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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)

MAJOR ACQUISITION
IN RELATION TO ACQUISITION OF 65% EQUITY INTEREST IN ANHUI RUNSHENG ELECTRIC POWER TECHNOLOGY CO., LTD* AND THE GRANT OF CALL OPTION

THE ACQUISITION

The Board is pleased to announce that, on 12 June 2026 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Grantors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell the Sale Share Capital, representing 65% equity interest in the Target Company, at the total consideration of RMB37.5 million (equivalent to approximately HK$43.4 million), subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Company will be beneficially interested in 65% of the equity interest of the Target Company and the Target Company will become an indirect non-wholly owned subsidiary of the Company and accordingly, its financial statements will be consolidated into the Company's financial statements.

GRANT OF CALL OPTION

Pursuant to the Sale and Purchase Agreement, subject to Completion and the terms and conditions therein, each of the Grantors grants to the Purchaser the Call Option in respect of the Option Share Capital at a nominal consideration of RMB1.0 payable by the Purchaser to each of the Grantors. The Purchaser may, at any time within twelve (12) months following the Completion Date, 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 (equivalent to approximately HK$23.3 million).

* *For identification purposes only*

LISTING RULES IMPLICATIONS

Acquisition

As the highest of the applicable percentage ratios (as defined under the Listing Rules) is greater than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Call Option

As the exercise of the Call Option is at the discretion of the Purchaser, only premium is taken into account for the purpose of transaction classification upon the grant of the Call Option. Given that the Call Option is to be granted at a total nominal consideration of RMB2.0, the applicable percentage ratios calculated in accordance with Rule 14.75(1) of the Listing Rules are less than 5%, and the grant of Call Option does not otherwise constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

However, since the grant of Call Option forms part and parcel of the Acquisition, the Board considers it appropriate to put forward a resolution to approve the grant of the Call Option at the EGM. For the avoidance of doubt, the Company will also seek Shareholders' approval for potential exercise of the Call Option at the EGM (in addition to seeking Shareholders' approval for the subscription of the Call Option) in accordance with Rule 14.76(2) of the Listing Rules.

The Company will comply with all applicable requirements under the Listing Rules upon exercise of the Call Option as and when appropriate.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders or any of their close associates has a material interest in the Acquisition. Accordingly, no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Acquisition.

GENERAL

The EGM will be convened by the Company for the Shareholders to consider and, if thought fit, approve, among other things, the Acquisition (including the subscription and potential exercise of the Call Option) and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information on the Target Company; (iii) unaudited pro forma financial information on the Enlarged Group; (iv) the Valuation Report; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or before 7 July 2026.

INTRODUCTION

The Board is pleased to announce that, on 12 June 2026 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company), the Grantors and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell the Sale Share Capital, representing 65% of the equity interest in the Target Company, at the total consideration of RMB37.5 million (equivalent to approximately HK$43.4 million), subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Company will be beneficially interested in 65% of the equity interest of the Target Company and the Target Company will become an indirect non-wholly owned subsidiary of the Company and accordingly, its financial statements will be consolidated into the Company's financial statements.

Pursuant to the Sale and Purchase Agreement, subject to Completion and the terms and conditions therein, each of the Grantors grants to the Purchaser the Call Option in respect of the Option Share Capital at a nominal consideration of RMB1.0 payable by the Purchaser to each of the Grantors. The Purchaser may, at any time within twelve (12) months following the Completion Date, 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 (equivalent to approximately HK$23.3 million).

Details of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

12 June 2026 (after trading hours of the Stock Exchange)

Parties

(i) the Purchaser, being Top Standard Limited;

(ii) the Vendor, being Mr. Fang Haibo; and

(iii) the Grantors, being Mr. He Zhangxiang and Mr. He Xuebing

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and the Grantors and their respective associates are the Independent Third Parties as at the date of this announcement.

Assets to be Acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell the Sale Share Capital, representing 65% of the equity interest in the Target Company.

Consideration

The Consideration for the Sale Share Capital (representing 65% of the equity interest in the Target Company) is RMB37.5 million (equivalent to approximately HK$43.4 million), which shall be settled by cash in the following manner:

(i) RMB17.5 million (equivalent to approximately HK$20.3 million) shall be payable by the Purchaser to the Vendor at the Completion Date; and

(ii) the remaining balance of RMB20.0 million (equivalent to approximately HK$23.1 million) shall be payable by the Purchaser to the Vendor (or its designated nominee) within 12 months after the Completion Date (the "**Deferred Payment**").

The Deferred Payment is subject to the following terms:

(a) interest-free period: no interest shall be payable for the first 6 calendar months immediately following Completion Date; and

(b) interest-bearing period: interest shall accrue at the rate of 2.5% per annum on the outstanding balance of the Deferred Payment from the day immediately after the expiry of the initial 6-month period until full settlement.

The 2.5% per annum interest rate for the Deferred Payment is determined through arm's length negotiations between the Purchaser and the Vendor. The Board notes that the 12-month Hong Kong Interbank Offered Rate (HIBOR) ranged from approximately 2.7403% to approximately 3.1865% between March 2026 to May 2026, with an average of approximately 3.0051%, based on data sourced from The Hong Kong Association of Banks. Having taken these current market rates into account, the Board considers the interest rate of the Deferred Payment to be fair and reasonable.

The Consideration will be settled by the internal resources of the Company and/or by way of debt/equity fundraising if suitable fundraising opportunities arise. As at the date of this announcement, there is no concrete plan for any fundraising exercises. The Company will make further announcements in this regard in accordance with the Listing Rules as and when appropriate.

The determination of the Consideration is set out in the section headed "Basis of the Consideration" below.

Conditions precedent

Completion shall be conditional upon the satisfaction (or waiver) of the following conditions precedent:

(i) the results of due diligence review on the assets, liabilities, operations, and affairs of the Target Company to be conducted by the advisers of the Purchaser being satisfactory to the Purchaser (including but not limited to the Purchaser's approval or waiver of the Target Company's financial, legal, business, tax, and land and property conditions, and

the Vendor having submitted a rectification plan or compensation arrangement satisfactory to the Purchaser for all issues discovered by the Purchaser during the due diligence review);

(ii) if required, the passing of an ordinary resolution by the shareholders of the Company at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the Acquisition and the exercise of the Call Option);

(iii) the Vendor having obtained all necessary consents and approvals in connection with the Acquisition;

(iv) the Purchaser having obtained all necessary consents and approvals in connection with the Acquisition;

(v) the completion of the Reorganisation;

(vi) all the warranties remaining true, accurate and not misleading, and no event having occurred or circumstance having arisen which would constitute a breach of the Sale and Purchase Agreement or result in any inconsistency with the warranties;

(vii) the Guarantee having been fully and unconditionally released and discharged, and the Company having no outstanding or contingent liabilities in respect thereof, and the provision to the Purchaser of documentary evidence of such release and discharge in form and substance satisfactory to the Purchaser;

(viii) the receipt of a valuation report issued by an independent professional valuer appointed by the Company or the Purchaser, in form and substance satisfactory to the Company or the Purchaser, showing that the valuation of 100% equity interest of the Target Company as at 30 April 2026 is not less than RMB57.6 million (equivalent to approximately HK$66.7 million);

(ix) the issuance of a due diligence report by a PRC legal adviser designated by the Purchaser in relation to, *inter alia*, the legal due diligence conducted on the assets, liabilities, operations, and affairs of the Target Company, in form and substance satisfactory to the Purchaser; and

(x) the shareholder's loans owed by the Target Company to each of its shareholders having been capitalised by way of capital increase, such that no amounts due to or from any shareholders are recorded in the accounts of the Target Company as at the Completion Date, and the provision to the Purchaser of the relevant capital verification report and/or industrial and commercial registration change documents in form and substance satisfactory to the Purchaser.

The Purchaser may, in its sole discretion, waive any of the above conditions, save for condition precedent (i), (ii), (iii), (iv), (vii), (viii) and (x).

If any of the above conditions precedent has not been satisfied (or waived) at or before 12:00 noon on 30 September 2026, or such later date as agreed by the parties to the Sale and Purchase Agreement in writing, (the "**Long Stop Date**") the Sale and Purchase

Agreement (other than the clause related to the Long Stop Date, termination, other warranties, right of use and copy) shall cease to have effect, and thereafter none of the parties to the Sale and Purchase Agreement shall have any liabilities and obligations thereunder, save for any antecedent breaches occurring prior to such termination.

As at the date of this announcement, none of the conditions precedent has been fulfilled.

Call option

Pursuant to the Sale and Purchase Agreement, subject to Completion and the terms and conditions therein, each of the Grantors grants to the Purchaser the Call Option in respect of the Option Share Capital.

Upon the grant of the Call Option, the Purchaser shall pay RMB1.00 to each of Mr. He Zhangxiang and Mr. He Xuebing as nominal consideration. The Purchaser may, at any time within twelve (12) months following the Completion Date (the "**Option Period**"), exercise all or part of the Call Option at its sole and absolute discretion. The Purchaser shall have the right but not the obligation to exercise the Call Option, and may exercise the Call Option on one or multiple occasions during the Option Period, in respect of all or part of the Option Share Capital, or to acquire the Option Share Capital held by either Mr. He Zhangxiang or Mr. He Xuebing only.

The total exercise price for the acquisition of the Option Share Capital shall be RMB20.1 million (equivalent approximately HK$23.3 million) (the "**Exercise Price**"); for each partial exercise, the Exercise Price shall be adjusted on a pro-rata basis based on the proportion of the Option Share Capital being acquired to the total Option Share Capital. When the Purchaser decides to exercise the Call Option, the Purchaser shall give not less than seven (7) days' prior written notice to the Grantors in accordance with the terms and conditions of the Sale and Purchase Agreement, specifying the Option Share Capital to be acquired and the corresponding Exercise Price. The completion of the acquisition of the relevant Option Share Capital shall take place on the seventh (7) day following the delivery of such written notice to the Grantors (excluding the date on which the notice is given).

The Exercise Price of the Call Option is determined based on arm's length negotiations between the Purchaser and the Grantors with reference to the preliminary valuation of 100% equity interest in the Target Company of approximately RMB57.6 million (equivalent to approximately HK$66.7 million) as at the Valuation Date conducted by the Valuer based on asset approach as explained in the section headed "basis of the Consideration" below.

Completion

Completion shall take place on the second Business Day after the fulfilment or waiver of all the conditions precedent in the Sale and Purchase Agreement is satisfied or waived, or such later date as may be agreed in writing between the Purchaser and the Vendor.

Upon Completion, the Company will be beneficially interested in 65% of the equity interest of the Target Company and the Target Company will become an indirect non-wholly owned subsidiary of the Company and accordingly, its financial statements will be consolidated into the Company's financial statements.

BASIS OF THE CONSIDERATION

The Consideration is determined based on arm's length negotiations between the Purchaser and the Vendor with reference to the preliminary valuation of 100% equity interest in the Target Company of approximately RMB57.6 million (equivalent to approximately HK$66.7 million) as at the Valuation Date conducted by the Valuer based on the asset approach.

The Company has engaged the Valuer to appraise the value of entire equity interest of the Target Company. The Valuation is prepared by Mr. Nick C. L. Kung, who is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) and has over 20 years of experience in the valuation of business entities and properties in Hong Kong, the People's Republic of China and abroad.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Company is not aware of any relationships or interests between the Valuer and the Group, the Purchaser, or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to the independence of the Valuer. Apart from normal professional fees payable to the Valuer in connection with the Valuation, no arrangement exists whereby the Valuer will receive any fees or benefits from the Company, the Purchaser, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, and the Company is not aware of the existence of or change in any circumstances that would affect their independence. The Valuer has confirmed to the Company of their independence. Accordingly, the Directors considered that the Valuer is eligible to independently perform the Valuation.

Summary of the key features of the Valuation

(i) Purpose, scope and basis of Valuation

The preliminary Valuation was prepared by the Valuer exclusively for the Company to determine the market value of the 100% equity interest in the Target Company as at the Valuation Date. The Valuation was conducted using the asset approach in accordance with the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors, the RICS Valuation — Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, and under generally accepted valuation procedures and practices.

Under the asset approach, the equity value of the Target Company was derived by first determining the market value of the investment properties (the "**Investment Properties**") held by the Target Company, which represent its principal assets and were valued using the investment method. By adding the value of other identified assets and liabilities, arrive at the equity value.

(ii) Valuation method adopted for the Investment Properties — Investment method

In valuing the Investment Properties as at the Valuation Date, the Valuer has adopted the investment method, taking into account the current passing rent and the reversionary income potential of the properties. This method is commonly applied to rental generating properties as it enables both the value of the existing tenancies and the future reversionary rental income to be directly capitalised into market value.

Under the investment method, also referred to as the term-and-reversion approach, the total rental income is separated into the term income — representing the capitalisation of the current passing rent over the remaining lease term — and the reversionary income, which reflects the estimated market rent upon lease expiry. The reversionary income is capitalised on a fully leased basis and discounted back to the valuation date to derive the market value.

(iii) Valuation approaches considered and method adopted

There are three commonly used approaches, namely the market approach, income approach, and asset approach.

In the Valuation, the income approach is not suitable because (i) value of an investment holding company is more closely tied to the value of its underlying investment rather than its income generating capabilities. As such, the asset approach which sums the market value of its investment can provide a more accurate valuation; and (ii) income of an investment holding company is volatile, and preparing long-term forecasts for an investment holding company involves a high level of uncertainty in earnings estimates and underlying assumptions.

The market approach is not suitable as there are insufficient relevant comparable transactions or comparable companies with identical investment portfolio to form a reliable basis for the Valuer's opinion of value.

(iv) Key assumptions adopted in the Valuation

In arriving at the Valuation, the Valuer had, among others, adopted the following assumptions:

(a) for the Target Company to continue as a going concern, the Target Company will successfully carry out all necessary activities for the development of its business;

(b) market trends and conditions where the Target Company operates will not deviate significantly from the economic forecasts in general;

(c) the financial information of the Target Company as supplied to the Valuer has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Target Company as at the respective financial statement dates;

(d) there will be no material changes in the business strategy of the Target Company and its operating structure;

(e) interest rates and exchange rates in the localities for the operations of the Target Company will not differ materially from those presently prevailing;

(f) all relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

(g) there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues and profits attributable to the Target Company.

In arriving at the valuation of the Investment Properties, the Valuer had, among others, adopted the following assumptions:

(a) the owner sells the Investment Properties on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the Investment Properties;

(b) no forced sale situation in any manner is assumed in the valuation. In addition, the Valuer has been advised by the Target Company that the Investment Properties is not subject to any option or right of pre-emption which would concern or affect the sale of the Investment Property unless otherwise specified;

(c) no allowance has been made in the valuation for any charges, mortgages or amounts owing on the Investment Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Investment Properties is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value;

(d) the Valuer has not carried out on-site measurements to verify the correctness of the site and floor areas of the Investment Properties but have assumed that the site and floor areas shown on the documents and floor plans available to the Valuer are correct. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to the Valuer are, therefore, only approximations; and

(e) the Valuer has not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. The valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

Valuation Analysis

Based on the abovementioned methodologies and assumptions, the market value of 100% equity interest in the Target Company as at the Valuation Date is approximately RMB57.6 million (equivalent to approximately HK$66.7 million) calculated as follows:

	Net Book Value as at 30 April 2026 *(RMB'000)*	**Adjustment** *(RMB'000)*	**Market value as at 30 April 2026** *(RMB'000)*
Investment Properties *(Note 1)*	72,000	—	72,000
Office equipment	137	—	137
Trade and bill receivables, prepayments, deposits and other receivables	1,290	—	1,290
Cash and cash equivalents	401	—	401
Other payables and accruals, contract liabilities, financial guarantee contracts	(3,189)		(3,189)
Amount due to shareholders *(Note 2)*	(52,700)	52,700	—
Bank borrowing	(10,000)	—	(10,000)
Deferred tax liabilities	(3,004)	—	(3,004)
100% equity interest of the Target Company	4,935		57,635

Notes:

1. Given that the Investment Properties are held for investment by the Target Company, the value of the Investment Properties have been adjusted to its market value in the management accounts of the Target Company, which is based on the investment method.

2. As confirmed by the management of the Company, amount due to shareholders (i.e. shareholder's loans owed by the Target Company to its shareholders) will be capitalised prior to the completion of the acquisition, and given that amount due to shareholders will be capitalised, the Valuer has excluded the amount due to shareholders in the valuation of the Target Company.

As such, the 65% of the Target Company amounts to RMB37.5 million (equivalent to approximately HK$43.4 million).

The Board's assessment of the fairness and reasonableness of the Consideration

The Board noted that the Valuer has performed site inspections of the Investment Properties on 1 June 2026 and had discussion with the management of the Target Company on the operating status, development and financial position of the Target Company. The Valuer has also reviewed the breakdown of the balance sheet items in the course of the Valuation.

As advised by the Valuer, they have relied on the information provided by the management of the Target Company in arriving at the opinion of value, of which, they are not in a position to verify the accuracy of information provided to them by the management of the Target Company. Apart from the above, there is no specific limitation in the course of the Valuation apart from general limiting conditions adopted in the Valuation.

The major documents and information relied upon by the Valuer in the Valuation include: (i) the financial information of the Target Company as provided by the management of the Target Company; (ii) the operational information of the Target Company as discussed with the management of the Target Company; and (iii) the legal opinion and title documents regarding the title to the Investment Properties, its site and floor areas of the Investment Properties. Further, the Valuer has basically relied on the financial information of the Target Company as at the Valuation Date to perform the Valuation.

The Board has reviewed, and discussed with the Valuer, each of the principal assumptions adopted for the Valuation, having regard to the legal title, physical condition, existing usage, and marketability of the Investment Properties held by the Target Company. With regard to the Valuation, the Board understands from the Valuer that the asset approach is the most appropriate valuation approach to value the equity interest of the Target Company because as at Valuation Date, the Target Company was a property investment company holding the Investment Properties.

In addition, the Board has carefully considered the basis of the Valuation and the determination of the Consideration and are of the view that the Consideration, which is based on appraised market value of in the Target Company, is fair and reasonable and the interests of the Company and the Shareholders as a whole, for the following reasons:

(i) the asset approach and the investment method adopted by the Valuer are considered the most preferable and generally accepted method in valuing investment holding company and properties that are generating rental income. The investment method takes into account the current rental income to be generated from the current tenancy agreement(s), and the reversionary income potential of the tenancies upon expiry of the tenancy agreement(s);

(ii) the Valuer had analysed recent market sale and rental transaction evidence of properties in the vicinity and are of the same uses, as well as similar developments with characteristics comparable to the Investment Properties (the "**Comparable Properties**");

(iii) the Valuer believes the Comparable Properties represent an exhaustive list to the best of their knowledge;

(iv) the relevant adjustments were made by the Valuer to reflect differences between the Comparable Properties and the Investment Properties in terms of attributes including, but not limited to, time, location, floor, size, layout and condition; and

(v) In valuing the equity interest of the Target Company, the Valuer has adjusted the other identified assets and liabilities, including the shareholders' loans. In particular, management of the Target Company advised the Valuer that the amount due to the shareholders of approximately RMB52.7 million (equivalent to approximately HK$61.1 million) was to be capitalised. For avoidance of doubt, the amount of amount due to shareholders will no longer remain outstanding upon Completion. The Valuer incorporated these positions into its net asset and liability adjustments when arriving at the equity value. Accordingly, the outstanding debts (i.e. bank loans) were fully reflected in the market value of equity interest of the Target Company as at the Valuation Date.

Having considered the factors above in aggregate, the Board is of the view that the Valuation provides a reasonable basis for assessing the value of the Target Company, and that the Consideration, is on normal commercial terms, is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information of the Group

The Company is an investment holding company. The Group is principally engaged in the manufacturing and trading of down-the-hole ("**DTH**") rockdrilling tools, trading of piling and drilling machineries and rockdrilling equipment.

Information of the Purchaser

The Purchaser is an investment holding company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company.

The Purchaser is currently undergoing the Reorganisation. Upon completion of the Reorganisation, the Purchaser will beneficially hold a wholly foreign-owned enterprise established in the PRC (the "**WOFE**"). Upon Completion, the Vendor shall, in accordance with the instructions of the Purchaser, directly transfer the Sale Share Capital to the WOFE (or such other company as may be designated by the Purchaser).

Information of the Vendor

The Vendor is one of the controlling shareholders of the Target Company, holding 65% equity interests of the Target Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an Independent Third Party as at the date of this announcement.

Information of the Grantors

Mr. He Zhangxiang is one of the controlling shareholders of the Target Company, holding 30% equity interest of the Target Company.

Mr. He Xuebing, is a shareholder of the Target Company, holding 5% of equity interests of the Target Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Grantors are the Independent Third Parties as at the date of this announcement.

Information of the Target Company

The Target Company is a limited liability company incorporated in the PRC in 2015 with a registered and paid-up capital of RMB5 million. As at the date of this announcement, it is owned as to 65% by the Vendor, 30% by Mr. He Zhangxiang and 5% by Mr. He Xuebing.

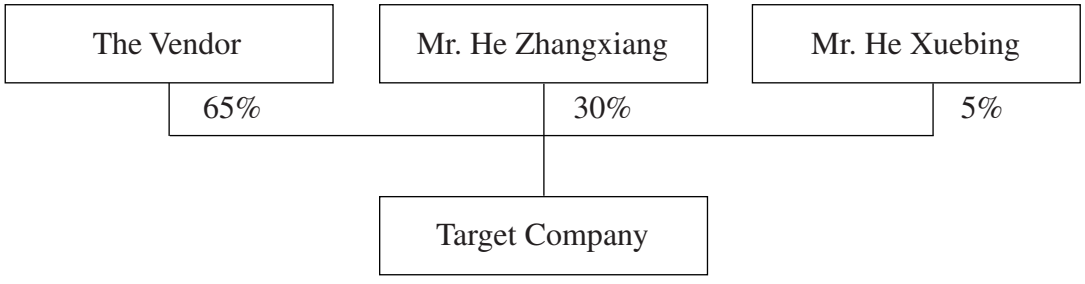
The Target Company is principally engaged in provision of warehouse services, while concurrently leasing its investment properties to generate rental income.

The Target Company holds a property with a site area of approximately 19,972.47 square metres in Hefei, Anhui province, the PRC. The property features seven buildings consisting of (i) one 6-storey comprehensive building (including staff canteen and functional rooms) with a total gross floor area of approximately 5,136.18 square metres; and (ii) six production factories, ranging from 3 to 6 storeys, with a combined gross floor area of approximately 24,935.98 square metres.

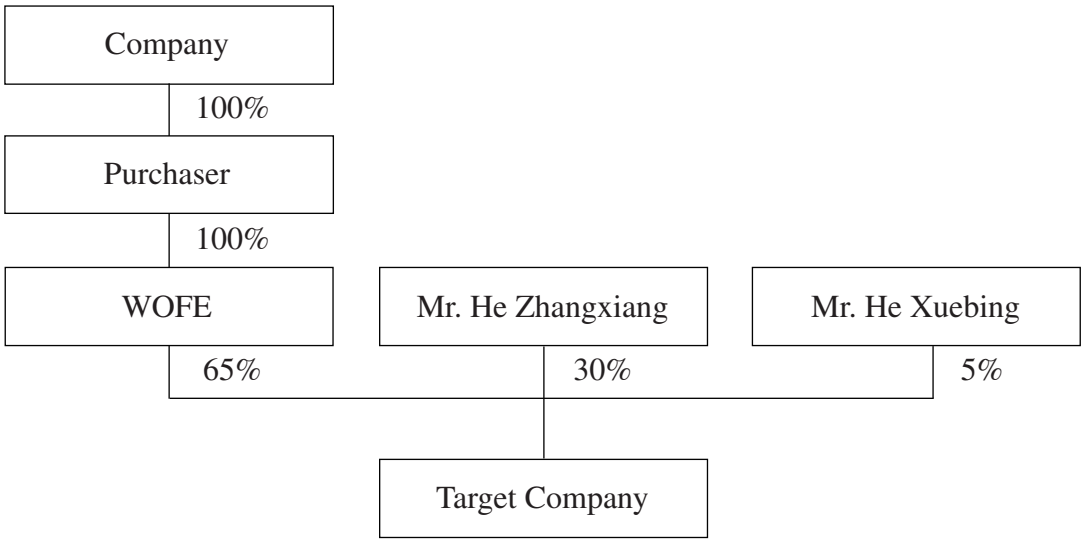
As at the date of this announcement, approximately 10,000 square metres were leased to a number of tenants with terms ranged from 0.5 to 12 years. Upon Completion, these existing tenancy agreements will remain in full force and effect, and the Target Company will continue to act as the lessor.

Shareholding structure of the Target Company

As at the date of this announcement, the shareholding structure of the Target Company is as follows:



Upon Completion, the shareholding structure of the Target Company is as follows:



Financial information of the Target Company

Set out below is the unaudited financial information of the Target Company for two financial years ended 31 December 2024 and 31 December 2025.

	For the years ended	
	31 December 2024	**31 December 2025**
	(unaudited)	*(unaudited)*
	RMB	*RMB*
Revenue	1,457,541	2,360,749
Loss before taxation	(113,246)	(19,583)
Loss after taxation	(705,707)	(539,797)

As at 31 December 2025, the unaudited total assets and net assets of the Target Company was approximately RMB73.7 million and RMB5.2 million, respectively.

The Target Company provides an asset pledge in favour of a bank in respect of a RMB7.6 million loan facility granted to a shareholder (i.e., the Guarantee). As at 31 December 2025, the maximum exposure of the Target Company under the guarantee was limited to the aggregate amount of the loan facility of approximately RMB3.8 million, of which the full amount has been utilised by the shareholder.

It is expected that the Guarantee will be fully and unconditionally released and discharged prior to Completion as one of the conditions precedent to Completion, details of which are set out in point (vii) of the sub-section headed "Conditions precedent" under the section headed "The Sale and Purchase Agreement".

Financial impact of the Acquisition

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company, and its financial statements will be consolidated into the Company's financial statements.

The unaudited pro forma financial information of the Enlarged Group will be included in the circular to be despatched to the Shareholders in relation to the Acquisition.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Company is the leading manufacturer and supplier of 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.

The Group designs and manufactures its own DTH hammers, casing systems (comprising driver bits and casing bits), and other miscellaneous products including button bits and bit openers, as well as the newly developed products, drill pipes, cluster drills and casing tubes. Currently, the Group's production line is operated under leased premises at its factory located in Shunde District, the PRC. To provide a complete technical solution, the Group also sources rockdrilling equipment and pilling and drilling machineries from external suppliers for trade to its customers.

As disclosed in the annual report of the Company for the year ended 31 March 2025, during 2025, the market environments have gradually recovered and businesses from China have seen an increase in activities, leading to an increase in revenue contributed from China. The Group requires a more robust infrastructure to capture this growing demand. Establishing a dedicated factory and a logistics and warehousing hub in Hefei, a strategic location in the PRC, enables the Group to better serve the expanding Chinese market which has already shown a significant contribution to the Group's revenue.

The Acquisition represents a strategic milestone in the Group's long-term objective to transition from a specialised manufacturer into a vertically integrated provider of comprehensive rockdrilling solutions. Upon completion of the Acquisition, the Target Company will become an indirect non-wholly owned subsidiary of the Company. This allows the Group to significantly expand its production capacity beyond its current leased factory in Shunde and establish a centralised warehouse by utilising the Target Company's constructed, self-owned factory and warehousing facilities in Hefei. Through this move, the Group will secure over 30,000 square metres of high-quality industrial space, providing a critical logistical anchor in a major transportation hub within the PRC. This move significantly bolsters the Group's supply chain resilience, allowing for the centralised storage and efficient distribution of both self-manufactured DTH rockdrilling tools and externally sourced heavy machinery. Furthermore, as the Group continues to expand its product portfolio, particularly in larger-scale items such as casing tubes and cluster drills, the proprietary ownership of these warehouses will mitigate the volatility of third-party logistics costs and ensure specialised handling standards that are essential for high-precision industrial equipment.

Beyond improving operations, the Board believes the Acquisition is a sound financial move that enhances the Group's service capabilities. By owning and utilising these facilities through the Target Company for its capacity expansion, the Group can scale its operations while optimising long-term costs, eliminating the need to incur additional, unpredictable third-party rental expenses for extra industrial space. This ownership gives the Group total control over inventory and quality inspections, ensuring that customers receive high-quality, fully integrated drilling solutions.

As at the date of this announcement, the Target Company leases approximately one-third of the properties to the Independent Third Parties, which generated rental income of approximately RMB2.4 million (equivalent to approximately HK$2.8 million) for the year ended 31 December 2025, while the remaining two-thirds of the properties are currently vacant. The Company intends to continue the existing tenancy agreements until their respective expiries, upon which the Company will determine the optimal usage of such surplus areas based on the Group's operational needs at the time.

The versatile nature of the seven industrial buildings provides the Group with strategic flexibility to adapt to future market demands. The Group may either utilise the vacant or newly available space to expand its production and inventory capacity, or generate auxiliary income by leasing out surplus areas. This ensures the efficient allocation of the Group's resources and maximises long-term shareholder value.

Taking into account the factors explained above, amongst others, (i) the growth in business activities from China; (ii) the increase in revenue contributed from China for the year 2025; (iii) inventory management; (iv) cost optimisation by avoiding unpredictable future rental expenses for expansion through proprietary facilities; (v) quality control; and (vi) revenue diversification through auxiliary leasing income, the Board believes that the Acquisition and the transaction contemplated under the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Acquisition

As the highest of the applicable percentage ratio (as defined under the Listing Rules) is greater than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Call Option

As the exercise of the Call Option is at the discretion of the Purchaser, only premium is taken into account for the purpose of transaction classification upon the grant of the Call Option. Given that the Call Option is to be granted at a total nominal consideration of RMB2.0, the applicable percentage ratios calculated in accordance with Rule 14.75(1) of the Listing Rules are less than 5%, and the grant of Call Option does not otherwise constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

However, since the grant of Call Option forms part and parcel of the Acquisition, the Board considers it appropriate to put forward a resolution to approve the grant of the Call Option at the EGM. For the avoidance of doubt, the Company will also seek Shareholders' approval for potential exercise of the Call Option at the EGM (in addition to seeking Shareholders' approval for the subscription of the Call Option) in accordance with Rule 14.76(2) of the Listing Rules.

The Company will comply with all applicable requirements under the Listing Rules upon exercise of the Call Option as and when appropriate.

GENERAL

The EGM will be convened by the Company for the Shareholders to consider and, if thought fit, approve, among other things, the Acquisition (including the subscription and potential exercise of the Call Option) and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders or any of their close associates has a material interest in the Acquisition (including the subscription and potential exercise of the Call Option). Accordingly, no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Acquisition (including the subscription and potential exercise of the Call Option).

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information on the Target Company; (iii) unaudited pro forma financial information on the Enlarged Group; (iv) the Valuation Report; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or before 7 July 2026.

Since the Completion is subject to the fulfilment of the conditions as described above, the Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

"Acquisition"	the acquisition of the Sale Share Capital
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day(s) except Saturday, Sunday or public holiday on which banks are open in Hong Kong to the general public for business
"Call Option"	the option granted to the Purchaser for the acquisition of the Option Share Capital

"Company"	Yuk Wing Group Holdings Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange
"Completion"	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the second Business Day after which all the conditions precedent in the Sale and Purchase Agreement have been fulfilled (or waived) (or any later date as the Vendor and the Purchaser may agree in writing)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the Acquisition of RMB37.5 million (equivalent to HK$43.4 million)
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held for Shareholders to consider and approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the grant and the exercise of the Call Option
"Enlarged Group"	the Group as enlarged by the Acquisition upon Completion
"Grantors"	Mr. He Zhangxiang who holds 30% equity interest in the Target Company and Mr. He Xuebing who holds the 5% equity interest in the Target Company
"Group"	the Company and its subsidiaries
"Guarantee"	the asset pledge by the Target Company in favour of a bank in respect of a loan facility of RMB7.6 million granted to a shareholder of the Target Group
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Option Share Capital"	the remaining equity interest of the Target Company upon Completion, comprising 30% equity interest to be held by Mr. He Zhangxiang 何章祥 and the 5% equity interest to be held by Mr. He Xuebing 何學兵 as at the Completion Date
"Purchaser"	Top Standard Limited, an investment holding company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
"Reorganisation"	a reorganisation to be conducted by the Purchaser by setting up a wholly foreign-owned enterprise for the purpose of holding the Sale Share Capital
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 12 June 2026 entered into between the Purchaser, the Vendor and the Grantors in relation to the Acquisition (including the grant of the Call Option)
"Sale Share Capital"	the 65% of the equity interest of the Target Company
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) 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
"subsidiary(ies)"	has the same meaning as ascribed to it under the Listing Rules
"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 the Vendor, 30% by Mr. He Zhangxiang and 5% by Mr. He Xuebing as at the date of this announcement
"Valuation"	the preliminary valuation of the entire equity interest of the Target Company
"Valuation Date"	30 April 2026, being the date of the assessed value of the Target Company

"Valuation Report"	the valuation report of the appraised value of the entire equity interest of the Target Company as at the Valuation Date to be issued by the Valuer
"Valuer"	Peak Vision Appraisals Limited, an independent valuer
"Vendor"	Mr. Fang Haibo方海波, one of the controlling shareholders of the Target Company
"%"	per cent

* *for identification purposes only*

For the purpose of this announcement, the exchange rate of HK$1.00 to RMB0.8631 has been used for currency translation, where applicable. Such conversion is for illustrative purposes and does not constitute representations that any amount in HK$ or RMB has been, could have been or may be converted at this or any other rate.

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

Hong Kong, 12 June 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.