investors to engage in the Rights Issue.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

(i) the passing of the Independent Shareholders at the EGM of an ordinary resolution to approve the Rights Issue, the Placing Agreement and the respective transactions contemplated thereunder (more than 50% of the Independent Shareholders either in person or by proxy at the EGM by way of poll);

(ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares by no later than the first day of their dealings;

(iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events;

(iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;

(v) the Prospectus Documents are made available to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

(vi) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and

(vii) where applicable, all necessary waivers, consents, and approvals from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions can be waived. If any of the conditions referred to above are not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed.

As at the date of this announcement, none of the conditions have been satisfied.

Qualifying Shareholders

The Company will make available the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available copies of the Prospectus to them for their information only, but no PAL will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be an Excluded Shareholder.

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of the Share(s) (with the relevant share certificates) for registration with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Thursday, 17 September 2026.

The last day of dealing in the Shares on cum-rights basis is Tuesday, 15 September 2026. The Shares will be dealt with on an ex-rights basis from Wednesday, 16 September 2026.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders (if any)

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue. The Company will send the Prospectus (without the PAL) to the Excluded Shareholders for their information only. For the avoidance of doubt, the Overseas Shareholders, if any, are entitled to attend and vote at the EGM.

As at the date of this announcement, there is nil Overseas Shareholder.

In compliance with the necessary requirements of the Listing Rules, the Board will make enquiries regarding the legal restrictions under the laws of the relevant overseas jurisdiction(s) and the requirements of the relevant regulatory body(ies) or stock exchange(s) pursuant to Rule 13.36(2)(a) of the Listing Rules, if necessary. If, after making such enquiries and based on legal opinions provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant jurisdiction(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to such Overseas Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK$100 will be paid pro rata to the Excluded Shareholder(s). The Company will retain individual amounts of HK$100 or less for the benefit of the Company.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. There will be no excess application arrangements in relation to the Rights Issue.

No fractional entitlements to the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares shall arise under the Rights Issue. No odd lot matching services in relation to the Rights Issue will be provided.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, shall rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 2 November 2026. If the Rights Issue does not become unconditional, refund cheques (without interest) are expected to be posted on or before Monday, 2 November 2026 by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Those entitled, except HKSCC Nominees Limited, and in the case of joint Qualifying Shareholders, the first-named Qualifying Shareholder, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto.

Application for the Rights Shares

The PALs relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 24 July 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to the independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 23 October 2026, subscribers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares (if any). Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and

B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK$100 for its own benefits.

Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any)

Principal terms of the Placing Agreement are summarised as follows:

Date	:	24 July 2026 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing agent	:	Kingston Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) regulated activity under the SFO, is appointed as the Placing Agent to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) during the Placing Period. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are not connected persons of the Company.
Placing Period	:	The period commencing from Friday, 16 October 2026 and ending at 4:00 p.m. on Friday, 23 October 2026.
Commission and expenses	:	1.0% of the aggregate placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) successfully placed by or on behalf of the Placing Agent.

Placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (as the case may be)	:	The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (as the case may be) shall be not less than the Subscription Price. The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (if any).
Placees	:	The Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) are expected to be placed to the placees who and whose ultimate beneficial owner(s) are Independent Third Parties. The Placing Agent undertakes to use its best endeavours to procure that (i) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.
Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any)	:	The Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Shares then in issue.
Conditions precedent	:	The obligations of the Placing Agent under the Placing Agreement are conditional upon: (i) the passing of the Independent Shareholders at the EGM of an ordinary resolution to approve the Rights Issue, the Placing Agreement and the respective transactions contemplated thereunder (more than 50% of the Independent Shareholders either in person or by proxy at the EGM by way of poll); (ii) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;

(iii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained;

(iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect as if it was repeated as at the time of completion; and

(v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

None of the above conditions of the Placing Agreement is capable of being waived in whole or in part by the Placing Agent or the Company.

Termination : The Placing Agent may terminate the Placing Agreement without any liability to the Company, by giving notice in writing to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or would materially prejudice the success of the Placing or full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

(i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

(ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would affect the success of the Placing; or

(iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

(iv) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

(v) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion date of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

(vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Completion : Completion shall take place on the fourth Business Day immediately after the fulfilment or waiver (as the case may be) of all the conditions set out in the Placing Agreement.

The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the Placing Agreement to be on normal commercial terms.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

(i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;

(ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by the licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The terms and the conditions of the Placing Agreement (including the placing commission) are normal commercial terms or better, are in the best interest of the Company and the Shareholders as a whole; and

(iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Excluded Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to the Company.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, no part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms with their board lot size being the same (i.e. 2,000) as their underlying Shares on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Events	Time and date 2026
Date of the announcement in relation to, among other things, the Rights Issue	Friday, 24 July
Expected despatch date of the circular with proxy form and notice of EGM	Tuesday, 25 August
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Monday, 7 September
Closure of register of members of the Company to determine entitlement to attend and vote at the EGM (both days inclusive)	Tuesday, 8 September to Monday, 14 September
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Saturday, 12 September
Record Date for attending and voting at the EGM	Monday, 14 September
Expected time and date of the EGM	11:00 a.m. on Monday, 14 September
Announcement of poll results of the EGM	Monday, 14 September
Register of members of the Company re-opens	Tuesday, 15 September

The following events are conditional upon the results of the EGM and therefore the dates are tentative only.

Last day of dealings in the Shares on a cum-rights basis of the Rights Issue	Tuesday, 15 September
First day of dealings in the Shares on an ex-rights basis of the Rights Issue	Wednesday, 16 September
Latest time for lodging transfer documents of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 17 September

Events	Time and date 2026
Closure of register of members of the Company to determine the entitlement to the Rights Issue (both days inclusive)	Friday, 18 September to Thursday, 24 September
Record Date to determine entitlements to the Rights Issue	Thursday, 24 September
Register of members of the Company re-opens	Friday, 25 September
Despatch of the Prospectus Documents (including the PAL and Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Friday, 25 September
First day of dealings in nil-paid Rights Shares	Tuesday, 29 September
Latest time for splitting of PALs	4:30 p.m. on Friday, 2 October
Last day of dealings in nil-paid Rights Shares	Wednesday, 7 October
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 12 October
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of the Net Gain	4:00 p.m. on Monday, 12 October
Announcement of the number of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to Compensatory Arrangements	Thursday, 15 October
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent, on a best-effort basis (if any)	Friday, 16 October
Latest time of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent, on a best-effort basis (if any)	Friday, 23 October
Latest time for the termination of the Placing Agreement for the Rights Issue	4:00 p.m. on Monday, 26 October
Announcement of results of the Rights Issue including the results of the Placing and the Net Gain	Friday, 30 October

Events	Time and date 2026
Despatch of share certificates of fully-paid Rights Shares and/or refund cheques, if any, in respect of wholly or partially unsuccessful applications	Monday, 2 November
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 3 November
Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders (if any)	Tuesday, 17 November

All times and dates in this announcement refer to Hong Kong local times and dates.

This timetable is indicative only and may be extended or varied. Any change to the expected timetable above will be announced by the Company as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by super typhoons, or a black rainstorm warning is:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed "Expected Timetable" in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS FOR THE RIGHTS ISSUE

The register of members of the Company will be closed from Friday, 18 September 2026 to Thursday, 24 September 2026 (both days inclusive) for determining the entitlement to the Rights Issue. No transfer of Shares will be registered during the above book closure periods.

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Tuesday, 8 September 2026 to Monday, 14 September 2026 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 456,000,000 Shares in issue. Set out below are the changes in the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Rights Issue assuming no change in the number of Shares in issue on or before the Record Date for illustration purposes only:

	As at the date of this announcement		**Immediately after completion of the Rights Issue, assuming full acceptance by all the Qualifying Shareholders**		**Immediately after completion of the Rights Issue, assuming nil acceptance by the Qualifying Shareholders and the Unsubscribed Rights Shares and/or ES Unsold Rights Shares (if any) have been fully placed by the Placing Agent under the Compensatory Arrangements**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Substantial Shareholder						
Colour Shine *(Note 1)*	188,192,000	41.27	752,768,000	41.27	188,192,000	10.32
Public Shareholders						
Placees	—	—	—	—	1,368,000,000	75.00
Other public Shareholders	267,808,000	58.73	1,071,232,000	58.73	267,808,000	14.68
Total	456,000,000	100.00	1,824,000,000	100.00	1,824,000,000	100.00

Notes:

(1) Colour Shine, a company incorporated in British Virgin Islands with limited liability, which is wholly owned by Mr. He Xiaoming.

(2) Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is the leading manufacturer and supplier of down-the-hole ("**DTH**") rockdrilling tools in Hong Kong. The Group provides comprehensive technical rockdrilling solutions for a variety of rockdrilling needs, including the design, manufacture and sales of DTH rockdrilling tools used in building foundations, piling on construction sites, mining, quarrying, water well drilling, utility linings, micro-tunneling and overburden drilling in a variety of geological formations and at considerable depths.

With reference to the announcement of the Company dated 12 June 2026, Top Standard Limited ("**Top Standard**") (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement on the same date to acquire a 65% equity interest in the Target Company at a total consideration of RMB37.5 million. Of the consideration, RMB17.5 million will be settled in cash upon the completion date of the Acquisition using the internal resources of the Group, and the remaining RMB20.0 million will be payable to the Vendor (or its designated nominee) within 12 months after the completion date (the "**Deferred Payment**") using the proceeds from the fundraising exercise. According to the Sale and Purchase Agreement, should the Deferred Payment be settled within the first six (6) calendar months following the completion date of the Acquisition, no interest shall be payable by Top Standard. However, interest shall accrue at a rate of 2.5% per annum on the outstanding balance of the Deferred Payment from the day immediately after the expiry of the said 6-month period until full settlement. Given that the Company recorded a loss of approximately HK$4.1 million for the year ended 31 March 2026 according to its latest annual results, the Board intends to settle the Deferred Payment within the interest-free period (i.e., on or before March 2027) in order to avoid the additional financial burden of the 2.5% per annum interest accrual.

The Target Company holds the buildings of an industrial complex in Hefei City, Anhui Province, the PRC (comprising six blocks of 3 to 6-storey industrial buildings and one block of a 3-storey industrial building with a 1-level basement), with a total gross floor area of approximately 33,327.56 square meters, of which approximately one-third is currently being leased and the remaining two-thirds are vacant. The Company intends to establish a new production line in the vacant areas for the manufacturing of DTH rockdrilling tools within the properties held by the Target Company in Hefei by investing approximately RMB20.0 million by 2027. Details of the Acquisition are set out in the announcement of the Company dated 12 June 2026 and the circular of the Company dated 15 July 2026.

In addition, according to the Sale and Purchase Agreement, the other shareholders of the Target Company, who hold the remaining 35% equity interest (i.e, the Option Share Capital) of the target company, granted the Call Option to Top Standard to acquire the Option Share Capital upon completion. Top Standard may, at any time within twelve (12) months following the completion date of the Acquisition, exercise all or part of the Call Option at its sole and absolute discretion. The total exercise price of the Call Option will be RMB20.1 million.

The Acquisition and the potential exercise of the Call Option are subject to the Shareholders' approval at the extraordinary general meeting to be held on 4 August 2026. Subject to the approval by the Shareholders, the Acquisition is expected to be completed by September 2026.

The Board considers it is highly viable and beneficial to the Group to obtain full control of the Target Company by exercising the Call Option and to transform the Hefei facility into the Group's main production and logistics hub. Should the Call Option be exercised, the Company will have absolute operational flexibility in the Target Company, thereby eliminating potential future friction or vetoes from minority shareholders regarding capital expenditure, dividend policies, or strategic pivots. In addition, full ownership ensures the Company does not have to negotiate with or share the operational profits with minority shareholders, and holding a wholly-owned subsidiary that owns prime real estate provides a clean, unencumbered asset base. As such, the Board is proactively considering the exercise of the Call Option.

As at the date of this announcement, the Company had unaudited bank balances and cash of approximately HK$33.8 million and financial assets at fair value through profit or loss of approximately HK$8.4 million. The Group would utilise most of its bank balances and cash for the settlement of part of the consideration of the Acquisition upon completion of the Acquisition. As stated in the Company's circular dated 15 July 2026, the Board intends to raise funds by way of debt and/or equity fundraising, such as rights issue, placing of new shares, and use part of the net proceeds from the settlement of the Deferred Payment.

Having considered that the funding needs for (i) the settlement of the consideration of the Acquisition of RMB37.5 million (equivalent to approximately HK$43.4 million) (comprising the cash payment of RMB17.5 million (equivalent to approximately HK$20.3 million) and the Deferred Payment of RMB20.0 million (equivalent to approximately HK$23.1 million)); (ii) the capital investment of approximately RMB20.0 million (equivalent to approximately HK$23.2 million) in the Target Company; (iii) the payment of the exercise price of RMB20.1 million (equivalent to approximately HK$23.3 million) for exercising the Call Option; (iv) further development of the business in the Target Company upon completion of the Acquisition; (v) strengthen the working capital base of the Group to develop the existing business in the PRC; and (vi) the general working capital of the Group, the Board considers that a fundraising exercise is necessary.

The Board considers that the Rights Issue is the most suitable way to raise the required funds. Being pre-emptive in nature, it allows all Qualifying Shareholders to participate in the future development of the Company, while offering them flexibility to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company. Shareholders may do so by taking up their provisional entitlements in full, acquiring additional rights entitlements or disposing of their rights entitlements in the open market (subject to availability). In addition, the Rights Issue represents an opportunity for the Company to raise additional funding to strengthen the Group's financial position, support its business operations and development, and provide working capital to meet the Group's financial obligations without incurring additional interest burdens.

The Company has considered other fundraising alternatives before resolving the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. Debt financing would result in additional interest burden and subject the Group to strict financial covenants and repayment obligations. Given the loss-making position of the Group for the year ended 31 March 2026, debt financing may not be achievable on favourable terms or in a timely manner. As for other equity fundraising options, such as placing of new Shares, it would lead to an immediate dilution of the shareholding interests of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is contrary to the intention of the Company. As for open offer, although it is similar to a rights issue in offering qualifying shareholders the opportunity to participate, it does not allow for the trading of rights entitlements in the open market.

The net proceeds of the Rights Issue, assuming full subscription, will be up to approximately HK$134.9 million (assuming no change in number of Shares in issue on or before Record Date). The Company intends to use the net proceeds from the Rights Issue for the following purposes:

	Use of proceeds	**Approximate percentage or amount**	**Expected timeline**
(i)	Settlement of the Deferred Payment	17.1% or HK$23.1 million	Not later than 31 March 2027
(ii)	Payment of the exercise price for exercising the Call Option	17.3% or HK$23.3 million	Not later than September 2027
(iii)	Business development in the Target Company as follow:		Not later than 31 March 2027
	(a) Capital investment (establishment of a new production line including but not limited to the acquisition of machinery and equipment)	17.2% or HK$23.2 million	
	(b) Recruitment of additional staff for production line, inventory control and/or logistic team (payroll expenses and welfare benefits)	3.7% or HK$5.0 million	
	(c) Other operating expenses and utilities, such as marketing campaign, procurement of raw materials and logistic equipment	8.9% or HK$12.0 million	
	Sub-total	*29.8% or HK$40.2 million*	
(iv)	Expansion of business operation into the investment property held by the Target Company upon the expiration of the existing tenancies	3.7% or HK$5.0 million	For twelve months
(v)	General working capital of the Group as follows:		For twelve months
	(a) Rental expenses	8.9% or HK$12.0 million	
	(b) Payroll expenses (excluding salaries payable by the Target Company)	14.1% or HK$19.0 million	
	(c) Professional fees (including listing expenses)	3.3% or HK$4.5 million	

Use of proceeds	Approximate percentage or amount	Expected timeline
(d) Other corporate/operating expenses (including but not limited to repair and maintenance, travelling expenses, entertainment and utilities expenses)	5.8% or HK$7.8 million	
Sub-total	*32.1% or HK$43.3 million*	
Total	**HK$134.9 million**	

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above.

In view of the above, the Directors consider that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fundraising activity involving issue of equity securities in the past twelve months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll, in accordance with Rule 7.19A of the Listing Rules. Pursuant to Rule 7.27A(1) of the Listing Rules, where Independent Shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting the ordinary resolution to approve the Rights Issue at the EGM.

As at the date of this announcement, Colour Shine, being a company incorporated in British Virgin Islands with limited liability and wholly owned by Mr. He Xiaoming, is interested in 188,192,000 Shares, representing approximately 41.27% of the issued share capital of the Company. Accordingly, Colour Shine and its associates shall abstain from voting in favour of the resolution approving the Rights Issue at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders (i) as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Shareholders as a whole; and (ii) how to vote, taking into account the recommendations of the Independent Financial Adviser which will be appointed by the Company. An announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 25 August 2026.

Subject to the fulfillment of certain conditions of the Rights Issue including the approval of the Independent Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 16 September 2026. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed "Conditions of the Rights Issue" in this announcement below.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person dealings in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

"Acquisition"	the acquisition of the Sale Share Capital, details of which please refer to the circular of the Company dated 15 July 2026
"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"associate(s)"	has the meaning ascribed to such term in the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Call Option"	the option granted by Mr. He Zhangxiang and Mr. He Xuebing to Top Standard Limited, a direct wholly-owned subsidiary of the Company, for the acquisition of the Option Share Capital, details of which please refer to the circular of the Company dated 15 July 2026
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Colour Shine"	Colour Shine Investments Limited, a company incorporated in British Virgin Islands with limited liability, which is wholly owned by Mr. He Xiaoming
"Company"	Yuk Wing Group Holding 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 (stock code: 1536)
"Compensatory Arrangements"	placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) by the Placing Agent on a best effort basis pursuant to the Placing Agreement
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"controlling shareholder(s)"	has the same meaning ascribed thereto under the Listing Rules

"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder
"ES Unsold Rights Share(s)"	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company
"Excluded Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising Mr. Cheung Sze Ming, Mr. Wong Siu Keung Joe and Mr. Todd Eric, being all of the independent non-executive Directors, which has been established to give recommendation to the Independent Shareholders in respect of the Rights Issue
"Independent Financial Adviser"	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue
"Independent Shareholder(s)"	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
"Independent Third Party(ies)"	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
"Last Trading Day"	Friday, 24 July 2026, being the last trading day of the Shares before the release of this announcement
"Latest Acceptance Date"	Monday, 12 October 2026

"Latest Time for Acceptance"	4:00 p.m. on Monday, 12 October 2026 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
"Latest Time for Termination"	4:00 p.m. on Monday, 26 October 2026 or such later time or date as may be agreed between the Placing Agent and the Company, being the latest time to terminate the Placing Agreement
"Listing Committee"	has the same meaning ascribed thereto under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Net Gain"	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) placed by the Placing Agent and/or its sub-placing agent(s) under the Placing Agreement) under the Compensatory Arrangements
"No Action Shareholder(s)"	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Excluded Shareholders (as the case may be)
"Option Share Capital"	the remaining equity interests in the Target Company upon Completion, comprising 30% of equity interest to be held by Mr. He Zhangxiang 何章祥 and the 5% of equity interest to be held by Mr. He Xuebing 何學兵 as at the completion date of the Acquisition
"Overseas Shareholder(s)"	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Placing"	the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) on a best effort basis by the Placing Agent and/or its sub-placing agent(s) to independent placee(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be Independent Third Party(ies), during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement

"Placing Agent"	Kingston Securities Limited, a licensed corporation to carry out Type 1 (Dealing in securities) regulated activity under the SFO
"Placing Agreement"	the placing agreement dated 24 July 2026, entered into between the Company and the Placing Agent in relation to the Compensatory Arrangements
"Placing Period"	the period commencing from Friday, 16 October 2026 and ending at 4:00 p.m. on Friday, 23 October 2026
"PRC"	the People's Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus to be issued to the Qualifying Shareholders (and the Excluded Shareholders for information only) containing, among other things, details of the Rights Issue
"Prospectus Documents"	the Prospectus and the PAL
"Prospectus Posting Date"	Friday, 25 September 2026 or such other date as may be determined by the Company, being the date of which the Prospectus Documents are make available to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
"Public Float Requirement"	the public float requirement under Rule 13.32B of the Listing Rules
"Qualifying Shareholder(s)"	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
"Record Date"	Thursday, 24 September 2026, or on such other date as may be determined by the Company, being the date by reference to which the Shareholders' entitlements to the Rights Issue are to be determined
"Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
"Rights Issue"	the proposed issue by way of rights of three (3) Rights Share for every one (1) Share in issue on the Record Date at the Subscription Price pursuant to the Prospectus Documents
"Rights Shares"	up to 1,368,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) to be allotted and issued pursuant to the Rights Issue

"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 12 June 2026 entered into between the Top Standard Limited (as purchaser), a direct wholly-owned subsidiary of the Company, Mr. Fang Haibo (as vendor) and Mr. He Zhangxiang and He Xuebing (as grantors) in relation to the Acquisition (including the grant of the Call Option), details of which please refer to the circular of the Company dated 15 July 2026
"Sale Share Capital"	the 65% of the equity interest in 安徽潤升電力技術有限公司 (Anhui Runsheng Electric Power Technology Co., Ltd.*), a company incorporated in the PRC with limited liability, the equity interest of which is held as to 65% by Mr. Fang Haibo, 30% by Mr. He Zhangxiang and 5% by Mr. He Xuebing as at the date of this announcement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shares"	ordinary share(s) with par value of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.1 per Rights Share
"substantial shareholder(s)"	has the meaning as ascribed thereto under the Listing Rules
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Target Company"	安徽潤升電力技術有限公司 (Anhui Runsheng Electric Power Technology Co., Ltd.*), a company incorporated in the PRC with limited liability, the equity interest of which is held as to 65% by Mr. Fang Haibo, 30% by Mr. He Zhangxiang and 5% by Mr. He Xuebing as at the date of this announcement
"Unsubscribed Rights Shares"	those Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

For the purpose of this announcement, the exchange rate of RMB1.00 to HK$1.1577 has been used for currency translation, where applicable. Such conversion is for illustrative purposes and does not constitute representations that any amount in RMB or HK$ has been, could have been or may be converted at this or any other rate.

By order of the Board
Yuk Wing Group Holding Limited
Li Kai Lai Miranda
Executive Director

Hong Kong, 24 July 2026

As at the date of this announcement, the executive Directors are Ms. Li Kai Lai Miranda and Ms. Woo Lan Ying; and the independent non-executive Directors are Mr. Cheung Sze Ming, Mr. Wong Siu Keung Joe and Mr. Todd Eric.