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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE; AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

Placing Agent to the Company



THE PLACING

On 9 October 2024 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 76,000,000 Placing Shares to not less than six independent Placees at a price of HK\$0.0850 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 76,000,000 Placing Shares under the Placing represent (i) approximately 20% of the existing issued share capital of the Company of 380,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$7,600,000.

The Placing Price of HK\$0.0850 per Placing Share represents: (i) a discount of approximately 18.27% to the closing price of HK\$0.1040 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.84% to the average closing price of approximately HK\$0.1010 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The gross proceeds from the Placing will be approximately HK\$6.46 million. The net proceeds from the Placing will amount to approximately HK\$6.14 million which is intended to be used for the general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK\$0.0808 per Share.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to (i) accommodate future expansion and development of the Group; and (ii) provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future, as and when necessary, the Board proposes to increase the authorised share capital of the Company from HK\$50,000,000 divided into 500,000,000 Shares to HK\$2,000,000,000 divided into 20,000,000,000 Shares by the creation of an additional 19,500,000,000 unissued Shares. The Increase in Authorised Share Capital is subject to the approval of the Shareholders by the passing of an ordinary resolution by the Shareholders at the EGM.

THE PLACING AGREEMENT

Date

9 October 2024 (after trading hours)

Issuer

The Company

Placing Agent

Kingston Securities Limited

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 76,000,000 Placing Shares to independent Placees. The Placing Agent will receive a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the ultimate beneficial owner of the Placing Agent is interested in 3,316,000 Shares, representing approximately 0.87% of the issued share capital of the Company.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to currently expected not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 76,000,000 Placing Shares under the Placing represent (i) approximately 20% of the existing issued share capital of the Company of 380,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$7,600,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.0850 per Placing Share represents: (i) a discount of approximately 18.27% to the closing price of HK\$0.1040 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.84% to the average closing price of approximately HK\$0.1010 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Under the General Mandate, the Company is authorised to issue up to 76,000,000 new Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and

- (ii) 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.

Completion of the Placing

Completion of the Placing, in any event, will take place within four business days after the fulfillment of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 4:00 p.m. on 29 October 2024 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Placing Agreement; or
- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days; or
- (iii) the Placing Agent becomes aware that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated, the Placing Agent shall determine whether such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole, or will otherwise likely to have a material prejudicial effect on the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole, the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement, save for any antecedent breaches under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group are principally engaged in the manufacturing and trading of down-the-hole rockdrilling tools and trading of piling and drilling machineries and rockdrilling equipment.

Assuming that all the Placing Shares are successfully placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$6.46 million. The net proceeds from the Placing will amount to approximately HK\$6.14 million which is intended to be used for the general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK\$0.0808 per Share.

The Board considers that the Placing represents a good opportunity to raise additional funds to strengthen the financial position of the Group and provide funding to the Group to finance its working capital needs and business developments. It will also widen the Company's shareholder base and should improve the liquidity of the Shares. In view of the above, the Directors (including independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing) is set out as below:

Shareholders	As at the date of this announcement		Immediately upon the completion of the Placing	
	No. of Shares	Approximately %	No. of Shares	Approximately %
Colour Shine Investment Limited (note 1)	188,192,000	49.52	188,192,000	41.27
Mr. Huang Shixin	27,304,000	7.19	27,304,000	5.99
Mr. Chan Leung Choi	19,188,000	5.05	19,188,000	4.21
Placees	—	—	76,000,000	16.67
Others	145,316,000	38.24	145,316,000	31.87
	<u>380,000,000</u>	<u>100.00</u>	<u>456,000,000</u>	<u>100.00</u>

Note:

- The Shares are held by Colour Shine Investment Limited ("Colour Shine") whose entire issued share capital is held by Mr. He Xiaoming. Mr. He Xiaoming is also the sole director of Colour Shine.

EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund-raising activities in the past twelve months immediately preceding the date of this announcement.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the existing authorised share capital of the Company is HK\$50,000,000 divided into 500,000,000 shares of HK\$0.10 each, of which 380,000,000 Shares have been issued and fully paid. Upon completion of the Placing (assuming that the Placing Shares are subscribed in full and no other change in the issued share capital of the Company between the date of this announcement and the EGM), the total number of issued Shares will increased to 456,000,000 Shares.

In order to (i) accommodate future expansion and development of the Group; and (ii) provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future, as and when necessary, the Board proposes to increase the authorised share capital of the Company from HK\$50,000,000 divided into 500,000,000 Shares to HK\$2,000,000,000 divided into 20,000,000,000 Shares by the creation of an additional 19,500,000,000 unissued Shares.

The Increase in Authorised Share Capital is subject to the approval of the Shareholders by the passing of an ordinary resolution by the Shareholders at the EGM, and will become effective on the date of the EGM upon the passing of the relevant ordinary resolution.

The Board is of the view that the Increase in Authorised Share Capital will provide flexibility to the Company for future investment opportunities and facilitate the Company in determining its future business plan and development, and is therefore in the interests of the Company and the Shareholders as a whole.

EGM

A EGM will be convened for the Shareholders to consider, and if thought fit, approve, among others, the Increase in Authorised Share Capital.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their respective associates would have any interest in the proposed Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting on the resolution relating to the Increase in Authorised Share Capital at the EGM.

A circular containing, among other things, details of the proposed Increase in Authorised Share Capital together with the notice of the EGM and the related proxy form will be despatched to the Shareholders on or before 31 October 2024.

Since Completion is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise required, the following words and expressions shall have the meaning ascribed to them below:

“AGM”	annual general meeting of the Company held on 14 August 2024 to approve the General Mandate
“Board”	the board of Directors
“Company”	Yuk Wing Group Holdings Limited, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, approve, among other things, the proposed Increase in Authorised Share Capital
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$50,000,000 (divided into 500,000,000 Shares) to HK\$2,000,000,000 (divided into 20,000,000,000 Shares) by the creation of an additional 19,500,000,000 unissued Shares
“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of 76,000,000 Placing Shares pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 9 October 2024 in relation to the Placing
“Placing Price”	HK\$0.085 per Placing Share
“Placing Share(s)”	up to 76,000,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 9 October 2024

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. Yiu To Wa.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.