

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Yuk Wing Group Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

A letter from the Board is set out from pages 4 to 23 of this circular.

A notice convening the EGM of the Company to be held at Units 6505–11, 65/F, The Center, No.99 Queen's Road Central, Central, Hong Kong at 11:00 a.m. on Tuesday, 4 August 2026 is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours (i.e. 11:00 a.m. on Sunday, 2 August 2026) before the time appointed for the holding of the EGM or any adjournment or postponement thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment or postponement thereof (as the case may be) should you so desire and, in such event, the form of proxy shall be deemed to be revoked.

* *for identification purposes only*

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Share Capital
“Announcement”	the announcement of the Company dated 12 June 2026 in relation to, among other things, the Acquisition and the grant of the Call Option
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	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 by the Grantors 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 convened and held at Units 6505–11, 65/F, The Center, No.99 Queen’s Road Central, Central, Hong Kong on Tuesday, 4 August 2026 at 11:00 a.m. or any adjournment thereof (as the case may be), to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the subscription and the potential exercise of the Call Option)
“Enlarged Group”	the Group as enlarged by the Acquisition upon Completion

DEFINITIONS

“Grantors”	Mr. He Zhangxiang who holds 30% of equity interest in the Target Company and Mr. He Xuebing who holds the 5% of 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 up to a maximum amount of RMB7.6 million granted to a shareholder of the Target Company
“HKFRS”	Hong Kong financial reporting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants
“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
“Latest Practicable Date”	13 July 2026, being latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“PRC”	the People’s Republic of China, which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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

DEFINITIONS

“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 in 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 Latest Practicable Date
“Valuation”	the 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

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For the purpose of this circular, the exchange rate of RMB1 to HK\$1.1586 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.

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)

Executive Directors:

Ms. Li Kai Lai Miranda

Ms. Woo Lan Ying

Independent non-executive Directors:

Mr. Cheung Sze Ming

Mr. Wong Siu Keung Joe

Mr. Todd Eric

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Principal place of business
in Hong Kong:*

Units 6505–11, 65/F

The Center

No.99 Queen's Road Central
Central, Hong Kong

15 July 2026

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition (including the grant of the Call Option); and (ii) a notice convening the EGM.

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 (i) 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; and (ii) each of the Grantors granted to the Purchaser the Call Option in respect of

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the Option Share Capital at a nominal consideration of RMB1.0 payable by the Purchaser to each of the Grantors, with an exercise price of RMB20.1 million (equivalent to approximately HK\$23.3 million). 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 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 were the Independent Third Parties as at the Latest Practicable Date.

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 six (6) calendar months immediately following Completion Date; and

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- (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, being at a rate lower than the prevailing 12-month HIBOR to be fair and reasonable.

The Consideration will be settled by the internal resources of the Company (including cash generated from operations and proceeds from disposal of financial assets) and/or by way of debt/equity fundraising if suitable fundraising opportunities arise. As at the Latest Practicable Date, 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.

As at 31 March 2026, the Company had cash and cash equivalents amounting to approximately HK\$51.5 million, comprising bank balances and cash of approximately HK\$20.8 million and financial assets at fair value through profit or loss of approximately HK\$30.7 million. As at the Latest Practicable Date, the financial assets held by the Company comprised equity securities of two blue-chip companies. The Board intends to dispose of the financial assets in the open market for the settlement of part of the Consideration at the Completion Date. In addition, 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 therefrom for the settlement of the Deferred Payment. In the event that the Company fails to settle the Deferred Payment upon the expiry of the initial 6-month interest-free period, no default interest or other penalties will be imposed. Instead, interest will accrue at a rate of 2.5% per annum thereafter until the Deferred Payment has been paid in full. Taking into account the financial resources available to the Enlarged Group, including the cash generated from operations, proceeds from disposal of financial assets, potential fundraising and the payment terms of the Deferred Payment being 12 months after the Completion Date, the Directors are of the opinion that the Enlarged Group will have sufficient liquidity to fund its operations and satisfy its capital requirements upon Completion, detailed of which are set out under the section headed "3. Working capital sufficiency" in Appendix I to this circular.

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

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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 in 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

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- (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).

Regarding condition precedent (x), according to the Sale and Purchase Agreement, the Vendor and the Grantors agreed that prior to the Long Stop Date (as defined below), they shall each contribute capital increase amounts proportionate to their shareholdings to the Target Company. Such capital increased amounts shall be fully credited to the Target Company's capital reserve, and the Target Company shall use such amounts to repay the shareholders' loans in full, ensuring that no outstanding amounts due to any shareholder will be recorded as at the Completion Date. For the avoidance of doubt, upon the full payment of the aforementioned capital increase, the shareholding proportions and the corresponding registered capital held by the Vendor and the Grantors shall remain unchanged. As at the Latest Practicable Date, such shareholder's loans capitalisation has been completed.

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 Latest Practicable Date, save and except for condition precedent (x), 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 granted 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.

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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 was 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 being 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 in 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 was 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 (i) 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; and (ii) Mr. Chern Sung Lee, who is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of business assets and business enterprises in Hong Kong and overseas.

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To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, the Company was 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 was 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 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 has been prepared 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, where applicable.

The Valuation is based on the going concern premise and conducted on market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

(ii) Valuation approaches considered and method adopted

There are three commonly used approaches, namely the market approach, income approach, and asset approach. Having considered the three general valuation approaches, the Valuer considered the asset approach would be appropriate and reasonable in the Valuation.

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.

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Under the asset approach, the equity value of the Target Company was derived by first determining the market value of the investment property (the “**Investment Property**”) 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.

(iii) Valuation method adopted for the Investment Property — Investment method under income approach

In valuing the Investment Property as at the Valuation Date, the Valuer has adopted the investment method under income approach, taking into account the current rent passing and the reversionary income potential of the Investment Property. 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 rent passing 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.

As the Investment Property is encumbered by various existing tenancy agreements, there is insufficient open-market sale comparables involving properties with comparable sitting tenants or with adequate information for the Valuer’s analysis. Accordingly, the market approach is considered inappropriate and has not been adopted. Similarly, the asset approach is deemed unsuitable, as it does not reflect the current leasing status, the passing rental income, nor the future income-generating capability of the Investment Property. In contrast, the investment method under income approach is considered the most appropriate valuation method, as it captures and reflects the value impact of the existing tenancies and the future income-producing capability of the Investment Property.

(iv) Key assumptions adopted in the Valuation

In the Valuation, the Valuer adopted a special assumption that it has assumed that the amount due to shareholders of the Target Company were nil as at the Valuation Date, given that all amount due to shareholders of the Target Company will be capitalised prior to the Completion.

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;

LETTER FROM THE BOARD

- (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) key management, competent personnel and technical staff will all be retained to support the ongoing operations of the Target Company;
- (e) the availability of finance will not be a constraint on the forecast growth of the Target Company's operations in accordance with the business plans;
- (f) there will be no material changes in the business strategy of the Target Company and its operating structure;
- (g) the Target Company shall have uninterrupted rights to operate its existing business during the unexpired term of its authorised operating period;
- (h) interest rates and exchange rates in the localities for the operations of the Target Company will not differ materially from those presently prevailing;
- (i) all relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organisation 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
- (j) 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 Property, the Valuer had, among others, adopted the following assumptions:

- (a) the owner sells the Investment Property 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 Property;
- (b) no forced sale situation in any manner is assumed in the valuation. In addition, the Valuer has been advised by the Group that the Investment Property 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 in the valuation report;
- (c) no allowance has been made in the valuation for any charges, mortgages or amounts owing on the Investment Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated in the valuation report, it is assumed that the Investment Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value;

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- (d) the Valuer has not carried out on-site measurements to verify the correctness of the site and floor areas of the Investment Property 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 property valuation report are based on information contained in the documents provided to the Valuer and are, therefore, only approximations; and
- (e) the Valuer has been provided by the Group with extract copies of documents in relation to the title to the Investment Property located in the PRC. The Valuer has not examined the original documents to verify ownership and to ascertain the existence of any amendments which do not appear on the copies handed to the Valuer. In the course of the valuation, the Valuer has relied on the advice given by the Group and the legal opinion prepared by Grandall Law Firm (Shenzhen), the Group's legal adviser on the PRC law, regarding the title to the Investment Property.

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:

	Book Value (RMB'000)	Adjustment (RMB'000)	Market Value (RMB'000)
Investment Property (<i>note 1</i>)	72,000	—	72,000
Office equipment	137	—	137
Cash and cash equivalents	401	—	401
Trade receivables, bill receivables and other receivables	1,290	—	1,290
Borrowings	(10,000)	—	(10,000)
Accruals, other payables, contract liabilities, financial guarantee contracts, deferred tax liabilities	(6,193)	—	(6,193)
Amount due to shareholders (<i>note 2</i>)	(52,700)	52,700	—
100% equity interest of the Business Enterprise	<u>4,935</u>	<u>52,700</u>	<u>57,635</u>

Notes:

- Given that the Investment Property are held for investment by the Target Company, the value of the Investment Property has been adjusted to its market value in the management accounts of the Target Company, which is based on the investment method under income approach.
- 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, the Valuer has excluded the amount due to shareholders in the valuation of the Target Company. As at the Latest Practicable Date, such shareholder's loans capitalisation has been completed.

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

Details of the Valuation Report and the valuation report regarding the Investment Property are set out in Appendix V and Appendix VI, respectively, to this circular.

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 Property in June 2026 and had discussion with the management of the Company on the operating status, development and historical financial performances and 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 relied on the information provided by the management of the Company in arriving at the opinion of value, of which, they were 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 historical financial information of the Target Company as provided by the management of the Company; (ii) the operational information of the Target Company as discussed with the management of the Company; and (iii) the legal opinion and title documents regarding the title to the Investment Property, its site and floor areas of the Investment Property. 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 Property held by the Target Company. With regard to the Valuation, the Board understood from the Valuer that the asset approach is the most appropriate valuation approach to value the equity interest because as at Valuation Date, the Target Company was a property investment company holding the Investment Property, whereas the income approach is the most appropriate valuation approach to value the Investment Property, which is generating rental income.

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 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 valuation method adopted in the Valuation is the most suitable method, incorporating the asset approach to value the entire equity interest of the Target Company and the investment method under the income approach to value the Investment Property, given that:
 - (a) the market approach is not suitable for valuing either the entire equity interest of the Target Company or the Investment Property because there are insufficient relevant open-market comparable transactions involving properties with comparable sitting tenants or with adequate information for the Valuer's analysis;

LETTER FROM THE BOARD

- (b) in valuing the entire equity interest of the Target Company, the asset approach provides a more accurate valuation of its underlying investment, whereas the income approach is not suitable given that the Target Company is an investment holding company without income generating capabilities; and
 - (c) in valuing the Investment Property, the investment method under the income approach is considered the most suitable as it captures and reflects the value impact of the existing tenancies and the future income-producing capability of the Investment Property, whereas the asset approach is not suitable because it does not reflect the current leasing status, the passing rental income, nor the future income-generating capability of the Investment Property;
- (ii) the Valuer had analysed recent 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 Property (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 Property 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 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.

LETTER FROM THE BOARD

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 “WFOE”). Upon Completion, the Vendor shall, in accordance with the instructions of the Purchaser, directly transfer the Sale Share Capital to the WFOE (or such other company as may be designated by the Purchaser).

Information of the Vendor

The Vendor was one of the controlling shareholders of the Target Company, holding 65% of equity interest in the Target Company as at the Latest Practicable Date. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor was an Independent Third Party as at the Latest Practicable Date.

Information of the Grantors

Mr. He Zhangxiang was one of the controlling shareholders of the Target Company, holding 30% of equity interest in the Target Company as at the Latest Practicable Date.

Mr. He Xuebing, was a shareholder of the Target Company, holding 5% of equity interest in the Target Company as at the Latest Practicable Date.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Grantors were the Independent Third Parties as at the Latest Practicable Date.

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 RMB57.7 million as at the Latest Practicable Date. As at the Latest Practicable Date, it was 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 the Investment Property to generate rental income.

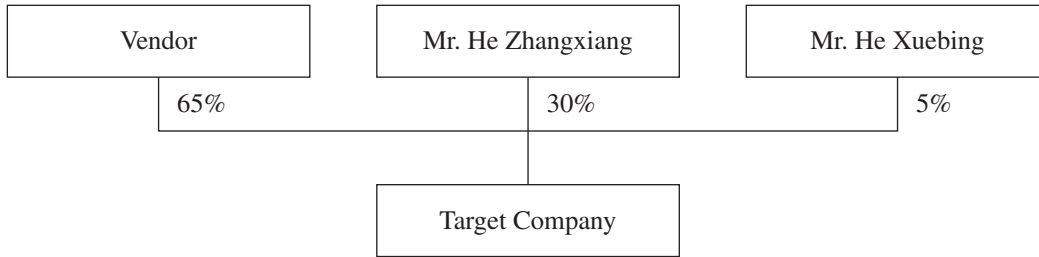
The Target Company holds a property with a site area of approximately 19,972.47 square metres in Hefei, Anhui province, the PRC. The property features seven buildings consisting of (i) one 6-storey comprehensive building (including staff canteen and functional rooms) with a total gross floor area of approximately 5,683.87 square metres; and (ii) six production factories, ranging from 3 to 6 storeys (of which one block of 3-storey industrial building with a 1-level basement), with a combined gross floor area of approximately 27,643.69 square metres.

LETTER FROM THE BOARD

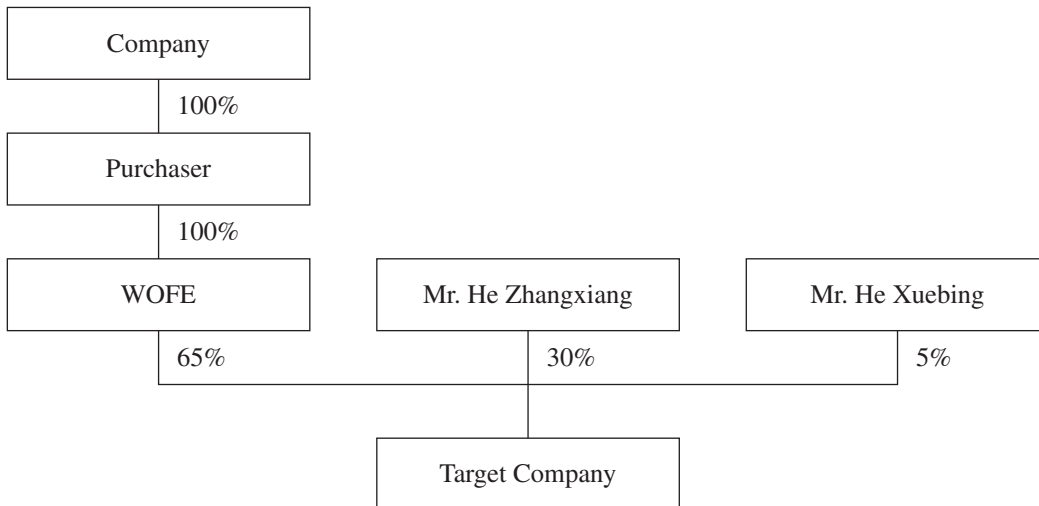
As at the Latest Practicable Date, approximately 10,000 square metres were leased to a number of tenants with terms ranged from 0.5 to 12 years. Upon Completion, these existing tenancy agreements will remain in full force and effect, and the Target Company will continue to act as the lessor.

Shareholding structure of the Target Company

As at the Latest Practicable Date, the shareholding structure of the Target Company was as follows:



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



LETTER FROM THE BOARD

Financial information of the Target Company

Set out below is the audited financial information of the Target Company in accordance with HKFRS Accounting Standards.

	For the years ended 31 December 2024 <i>(audited)</i> <i>RMB'000</i>	31 December 2025 <i>(audited)</i> <i>RMB'000</i>	For the four months ended 30 April 2026 <i>(audited)</i> <i>RMB'000</i>
Revenue	1,458	2,361	1,089
Loss before tax	4,413	1,282	227
Loss after tax	3,930	1,477	232

As at 30 April 2026, the audited total assets and net assets of the Target Company were approximately RMB73.8 million and RMB4.9 million, respectively.

At as the Latest Practicable Date, the Target Company has provided an asset pledge in favour of a bank in respect of a loan facility of up to a maximum of RMB7.6 million granted to a shareholder (i.e., the Guarantee). As at 30 April 2026, the amount outstanding under the loan facility (and accordingly the maximum exposure of the Target Company under the Guarantee) was approximately RMB3.8 million, of which such amount has been fully 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 unwaivable 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 the financial results, and the assets and liabilities of the Target Company will be consolidated into the Company’s financial statements.

Assets and liabilities

Based on the annual results announcement of the Company for the year ended 31 March 2026, the Group had total assets, total liabilities and net assets of approximately HK\$205.3 million, HK\$60.5 million and HK\$144.7 million, respectively.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, if the Acquisition had been completed on 31 March 2026, the total assets, total liabilities and net assets of the Enlarged Group would have increased from approximately HK\$205.3 million, HK\$60.5 million and HK\$144.7 million, respectively, to approximately HK\$272.3 million, HK\$103.6 million and HK\$168.7 million, respectively.

LETTER FROM THE BOARD

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 March 2026; (ii) the audited statement of financial position of the Target Company as at 30 April 2026; and (iii) the pro forma adjustments described in the notes to the unaudited pro forma statement of assets and liabilities. Further details of the unaudited pro forma financial information of the Enlarged Group immediately following completion of the Acquisition are set out in Appendix IV to this circular.

Earnings

As set out in Appendix II to this circular, the audited revenue of the Target Company for the year ended 31 December 2025 was approximately RMB2.4 million (equivalent to approximately HK\$2.8 million). As the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Group will be consolidated into the Company's financial statements upon Completion, it is expected that the Company will be able to record additional revenue stream from the Target Company upon Completion.

Further details of the financial effect of the Acquisition together with the bases in preparing the unaudited pro forma financial information of the Enlarged Group are set out, for illustration purpose only, in Appendix IV to this circular.

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 piling 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.

LETTER FROM THE BOARD

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. The Company intends to establish a new production line, which has been agreed in principle by two minority shareholders who hold the remaining 35% of equity interest in the Target Company, by 2027 for the manufacturing of DTH rockdrilling tools within the properties held by the Target Company in Hefei. It is estimated that this expansion of production capacity and enhancement of warehousing services will involve an investment of approximately RMB20 million (equivalent to approximately HK\$23.2 million), which will be funded by cash generated from operations of the Group and/or by way of debt/equity fundraising if suitable fundraising opportunities arise. 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. With reference to the average unit rent of approximately RMB12.64 per sq.m. adopted by the Valuer in the valuation of the Investment Property, upon Completion, by owning and utilising these facilities through the Target Company, the Company is expected to save annual rental expenses of approximately RMB5.1 million (equivalent to approximately HK\$5.9 million), compared to leasing a similar-size factories in a nearby Hefei location. 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. In addition, the elimination of third-party rental constraints provides the Group with long-term operational stability and full autonomy over future facility upgrades. This ownership gives the Group total control over inventory and quality inspections, ensuring that customers receive high-quality, fully integrated drilling solutions.

Furthermore, the Acquisition, which represents the acquisition of a 65% equity interest in the Target Company, provides the Company with greater working capital flexibility while obtaining a controlling stake, as compared to acquiring the entire equity interest of the Target Company. Should the Company intend to obtain full control of the Target Company in the future, it retains the right to exercise the Call Option in accordance with the terms of the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Target Company leased approximately one-third of the properties to fifteen Independent Third Parties, with lease terms ranging from 6 months to 12 years. Amongst these tenancy agreements, more than ten have terms of 3 years or longer

LETTER FROM THE BOARD

and were set to expire in 2028 or later, with the longest term extending in 2036. For the year ended 31 December 2025, these tenancies generated rental income of approximately RMB2.4 million (equivalent to approximately HK\$2.8 million) based on the audited accountants' report on the financial information of the Target Company. 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 transactions 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 IMPLICATIONS

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.

LETTER FROM THE BOARD

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 30 July 2026 to Tuesday, 4 August 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 29 July 2026. The record date for determining the entitlement of Shareholders to attend and vote at the EGM is Tuesday, 4 August 2026.

EGM

A notice convening the EGM to be held at 11:00 a.m. on Tuesday, 4 August 2026, at Units 6505–11, 65/F, The Center, No.99 Queen's Road Central, Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the subscription and potential exercise of the Call Option) by way of ordinary resolution. The resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder (including the subscription and potential exercise of the Call Option) will be conducted by way of a poll at the EGM.

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 Sale and Purchase Agreement and the transactions contemplated thereunder (including the subscription and potential exercise of the Call Option).

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours (i.e. 11:00 a.m. on Sunday, 2 August 2026) before the time appointed for the holding of the EGM or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment or postponement thereof (as the case may be) should you so desire and, in such event, the form of proxy shall be deemed to be revoked.

Pursuant to the Listing Rules and the memorandum and articles of association of the Company, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting decides to allow a resolution to be voted by a show of hands pursuant to the Listing Rules. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the Acquisition (including the grant and the potential exercise of the Call Option) is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and, accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions to be proposed at the EGM and as set out in the notice of EGM.

Shareholders and potential investors should note that the Acquisition is subject to conditions which may or may not be fulfilled or waived (as applicable). Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Yours faithfully,
By Order of the Board
Yuk Wing Group Holdings Limited
Li Kai Lai Miranda
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three financial years ended 31 March 2024, 2025 and 2026 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yukwing.com):

- (i) Annual results of the Company for the year ended 31 March 2026 published on 26 June 2026 (pages 1 to 12):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0626/2026062602901.pdf>

- (ii) Annual report of the Company for the year ended 31 March 2025 published on 29 July 2025 (pages 55 to 147):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0729/2025072900887.pdf>

- (iii) Annual report of the Company for the year ended 31 March 2024 published on 16 July 2024 (pages 56 to 147):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0716/2024071600228.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2026, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Enlarged Group had the following indebtedness:

	Approximate <i>HK\$'000</i>
Lease liabilities, unsecured and unguaranteed	9,967
Bank borrowings, secured	11,586
Other borrowing, unsecured and unguaranteed	<u>6,000</u>
Total indebtedness	<u><u>27,553</u></u>

Lease liabilities, unsecured and unguaranteed

As at 31 May 2026, the Enlarged Group, as a lessee, had lease liabilities with outstanding principal amount of approximately HK\$10 million. The incremental borrowing rates applied to the lease liabilities ranged from 5.0% to 5.6%.

Bank borrowings, secured

As at 31 May 2026, the Enlarged Group's bank borrowings of approximately HK\$12 million were secured by an investment property owned by the Target Company, carried interest at 3.1% and repayable in 2027.

Other borrowings, unsecured and unguaranteed

As at 31 May 2026, the Enlarged Group's other borrowings of approximately HK\$6 million was unsecured, carried interest at 1% per annum and repayable on demand.

Disclaimers

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 31 May 2026, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Enlarged Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is for the next 12 months from the date of this circular in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS**The Group**

The Group is principally engaged in the manufacturing and trading of DTH rockdrilling tools, trading of piling and drilling machineries and rockdrilling equipment.

For the year ended 31 March 2026 (the “FY2026”), Hong Kong remained the Group's major market, with revenue generated from Hong Kong contributing approximately HK\$169.0 million (2025: HK\$196.3 million), representing approximately 94.8% of the Group's total revenue (2025: 90.4%). The business environment in Hong Kong had remained stagnant due to the uncertain economic outlook.

Manufacturing and Trading of DTH Rockdrilling Tools

The DTH rockdrilling tools are self-designed and manufactured in-house. These products can be categorised into three main categories, namely DTH hammers, casing systems (comprising driver bits and casing bits), and other miscellaneous products, which include button bits, bit openers, as well as newly developed products such as drill pipes, cluster drills and casing tubes. Revenue from the manufacturing and trading of DTH rockdrilling tools contributed to approximately 97.2% of the Group's total revenue for FY2026 (2025: 98.1%).

Trading of Piling and Drilling Machineries and Rockdrilling Equipment

This segment continued to trade heavy piling and drilling machinery, as well as specialised equipment to meet diverse client demands during FY2026. Revenue from the trading of piling and drilling machineries and rockdrilling equipment contributed to approximately 2.8% of the Group's total revenue for FY2026 (2025: 1.9%).

The Enlarged Group

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

Following Completion, the Enlarged Group will continue to engage in its ordinary business with a multi-phased strategic plan to leverage the synergies between its core manufacturing capabilities and the newly acquired warehousing infrastructure. The Enlarged Group will integrate the Hefei facilities to capitalise on the market recovery and increased project activities in the PRC, Hong Kong and Macau. By internalising its factories and logistics, the Enlarged Group will expand its production capacity and streamline the storage and distribution of its DTH rockdrilling tools and traded machinery. In addition, the Board intends to utilise the substantial space to support business while exploring opportunities to generate auxiliary rental income from surplus capacity. The Board believes that integration creates a scalable platform to support the Group's long-term objectives of providing comprehensive, vertically integrated rockdrilling solutions.

Strategy and prospects

Looking ahead, the Enlarged Group maintains a highly cautious stance regarding the near future of the Hong Kong construction market. Nevertheless, the Enlarged Group will continue to advance its diverse business lines and expand its geographical reach amid shifting market dynamics. In particular, the Enlarged Group remains committed to the mainland China market. The management of the Company intends to actively explore new business opportunities and leverage its technical solutions to rebuild and strengthen its footprint in the PRC region.

The following is the text of a report, set out on pages II-1 to II-42, received from the Company's independent reporting accountants, McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



24/F., Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

15 July 2026

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF ANHUI RUNSHENG ELECTRIC POWER TECHNOLOGY COMPANY LIMITED* TO THE DIRECTORS OF YUK WING GROUP HOLDINGS LIMITED

INTRODUCTION

We report on the historical financial information of Anhui Runsheng Electric Power Technology Company Limited* (the “**Target Company**”) set out on pages II-5 to II-42, which comprises the statements of financial position of the Target Company as at 31 December 2023, 2024 and 2025 and 30 April 2026 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-5 to II-42 forms an integral part of this report, which has been prepared for inclusion in the circular of Yuk Wing Group Holdings Limited (the “**Company**”) dated 15 July 2026 (the “**Circular**”) in connection with the proposed acquisition of 65% equity interest of the Target Company by the Company.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

* English name is for identification only

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial positions of the Target Company as at 31 December 2023, 2024 and 2025 and 30 April 2026 and of its financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the Historical Financial Information which reveals that the Target Company had net current liabilities of approximately RMB54,198,000 as at 30 April 2026 and the Target Company had incurred a loss of approximately RMB232,000 for the four months ended 30 April 2026. In light of the relative low balance of cash and cash equivalents, significant amount of short-term obligations to be settled within next twelve months and the potential cash outflows arising from the financial guarantees issued, together with uncertainties surrounding the Target Company’s ability to generate sufficient operating cash flows, these events or conditions indicate the existence of material uncertainty that may cast significant doubt on the Target Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the unaudited stub period comparative financial information of the Target Company comprising the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the four months ended 30 April 2025 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF
SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP
AND MISCELLANEOUS PROVISIONS) ORDINANCE****ADJUSTMENTS**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

DIVIDENDS

We refer to note 13 to the Historical Financial Information which states that no dividend has been paid by the Target Company in respect of the Track Record Period.

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Hong Kong, 15 July 2026

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Track Record Period, on which the Historical Financial Information is based, were prepared by the directors of the Target Company in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA (the “**Underlying Financial Statements**”) and were audited by McMillan Woods (Hong Kong) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

APPENDIX II
**ACCOUNTANTS' REPORT ON THE FINANCIAL
INFORMATION OF THE TARGET COMPANY**
A. STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			For the four months ended 30 April	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Revenue	7	305	1,458	2,361	704	1,089
Property direct costs		(337)	(610)	(655)	(155)	(171)
Other income	8	3	1	263	2	3
Fair value changes on investment property		(3,200)	(4,300)	(1,589)	(398)	(574)
Provision for expected credit loss ("ECL") on accounts receivables		(4)	(67)	(225)	(19)	(41)
Administrative expenses		<u>(503)</u>	<u>(895)</u>	<u>(1,134)</u>	<u>(571)</u>	<u>(431)</u>
Loss from operations		(3,736)	(4,413)	(979)	(437)	(125)
Finance costs	9	<u>—</u>	<u>—</u>	<u>(303)</u>	<u>(90)</u>	<u>(102)</u>
Loss before tax		(3,736)	(4,413)	(1,282)	(527)	(227)
Income tax credit/(expense)	10	<u>208</u>	<u>483</u>	<u>(195)</u>	<u>(49)</u>	<u>(5)</u>
Loss and total comprehensive loss for the year/period	11	<u><u>(3,528)</u></u>	<u><u>(3,930)</u></u>	<u><u>(1,477)</u></u>	<u><u>(576)</u></u>	<u><u>(232)</u></u>

B. STATEMENTS OF FINANCIAL POSITION

		Year ended 31 December			At 30 April
		2023	2024	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	14	467	155	144	136
Investment property	15	<u>77,500</u>	<u>73,200</u>	<u>71,900</u>	<u>72,000</u>
		<u>77,967</u>	<u>73,355</u>	<u>72,044</u>	<u>72,136</u>
Current assets					
Accounts and bills receivables	16	36	620	701	1,065
Other receivables	17	135	70	81	225
Bank and cash balances	18	<u>192</u>	<u>259</u>	<u>801</u>	<u>401</u>
		<u>363</u>	<u>949</u>	<u>1,583</u>	<u>1,691</u>
Current liabilities					
Accruals and other payables	19	4,514	3,146	3,435	3,151
Amounts due to shareholders	20	59,918	61,673	51,989	52,700
Financial guarantee contract	21	<u>—</u>	<u>—</u>	<u>38</u>	<u>38</u>
		<u>64,432</u>	<u>64,819</u>	<u>55,462</u>	<u>55,889</u>
Net current liabilities		<u>(64,069)</u>	<u>(63,870)</u>	<u>(53,879)</u>	<u>(54,198)</u>
Total assets less current liabilities		<u>13,898</u>	<u>9,485</u>	<u>18,165</u>	<u>17,938</u>
Non-current liabilities					
Bank borrowings, secured	22	—	—	10,000	10,000
Deferred tax liabilities	23	<u>3,287</u>	<u>2,804</u>	<u>2,999</u>	<u>3,004</u>
		<u>3,287</u>	<u>2,804</u>	<u>12,999</u>	<u>13,004</u>
Net assets		<u>10,611</u>	<u>6,681</u>	<u>5,166</u>	<u>4,934</u>
Capital and reserves					
Share capital	24	5,000	5,000	5,000	5,000
Reserves		<u>5,611</u>	<u>1,681</u>	<u>166</u>	<u>(66)</u>
Total equity		<u>10,611</u>	<u>6,681</u>	<u>5,166</u>	<u>4,934</u>

C. STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Retained profits/ (Accumulated losses) <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	5,000	9,139	14,139
Loss and total comprehensive loss for the year	—	(3,528)	(3,528)
At 31 December 2023 and 1 January 2024	5,000	5,611	10,611
Loss and total comprehensive loss for the year	—	(3,930)	(3,930)
At 31 December 2024 and 1 January 2025	5,000	1,681	6,681
Distribution to a shareholder arising from financial guarantee contract	—	(38)	(38)
Loss and total comprehensive loss for the year	—	(1,477)	(1,477)
At 31 December 2025 and 1 January 2026	5,000	166	5,166
Loss and total comprehensive loss for the period	—	(232)	(232)
At 30 April 2026	<u>5,000</u>	<u>(66)</u>	<u>4,934</u>
	Share capital <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	5,000	1,681	6,681
Loss and total comprehensive loss for the period (unaudited)	—	(576)	(576)
At 30 April 2025 (unaudited)	<u>5,000</u>	<u>1,105</u>	<u>6,105</u>

D. STATEMENTS OF CASH FLOWS

		Year ended 31 December			For the four months ended 30 April	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from operating activities						
Loss before tax		(3,736)	(4,413)	(1,282)	(527)	(227)
Adjustments for:						
Finance costs	9	—	—	303	90	102
Depreciation of property, plant and equipment	14	46	21	23	8	8
Fair value changes on investment property	15	3,200	4,300	1,589	398	574
Provision for ECL on accounts receivables	16	<u>4</u>	<u>67</u>	<u>225</u>	<u>19</u>	<u>41</u>
Operating (loss)/profit before working capital changes		(486)	(25)	858	(12)	498
Increase in accounts and bills receivables		(40)	(651)	(306)	(17)	(405)
(Increase)/decrease in other receivables		(135)	65	(11)	(136)	(144)
(Decrease)/increase in accruals and other payables		<u>(2,112)</u>	<u>(1,368)</u>	<u>298</u>	<u>999</u>	<u>(111)</u>
Net cash (used in)/generated from operating activities		<u>(2,773)</u>	<u>(1,979)</u>	<u>839</u>	<u>834</u>	<u>(162)</u>
Cash flows from investing activities						
Proceeds from disposal of property, plant and equipment		—	310	—	—	—
Payment in respect of the investment property		—	—	(298)	—	(847)
Purchase of property, plant and equipment		<u>(407)</u>	<u>(19)</u>	<u>(12)</u>	<u>(11)</u>	<u>—</u>
Net cash (used in)/generated from investing activities		<u>(407)</u>	<u>291</u>	<u>(310)</u>	<u>(11)</u>	<u>(847)</u>

APPENDIX II
**ACCOUNTANTS' REPORT ON THE FINANCIAL
INFORMATION OF THE TARGET COMPANY**

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Cash flows from financing activities					
Bank borrowings raised	—	—	10,000	10,000	—
Advance from shareholders	3,143	1,755	—	—	711
Repayment to shareholders	—	—	(9,684)	(10,520)	—
Interest paid	—	—	(303)	(90)	(102)
Net cash generated from/ (used in) financing activities	<u>3,143</u>	<u>1,755</u>	<u>13</u>	<u>(610)</u>	<u>609</u>
Net (decrease)/increase in cash and cash equivalents	(37)	67	542	213	(400)
Cash and cash equivalents at beginning of year/period	<u>229</u>	<u>192</u>	<u>259</u>	<u>259</u>	<u>801</u>
Cash and cash equivalents at end of year/period	<u><u>192</u></u>	<u><u>259</u></u>	<u><u>801</u></u>	<u><u>472</u></u>	<u><u>401</u></u>
Analysis of cash and cash equivalents					
Bank and cash balances	18 <u><u>192</u></u>	<u><u>259</u></u>	<u><u>801</u></u>	<u><u>472</u></u>	<u><u>401</u></u>

E. NOTES TO THE FINANCIAL INFORMATION**1. GENERAL INFORMATION**

The Target Company was established in the People's Republic of China (the "PRC") with limited liability under the Company Law of the PRC on 14 September 2015. The address of its registered office and principal place of business is Building 2, Comprehensive Building, Electric Power Equipment R&D and Production Base, No. 558 Tanghe Road, Xinzhan District, Hefei City, Anhui Province, the PRC.

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

2. BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRS Accounting Standards comprise all applicable Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations. The Historical Financial Information also complies with the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policies information adopted by the Target Company are disclosed in note 4.

Going concern assumption

As at 30 April 2026, the Target Company had net current liabilities of approximately RMB54,198,000 and the Target Company had incurred a loss of approximately RMB232,000 for the four months ended 30 April 2026. In light of the relative low balance of cash and cash equivalents, significant amount of short-term obligations to be settled within next twelve months and the potential cash outflows arising from the financial guarantees issued, together with uncertainties surrounding the Target Company's ability to generate sufficient operating cash flows, these events or conditions indicate the existence of material uncertainty that may cast significant doubt on the Target Company's ability to continue as a going concern. Therefore, the Target Company maybe unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Target Company have prepared the Historical Financial Information on a going concern basis on the ground that: (i) the directors and shareholders of the Target Company have agreed to continue to support the Target Company by providing adequate financial assistance and committed to providing adequate funds for the Target Company to meet its debts over the subsequent 12 months starting from 30 April 2026 and (ii) the shareholders of the Target Company have agreed not to demand the repayment of amounts due to shareholders of approximately RMB52,700,000 as at 30 April 2026, until the Target Company is in a position to do so. The amounts due are unsecured, interest-free and repayable on demand as at 30 April 2026.

3. ADOPTION OF NEW AND AMENDMENTS HKFRS ACCOUNTING STANDARDS**(a) Application of new and amendments HKFRS Accounting Standards**

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Target Company has adopted all the new and amendments HKFRS Accounting Standards issued by the HKICPA that are effective for its accounting period beginning on 1 January 2026, together with the relevant provision, throughout the Track Record Period.

3. ADOPTION OF NEW AND AMENDMENTS HKFRS ACCOUNTING STANDARDS (CONTINUED)

(b) New and amendments HKFRS Accounting Standards issued but not yet effective

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of new and amendments to HKFRSs which are not yet effective for its accounting period beginning on 1 January 2026 and which have not been adopted in the Historical Financial Information. These new and amendments include the following which may be relevant to the Target Company.

	Effective for accounting periods beginning on or after
Amendment to HKAS 21 — Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Target Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the Historical Financial Information in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Target Company present and disclose financial performance in the financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (“MPMs”) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

3. ADOPTION OF NEW AND AMENDMENTS HKFRS ACCOUNTING STANDARDS (CONTINUED)**(b) New and amendments HKFRS Accounting Standards issued but not yet effective (Continued)**

The directors of Target Company is currently assessing the impact of HKFRS 18, with respect to the structure of the Target Company's statement of loss, the statements of cash flows and the additional disclosures required for MPMs. The Target Company is also assessing the impact on how information is grouped in the financial statements. Preliminary assessments indicate the following key impacts:

- The Target Company will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Target Company will disclose certain MPMs (e.g., adjusted operating profits and adjusted profit before interest, tax and depreciation) in the financial statement. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the financial statements.
- The Statement of Cash Flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

Retrospective application is required and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These Historical Financial Information has been prepared under the historical cost convention, except for investment property which measured at fair value.

The preparation of the Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5.

The material accounting policy information applied in the preparation of Historical Financial Information are set out below.

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

Motor vehicles	10%
Furniture, fixtures and equipment	2%–19%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(b) Investment property**

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property are carried at fair value, representing open market value determined by directors of the Target Company at the end of each reporting period taking into account any available valuation results performed by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Target Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statement of profit or loss as a separate line item.

(c) Leases

At inception of a contract, the Target Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

When the Target Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(d) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Company entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(e) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments

Debt instruments held by the Target Company are classified into amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the instrument is calculated using the effective interest method.

(f) Accounts and other receivables

A receivable is recognised when the Target Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Target Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand. Cash and cash equivalents are assessed for ECL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(h) Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless at the end of the reporting period, the Target Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Target Company is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Target Company is required to comply with after the reporting period do not affect the classification at the reporting date.

(ii) Other payables

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(iii) Equity instruments

An equity instruments in any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(i) Revenue recognition

Rental income from operating leases where the Target Company is a lessor is recognised in revenue on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as rental income.

(j) Employee benefits**(i) Employee leave entitlements**

Employee entitlements to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(j) Employee benefits (Continued)****(ii) Pension obligations**

The Target Company contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Target Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Target Company to the funds.

(k) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profits differ from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Track Record Period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Target Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(l) Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Impairment of financial assets

The Target Company recognises a loss allowance for ECLs on accounts and bills receivables. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Target Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Target Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Target Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Target Company's core operations.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(m) Impairment of financial assets (Continued)***Significant increase in credit risk (Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default;
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Target Company considers a financial asset to have low credit risk when the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Target Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(m) Impairment of financial assets (Continued)***Definition of default*

The Target Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company).

Irrespective of the above analysis, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Target Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(m) Impairment of financial assets (Continued)***Measurement and recognition of ECL*

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Target Company in accordance with the contract and all the cash flows that the Target Company expects to receive, discounted at the original effective interest rate.

If the Target Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Target Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Target Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(n) Financial guarantee contract

The financial guarantee contract is initially recognised as a liability at fair value. When the financial guarantee contract is made to the shareholder of the Target Company, the corresponding is recognised directly in equity. Subsequent to initial recognition, the Target Company measures the financial guarantee contracts at the higher of (i) the amount of the loss allowance determined in accordance with HKFRS 9; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

(o) Event after the reporting period

Events after the reporting period that provide additional information about the Target Company's position at the end of the reporting period are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

In the application of the Target Company's accounting policies, the directors of the Target Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Target Company have made the following judgements that have the most significant effect on the amounts recognised in the Historical Financial Information (apart from those involving estimations which are dealt with below).

Going concern basis

The assessment of the going concern assumptions involves making judgements by the directors of the Target Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Target Company consider that the Target Company has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 2.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fair value of investment property

Investment property are stated at fair values in accordance with the Target Company's accounting policies. The fair values of investment property are determined by independent professional qualified valuers, Peak Vision Appraisals Limited ("**Peak Vision**"), who hold recognised relevant professional qualification. Such valuations were based on certain assumptions and estimations, which were subject to uncertainties and might materially differ from actual results. In making these assumptions and estimations, reasonable consideration has been given to the underlying assumptions based on market rent existing at the end of the reporting period. These estimates are regularly compared to available market information for similar type of properties in nearby locations.

As at 31 December 2023, 2024, 2025 and 30 April 2026, the carrying amounts of the Target Company's investment property were approximately RMB77,500,000, RMB73,200,000, RMB71,900,000 and RMB72,000,000 with the fair value losses on investment property of approximately RMB3,200,000, RMB4,300,000, RMB1,589,000 and RMB574,000 recognised respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES (CONTINUED)**(b) *Estimated impairment of accounts receivables***

The measurement of impairment losses under general approach under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each Track Record Period, the Target Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The directors of Target Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information such as the Target Company's past history, existing market conditions as well as forward-looking estimates.

As at 31 December 2023, 2024, 2025 and 30 April 2026, the carrying amounts of accounts receivables were approximately RMB36,000, RMB620,000, RMB701,000 and RMB929,000, net of impairment loss of approximately RMB4,000, RMB71,000, RMB296,000 and RMB337,000 respectively.

6. FINANCIAL RISK MANAGEMENT

The Target Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Company's financial performance.

(a) *Credit Risk*

Credit risk refers to the risk that the Target Company's counterparties default on their contractual obligations resulting in financial losses to the Target Company. The Target Company's credit risk exposures are primarily attributable to accounts and bills receivables and cash and bank balance. The Target Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

i) Accounts receivables

In respect of credit exposures to tenants, which include accounts receivables, the Target Company maintains a defined credit policy including stringent credit evaluation. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimise any associated credit risk.

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Target Company's view of economic conditions over the expected lives of the accounts receivables.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (Continued)

i) Accounts receivables (Continued)

The Target Company has concentration of credit risk in certain individual customers. As at 31 December 2023, 2024, 2025 and 30 April 2026, approximately 100%, 54%, 40% and 37% of total accounts receivables were concentrated in the largest customer of the Target Company, and approximately 100%, 100%, 63% and 62% of the total accounts receivables were concentrated in five largest customers of the Target Company.

The following table provides information about the Target Company's exposure to credit risk and ECL allowance for accounts receivables, based on invoice date:

	As at 30 April 2026			
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carry amount RMB'000
1–30 days	1.9%	52	(1)	51
31–60 days	2.3%	132	(3)	129
61–90 days	7.1%	28	(2)	26
Over 90 days	31.4%	1,054	(331)	723
		<u>1,266</u>	<u>(337)</u>	<u>929</u>
As at 31 December 2025				
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carry amount RMB'000
1–30 days	1.9%	52	(1)	51
31–60 days	2.3%	88	(2)	86
61–90 days	6.7%	15	(1)	14
Over 90 days	34.7%	842	(292)	550
		<u>997</u>	<u>(296)</u>	<u>701</u>

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (Continued)

i) Accounts receivables (Continued)

As at 31 December 2024				
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carry amount RMB'000
1–30 days	1.9%	52	(1)	51
31–60 days	—	—	—	—
61–90 days	5.3%	76	(4)	72
Over 90 days	11.7%	563	(66)	497
		<u>691</u>	<u>(71)</u>	<u>620</u>
As at 31 December 2023				
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carry amount RMB'000
Over 90 days	10%	<u>40</u>	<u>(4)</u>	<u>36</u>

Movement in the loss allowance for accounts receivables during the Track Record Period is as follows:

	Total RMB'000
At 1 January 2023	—
Impairment losses recognised for the year	<u>4</u>
At 31 December 2023 and 1 January 2024	4
Impairment losses recognised for the year	<u>67</u>
At 31 December 2024 and 1 January 2025	71
Impairment losses recognised for the year	<u>225</u>
At 31 December 2025 and 1 January 2026	296
Impairment losses recognised for the period	<u>41</u>
At 30 April 2026	<u>337</u>
	Total RMB'000
At 1 January 2025	71
Impairment losses recognised for the period (unaudited)	<u>19</u>
At 30 April 2025 (unaudited)	<u>90</u>

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (Continued)

ii) Bank and cash balances

The Target Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Target Company considers to have low credit risk.

(b) Liquidity Risk

The Target Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Target Company is exposed to liquidity risk as set out in note 2 and the directors of the Target Company are of the opinion that the Target Company will have sufficient working capital to fulfil its financial obligations as and when they fall due at least the coming twelve months from the date of approval of these Historical Financial Information and the details of which are set out in note 2.

The following table details the maturity analysis of the Target Company's financial liabilities, based on contractual undiscounted cash flows at the end of each Track Record Period:

	On demand or less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Total undiscounted cash flow <i>RMB'000</i>	Total carrying amount <i>RMB'000</i>
At 30 April 2026				
Accruals and other payables	3,151	—	3,151	3,151
Amounts due to shareholders	52,700	—	52,700	52,700
Financial guarantee contract (note)	3,800	—	3,800	3,800
Bank borrowings	<u>315</u>	<u>10,210</u>	<u>10,525</u>	<u>10,000</u>
	<u>59,966</u>	<u>10,210</u>	<u>70,176</u>	<u>69,651</u>

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity Risk (Continued)

	On demand or less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Total undiscounted cash flow <i>RMB'000</i>	Total carrying amount <i>RMB'000</i>
At 31 December 2025				
Accruals and other payables	3,435	—	3,435	3,435
Amounts due to shareholders	51,989	—	51,989	51,989
Financial guarantee contract (note)	3,800	—	3,800	3,800
Bank borrowings	313	10,315	10,628	10,000
	<u>59,537</u>	<u>10,315</u>	<u>69,852</u>	<u>69,224</u>
	On demand or less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Total undiscounted cash flow <i>RMB'000</i>	Total carrying amount <i>RMB'000</i>
At 31 December 2024				
Accruals and other payables	3,146	—	3,146	3,146
Amounts due to shareholders	61,673	—	61,673	61,673
	<u>64,819</u>	<u>—</u>	<u>64,819</u>	<u>64,819</u>
	On demand or less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Total undiscounted cash flow <i>RMB'000</i>	Total carrying amount <i>RMB'000</i>
At 31 December 2023				
Accruals and other payables	4,514	—	4,514	4,514
Amounts due to shareholders	59,918	—	59,918	59,918
	<u>64,432</u>	<u>—</u>	<u>64,432</u>	<u>64,432</u>

Note: The amounts included above for financial guarantee issued are the maximum amounts the Target Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the directors of the Target Company considers that it is more likely than no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee if the receivables held by the counterparty which are guaranteed suffer credit losses.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest Rate Risk

The Target Company's interest rate risk is mainly concentrated on the fluctuation of Loan Prime Rate published by The People's Bank of China arising from the Target Company's bank borrowings carried floating interest rates.

The Target Company is also exposed to cash flow interest-rate risk arises from its bank deposits. These bank deposits bear interest at floating rates that varied with the prevailing market condition.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank borrowings are used represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Target Company's post-tax loss for the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2026 would decrease/increase by approximately Nil, Nil, RMB4,000 and RMB1,000 respectively.

(d) Categories of Financial Instruments

	At 31 December			At 30 April
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Financial assets at amortised cost				
Accounts and bills receivables	36	620	701	1,065
Other receivables	135	70	81	225
Bank balances and cash	<u>192</u>	<u>259</u>	<u>801</u>	<u>401</u>
	<u>363</u>	<u>949</u>	<u>1,583</u>	<u>1,691</u>
Financial liabilities:				
Financial liabilities at amortised cost				
Accruals and other payables	4,514	2,919	3,318	3,064
Amounts due to shareholders	59,918	61,673	51,989	52,700
Bank borrowings, secured	<u>—</u>	<u>—</u>	<u>10,000</u>	<u>10,000</u>
	<u>64,432</u>	<u>64,592</u>	<u>65,307</u>	<u>65,764</u>

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair Values

The carrying amounts of the Target Company's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values at the end of each Track Record Period.

7. REVENUE

The Target Company's revenue is as follows:

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	

Lease contracts

Rental income	305	1,458	2,361	704	1,089
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Revenue from customers from lease contracts within the scope of HKFRS 16 for the years/period individually contributing over 10% of the total revenue of the Target Company is as follows:

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Customer A	305	645	645	215	215
Customer B	—	N/A*	363	121	121
Customer C	—	—	354	118	118
Customer D	—	453	N/A*	—	149
Customer E	—	—	323	N/A*	152

*: The revenue from this customer is less than 10% of the Target Company's total revenue for the respective year/period.

8. OTHER INCOME

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Compensation for early termination of tenancy agreement	—	—	260	—	—
Sundry income	3	1	3	2	3
	3	1	263	2	3

APPENDIX II
**ACCOUNTANTS' REPORT ON THE FINANCIAL
INFORMATION OF THE TARGET COMPANY**
9. FINANCE COSTS

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interests on bank borrowings	<u>—</u>	<u>—</u>	<u>303</u>	<u>90</u>	<u>102</u>

10. INCOME TAX CREDIT/(EXPENSE)

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Deferred tax (<i>note 23</i>)	<u>208</u>	<u>483</u>	<u>(195)</u>	<u>(148)</u>	<u>(5)</u>
Income tax credit/(expense)	<u>208</u>	<u>483</u>	<u>(195)</u>	<u>(49)</u>	<u>(5)</u>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the statutory tax rate of the Target Company is 25% for the Track Record Period.

The reconciliation between the income tax (credit)/expense and the product of loss before tax multiplied by the statutory tax rates is as follows:

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Loss before tax	<u>(3,736)</u>	<u>(4,413)</u>	<u>(1,282)</u>	<u>(527)</u>	<u>(227)</u>
Tax at the PRC Enterprise Income Tax rate (25%)	(934)	(1,103)	(321)	(132)	(57)
Tax effect of tax loss not recognised	<u>726</u>	<u>620</u>	<u>516</u>	<u>181</u>	<u>62</u>
Income tax (credit)/expense	<u>(208)</u>	<u>(483)</u>	<u>195</u>	<u>49</u>	<u>5</u>

Details of the deferred taxation are set out in note 23 to the Historical Financial Information.

11. LOSS FOR THE YEAR/PERIOD

The Target Company's loss for the year/period is arrived at after charging:

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Auditor's remuneration	—	—	—	—	—
Property direct cost	337	610	655	155	171
Depreciation on property, plant and equipment (<i>note 14</i>)	46	21	23	8	8
Employee benefits expense (including directors' emoluments) (<i>note 12</i>):					
Salaries, bonuses and allowances	282	326	497	178	153
Retirement benefits scheme contributions	25	41	36	12	12

12. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, bonuses and allowances	282	326	497	178	153
Retirement benefits scheme contributions	25	41	36	12	12
(a)	307	367	533	190	165
(b)					

(a) Retirement benefits scheme contributions

The employees of the Target Company in the PRC are members of a central pension scheme operated by the local municipal government. The Target Company is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Target Company. The only obligation of the Target Company with respect to the central pension scheme is to meet the required contributions under the scheme.

No forfeited contribution under the central pension scheme as a defined contribution scheme is available to reduce the contribution payable in future years.

12. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Directors' remuneration and other benefit

Directors' emoluments paid or payable disclosed pursuant to section 383 of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2023

	Salaries, bonuses and allowances <i>RMB'000</i>	Retirement benefits scheme contributions <i>RMB'000</i>	Total emoluments <i>RMB'000</i>
Directors			
Mr. He Zhangxiang	55	9	64
Mr. He Xuebing	<u>50</u>	<u>7</u>	<u>57</u>
	<u>105</u>	<u>16</u>	<u>121</u>

For the year ended 31 December 2024

	Salaries, bonuses and allowances <i>RMB'000</i>	Retirement benefits scheme contributions <i>RMB'000</i>	Total emoluments <i>RMB'000</i>
Directors			
Mr. He Zhangxiang	42	12	54
Mr. He Xuebing	<u>33</u>	<u>5</u>	<u>38</u>
	<u>75</u>	<u>17</u>	<u>92</u>

For the year ended 31 December 2025

	Salaries, bonuses and allowances <i>RMB'000</i>	Retirement benefits scheme contributions <i>RMB'000</i>	Total emoluments <i>RMB'000</i>
Directors			
Mr. He Zhangxiang	60	12	72
Mr. He Xuebing	<u>60</u>	<u>—</u>	<u>60</u>
	<u>120</u>	<u>12</u>	<u>132</u>

12. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)**(b) Directors' remuneration and other benefit (Continued)****For the four months ended 30 April 2026**

	Salaries, bonuses and allowances <i>RMB'000</i>	Retirement benefits scheme contributions <i>RMB'000</i>	Total emoluments <i>RMB'000</i>
Directors			
Mr. He Zhangxiang	20	4	24
Mr. He Xuebing	20	—	20
	<u>40</u>	<u>4</u>	<u>44</u>

For the four months ended 30 April 2025

	Salaries, bonuses and allowances <i>RMB'000</i> (Unaudited)	Retirement benefits scheme contributions <i>RMB'000</i> (Unaudited)	Total emoluments <i>RMB'000</i> (Unaudited)
Directors			
Mr. He Zhangxiang	20	4	24
Mr. He Xuebing	20	—	20
	<u>40</u>	<u>4</u>	<u>44</u>

(c) Directors' material interests in transactions, arrangements and contracts

Save as disclosed in note 21 to the Historical Financial Information, no transactions, arrangements and contracts of significance in relation to the Target Company's business to which the Target Company was a party and in which the directors of Target Company had material interest, whether directly or indirectly, subsisted at the end of each Track Record Period or at any time during the Track Record Period.

(d) Loans, quasi-loans and other dealings in favour of directors

No loans, quasi-loans and other dealings in favour of directors of the Target Company or body corporate controlled by such directors, or entities connected with such directors, subsisted at the end of each Track Record Period or at any time during the Track Record Period.

13. DIVIDEND AND PROFIT DISTRIBUTION

No dividend nor profit distribution has been declared or paid by the Target Company during the Track Record Period.

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Cost			
As at 1 January 2023	108	—	108
Additions	<u>62</u>	<u>345</u>	<u>407</u>
As at 31 December 2023 and 1 January 2024	170	345	515
Additions	19	—	19
Disposal	<u>—</u>	<u>(345)</u>	<u>(345)</u>
As at 31 December 2024 and 1 January 2025	189	—	189
Additions	<u>12</u>	<u>—</u>	<u>12</u>
As at 31 December 2025, 1 January 2026 and 30 April 2026	<u>201</u>	<u>—</u>	<u>201</u>
Accumulated depreciation			
As at 1 January 2023	2	—	2
Change for the year	<u>13</u>	<u>33</u>	<u>46</u>
As at 31 December 2023 and 1 January 2024	15	33	48
Change for the year	19	2	21
Disposal	<u>—</u>	<u>(35)</u>	<u>(35)</u>
As at 31 December 2024 and 1 January 2025	34	—	34
Change for the year	<u>23</u>	<u>—</u>	<u>23</u>
As at 31 December 2025 and 1 January 2026	57	—	57
Change for the period	<u>8</u>	<u>—</u>	<u>8</u>
As at 30 April 2026	<u>65</u>	<u>—</u>	<u>65</u>
Carrying amount			
As at 30 April 2026	<u>136</u>	<u>—</u>	<u>136</u>
As at 31 December 2025	<u>144</u>	<u>—</u>	<u>144</u>
As at 31 December 2024	<u>155</u>	<u>—</u>	<u>155</u>
As at 31 December 2023	<u>155</u>	<u>312</u>	<u>467</u>

15. INVESTMENT PROPERTY

	At 31 December			At 30 April
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	80,700	77,500	73,200	71,900
Capital expenditure (note)	—	—	289	674
Fair value losses	(3,200)	(4,300)	(1,589)	(574)
At the end of the year/period	<u>77,500</u>	<u>73,200</u>	<u>71,900</u>	<u>72,000</u>

Note:

The Target Company incurred capital expenditures of approximately RMB289,000 and RMB674,000 respectively related to the installation of solar power system for the year ended 31 December 2025 and the four months ended 30 April 2026.

As at 31 December 2023, 2024, 2025 and 30 April 2026, certain investment property with carrying amounts of approximately Nil, Nil, RMB24,492,000 and RMB24,787,000 respectively were pledged to secure the bank borrowing grand to the Target Company for its business operation (note 22).

As at 31 December 2023, 2024, 2025 and 30 April 2026, certain investment property with carrying amounts of approximately Nil, Nil, RMB8,080,000 and RMB8,073,000 respectively were pledged in favour of a bank in respect of a loan facility granted to a shareholder of the Target Company (note 21).

Amounts recognised in statement of profit or loss for investment property

	Year ended 31 December			For the four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Gross rental income from investment property	305	1,458	2,361	704	1,089
Fair value changes on investment property	<u>(3,200)</u>	<u>(4,300)</u>	<u>(1,589)</u>	<u>(398)</u>	<u>(574)</u>

Fair value hierarchy

When measuring fair value of investment property, the Target Company takes into account the characteristics of the asset if market participants would take those characteristics into account when pricing the asset at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

15. INVESTMENT PROPERTY (CONTINUED)**Fair value hierarchy (Continued)**

The Target Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Target Company categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of the investment property located in the PRC at 31 December 2023, 2024, 2025 and 30 April 2026 using significant unobservable inputs under fair value hierarchy Level 3 amounted to approximately RMB77,500,000, RMB73,200,000, RMB71,900,000 and RMB72,000,000 respectively.

There were no transfers between fair value hierarchy Levels 1, 2 and 3 for the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2026.

Valuation processes of the Target Company

The Target Company's investment property were valued at 31 December 2023, 2024, 2025 and 30 April 2026 by an independent professional qualified valuer, Peak Vision, who have recognised relevant professional qualification and have recent experience in the locations and segments of the investment property. For all investment property, the fair values are measured at their highest and best use.

Information about fair value measurements using significant unobservable inputs (level 3):

Investment property	Valuation technique(s)	Significant Unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Comprehensive building and production factories in Anhui, the PRC	Income approach	Monthly rent, based on saleable floor area using direct market comparable and taking into account of time, location, frontage and size of properties	Ranged from RMB8 to RMB35 per square metre ("sq. m") (2025: RMB8 to RMB35 per sq. m, 2024: RMB14 to RMB41 per sq. m, 2023: RMB16 to RMB43 per sq. m)	The higher the monthly rent, the higher the fair value, and vice versa.

The fair value of the investment property was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed with reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighborhood. The discount rate is determined with reference to the yields derived from analysing the rental income of similar properties and adjusted after taking into account the market expectation from property investors to reflect factors specific to the Target Company's investment property.

16. ACCOUNTS AND BILLS RECEIVABLES

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivables	40	691	997	1,266
Less: Allowance for ECL (<i>note 6(a)(i)</i>)	(4)	(71)	(296)	(337)
	36	620	701	929
Bills receivables	—	—	—	136
	36	620	701	1,065

The following is an ageing analysis of accounts receivables at the end of each reporting period. Accounts receivables refers to the rents from leasing of investment property, which are received in advance.

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	—	51	51	51
31–60 days	—	—	86	129
61–90 days	—	72	14	26
Over 90 days	36	497	550	723
	36	620	701	929

As at 31 December 2023, 2024, 2025 and 30 April 2026, none of accounts receivables were considered as past due but not impaired.

Details of impairment assessment of accounts receivables under ECL model of HKFRS 9 as at 31 December 2023, 2024, 2025 and 30 April 2026 are set out in note 6(a)(i) to the Historical Financial Information.

Bills receivables

The balance represents certain of the Target Company's bills receivables held for collecting contractual cash flows or factoring to banks.

The carrying amounts of the Target Company's accounts and bills receivables are denominated in RMB.

17. OTHER RECEIVABLES

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Value-added-tax recoverable	135	70	81	225

The carrying amounts of the Target Company's other receivables are denominated in RMB.

18. BANK AND CASH BALANCES

At the end of each reporting period, the bank and cash balances of the Target Company were denominated in RMB.

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. However, the Target Company is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

APPENDIX II**ACCOUNTANTS' REPORT ON THE FINANCIAL
INFORMATION OF THE TARGET COMPANY****19. ACCRUALS AND OTHER PAYABLES**

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accruals	187	178	207	35
Receipt in advance (<i>note</i>)	—	227	117	26
Rental deposit received	300	370	456	456
Payable in respect of the investment property	3,951	2,329	2,320	2,147
Others	76	42	335	487
	<u>4,514</u>	<u>3,146</u>	<u>3,435</u>	<u>3,151</u>

The carrying amounts of the Target Company's accruals and other payables are denominated in RMB.

Note:

The amounts represent the rental income received in advance.

20. AMOUNTS DUE TO SHAREHOLDERS

The amounts due are unsecured, interest-free and repayable on demand.

21. FINANCIAL GUARANTEE CONTRACT

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial guarantee contract	<u>—</u>	<u>—</u>	<u>38</u>	<u>38</u>

The Target Company provided an asset pledge in favour of a bank in respect of a RMB7,600,000 loan facility granted to a shareholder, which matures on 15 August 2028. As at 31 December 2023, 2024, 2025 and 30 April 2026, the outstanding amount under the loan facility was RMBNil, RMBNil, RMB3,800,000 and RMB3,800,000 respectively.

For the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2026, no loss allowance was recognised in respect of the financial guarantee under ECL model of HKFRS 9.

22. BANK BORROWINGS

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings	<u>—</u>	<u>—</u>	<u>10,000</u>	<u>10,000</u>

As at 31 December 2023, 2024 and 2025, and 30 April 2026, the bank borrowings bear annual effective interest rates of Nil, Nil, 3.03% and 3.13%.

As at 31 December 2025 and 30 April 2026, certain investment property with carrying amount of approximately RMB24,492,000 and RMB24,787,000 respectively, were pledged to secure banking facilities of RMB20,400,000 granted to the Target Company. As at 31 December 2025 and 30 April 2026, the banking facilities utilised by the Target Company was RMB10,000,000 and RMB10,000,000 respectively. All the bank borrowings were denominated in RMB.

22. BANK BORROWINGS (CONTINUED)

All of the Target Company's banking facilities are subject to the fulfilment of covenants related to meeting the scheduled repayment obligations, as is common in lending arrangements with financial institutions. If the Target Company were to breach the covenants, the drawn-down facilities would become payable on demand. The Target Company regularly monitors its compliance with these covenants. As at 31 December 2025 and 30 April 2026, none of the covenants related to draw-down facilities had been breached.

The borrowings were repayable as follows:

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Over 1 year but within 2 years	<u>—</u>	<u>—</u>	<u>10,000</u>	<u>10,000</u>

The Target Company regularly monitors its compliance with loan covenants. Its repayments up to date are in accordance with the scheduled repayments of the loans. The directors of the Target Company do not consider that the banks will probably exercise their discretions to demand repayments immediately so long as it continues to meet these requirements.

23. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the Track Record Period are as follows:

	Difference between tax book and accounting book in respect of investment property RMB'000
At 1 January 2023	3,495
Credited to profit or loss (<i>note 10</i>)	<u>(208)</u>
At 31 December 2023 and 1 January 2024	3,287
Credited to profit or loss (<i>note 10</i>)	<u>(483)</u>
At 31 December 2024 and 1 January 2025	2,804
Charged to profit or loss (<i>note 10</i>)	<u>195</u>
At 31 December 2025 and 1 January 2026	2,999
Charged to profit or loss (<i>note 10</i>)	<u>5</u>
At 30 April 2026	<u><u>3,004</u></u>

23. DEFERRED TAX LIABILITIES (CONTINUED)

At 31 December 2023, 2024, 2025 and 30 April 2026, the Target Company has unused tax losses of approximately RMB3,321,000, RMB5,761,000, RMB7,790,000 and RMB8,007,000 available for offset against future profits which can be carried forward for one to five years from the year of incurrence of such loss under the current tax legislation. No deferred tax asset has been recognised due to the unpredictability of future profit streams. These amounts are analysed as follows:

	Unrecognised tax losses			At 30 April 2026 RMB'000
	At 31 December		2025 RMB'000	
	2023	2024		
	RMB'000	RMB'000		
Expiring within 1 year	40	35	31	311
Expiring between 1 to 2 years	35	31	311	2,904
Expiring between 2 to 3 years	31	311	2,904	2,480
Expiring between 3 to 4 years	311	2,904	2,480	2,064
Expiring between 4 to 5 years	2,904	2,480	2,064	248
	3,321	5,761	7,790	8,007

24. SHARE CAPITAL

	At 31 December			At 30 April 2026 RMB'000
	2023 RMB'000	2024 RMB'000	2025 RMB'000	
Issued and fully paid:				
Paid-up capital	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

The Target Company's objectives when managing capital are to safeguard the Target Company's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Target Company reviews the capital structure frequently by considering and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Target Company will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The Target Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

25. NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company's statements of cash flows as cash flows from financing activities.

	Bank borrowings <i>RMB'000</i>	Amounts due to shareholders <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	—	56,775	56,775
Included within financing cash flows of the statements of cash flows:			
Advance from shareholders	—	3,143	3,143
At 31 December 2023 and 1 January 2024	—	59,918	59,918
Included within financing cash flows of the statements of cash flows:			
Advance from shareholders	—	1,755	1,755
At 31 December 2024 and 1 January 2025	—	61,673	61,673
Adjustments for:			
Interest charge	303	—	303
Included within financing cash flows of the statements of cash flows:			
Bank borrowings raised	10,000	—	10,000
Repayment of amounts due to shareholders	—	(9,684)	(9,684)
Interest expenses paid	(303)	—	(303)
At 31 December 2025 and 1 January 2026	10,000	51,989	61,989
Adjustments for:			
Interest charge	102	—	102
Included within financing cash flows of the statements of cash flows:			
Advance from shareholders	—	711	711
Interest expenses paid	(102)	—	(102)
At 30 April 2026	<u>10,000</u>	<u>52,700</u>	<u>62,700</u>
At 1 January 2025	—	61,673	61,673
Adjustments for:			
Interest charge (unaudited)	90	—	90
Included within financing cash flows of the statements of cash flows:			
Bank borrowings raised (unaudited)	10,000	—	10,000
Repayment of amounts due to shareholders (unaudited)	—	(10,520)	(10,520)
Interest expenses paid (unaudited)	(90)	—	(90)
At 30 April 2025 (unaudited)	<u>10,000</u>	<u>51,153</u>	<u>61,153</u>

26. CONTINGENT LIABILITIES

As at 31 December 2023, 2024, 2025 and 30 April 2026, the Target Company did not have significant contingent liabilities.

27. RELATED PARTY TRANSACTIONS**(a) Name and relationship with related parties**

Name of related party	Relationship
Mr. Fang Haibo	Controlling shareholder of the Target Company
Mr. He Zhangxiang	Shareholder
Mr. He Xuebing	Shareholder

(b) Transactions with related parties

In addition to those related party transactions and balances disclosed elsewhere to the Historical Financial Information, the Target Company had the following material transaction with its related parties during the Track Record Period:

Name of related party	Nature of transaction	Year ended 31 December			For the four months ended 30 April	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Mr. He Zhangxiang	Maximum exposure of financial guarantee and asset pledge provided by the Target Company (note)	<u>N/A</u>	<u>N/A</u>	<u>3,800</u>	<u>N/A</u>	<u>3,800</u>

Note:

The Target Company entered into a financial guarantee contract with a bank, under which the Target Company provided a corporate guarantee and pledged certain investment property with carrying amounts of approximately Nil, Nil, RMB8,080,000 and RMB8,073,000 as at 31 December 2023, 2024, 2025 and 30 April 2026 respectively, to secure a personal bank loan granted to Mr. He Zhang Xiang, a shareholder of the Target Company. The guarantee was provided for nil consideration.

As at 31 December 2023, 2024, 2025 and 30 April 2026, the financial guarantee liability measured under HKFRS 9 amounted to approximately Nil, Nil, RMB38,000 and RMB38,000 respectively (note 21).

27. RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Related-party balances**

The Target Company has the following balances with related parties at the end of each reporting period:

Amounts due to shareholders

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Fang Haibo	39,230	39,780	33,280	33,880
Mr. He Zhangxiang	17,860	18,643	15,656	15,707
Mr. He Xuebing	<u>2,828</u>	<u>3,250</u>	<u>3,053</u>	<u>3,113</u>
	<u>59,918</u>	<u>61,673</u>	<u>51,989</u>	<u>52,700</u>

28. CAPITAL COMMITMENTS

As at 31 December 2023, 2024, 2025 and 30 April 2026, the Target Company had the following capital commitments:

	At 31 December			At 30 April
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided for in respect of the investment property	<u>53,000</u>	<u>53,000</u>	<u>53,000</u>	<u>53,000</u>

29. LEASE COMMITMENTS

At the end of each reporting period, the Target Company as lessor had contracted with tenants for the following undiscounted lease payments receivable over the non-cancellable periods:

	Year ended 31 December			For the four months ended
	2023	2024	2025	30 April
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2026
				<i>RMB'000</i>
Within one year	553	1,271	1,950	1,881
Within second to fifth year	829	3,182	4,694	4,891
Over five years	<u>—</u>	<u>—</u>	<u>2,051</u>	<u>1,916</u>
	<u>1,382</u>	<u>4,453</u>	<u>8,695</u>	<u>8,688</u>

Operating lease payments represent rentals receivable by the Target Company from leasing of its investment property. Typically, leases are negotiated and the lease term is ranged from one to twelve years.

30. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events after the reporting period for the Target Company and up to the date of this report.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 April 2026.

Set out below is the management discussion and analysis of the Target Company for each of the three years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026. The following financial information is based on the financial information of the Target Company as set out in Appendix II to this circular.

BUSINESS OVERVIEW

The Target Company is a limited liability company incorporated in the PRC in 2015. It is principally engaged in provision of warehouse services, while concurrently leasing its investment property to generate rental income.

FINANCIAL REVIEW

(i) Financial performance

The Target Company operates in one segment, being the rental income. The Target Company holds a property with a total 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 office building (including staff canteen and functional rooms) with a total gross floor area of approximately 5,683.87 square metres; and (ii) six factories, ranging from 3 to 6 storeys (of which one block of 3-storey industrial building with a 1-level basement), with a combined gross floor areas of 27,643.69 square metres.

Revenue

The revenue of the Target Company for the year ended 31 December 2023 (“FY2023”), 2024 (“FY2024”) and 2025 (“FY2025”) and for the four months ended 30 April 2026 (“PY2026”) was derived from rental income and amounted to approximately RMB0.3 million, RMB1.5 million, RMB2.4 million and RMB1.1 million, respectively. The increase in revenue was mainly attributable to the growing number of tenancy agreements, which expanded from one contract in FY2023 to five contracts in FY2024, and further increased to nine contracts in FY2025. For PY2026, the Target Company maintained 14 active contracts.

Property direct cost

Property expenses represented property tax, which was calculated at 1.2% of the 70% of the property’s original cost, as determined by the invoice received from the relevant authority.

The property expenses increased from approximately RMB0.3 million for FY2023 to approximately RMB0.6 million for FY2024, and further increased to approximately RMB0.7 million for FY2025. Such increases were primarily due to the final assessment and formal determination of the properties’ original cost upon the issuance of the invoice by the relevant authority.

Expenses

The expenses primarily comprised (a) the fair value changes on investment property, which amounted to approximately RMB3.2 million, RMB4.3 million, RMB1.6 million and RMB0.6 million for FY2023, FY2024, FY2025 and PY2026, respectively, which were assessed based on the change in fair value derived from valuations conducted by an independent valuer; and (ii) administrative expenses, which amounted to approximately RMB0.5 million, RMB0.9 million, RMB1.1 million, and RMB0.4 million, for FY2023, FY2024, FY2025 and PY2026, respectively. The major component of such administrative expenses was the salaries, bonus and allowances (including retirement benefits scheme contributions), which amounted to approximately RMB0.3 million, RMB0.4 million, RMB0.5 million, and RMB0.2 million, respectively. The increase was mainly due to an increase in the headcount.

Loss and total comprehensive loss for the year/period

The Target Company recorded net losses of approximately RMB3.5 million, RMB3.9 million, RMB1.5 million and RMB0.2 million for FY2023, FY2024, FY2025 and PY2026, respectively. The net loss was increased from FY2023 to FY2024 by approximately RMB0.4 million was mainly due to the combined effect of higher fair value changes on investment property and increased administrative expenses, which offset the growth in revenue. The net loss narrowed in FY2025 compared to FY2024, primarily due to a decrease in fair value losses on investment property. The net loss for PY2026 remained stable compared to the corresponding period in 2025.

(ii) Liquidity and financial resources

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 April 2026, the net assets of the Target Company was approximately RMB10.6 million, RMB6.7 million, RMB5.2 million and RMB4.9 million, respectively. The Target Company had bank balances and cash of approximately RMB0.2 million, RMB0.3 million, RMB0.8 million and RMB0.4 million as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 April 2026, respectively.

The decrease in net assets from approximately RMB10.6 million as at 31 December 2023 to approximately RMB6.7 million as at 31 December 2024 was primarily attributable to a reduction in the fair value of its investment property by approximately RMB4.3 million. The net assets further decreased by approximately RMB1.5 million to approximately RMB5.2 million as at 31 December 2025 due to a further reduction in the fair value of its investment property by approximately RMB1.3 million. Subsequently, the net assets of the Target Company remained relatively stable at approximately RMB4.9 million as at 30 April 2026, compared to approximately RMB5.2 million as at 31 December 2025.

As at 31 December 2025 and 30 April 2026, the Target Company had secured and unguaranteed bank borrowings of RMB10 million and RMB10 million, respectively. The bank borrowings bore an annual effective interest rate of 3.03% and 3.13%, respectively,

and was secured by the pledge of certain investment property with the carrying amounts of approximately RMB24.5 million and RMB24.8 million, respectively. The Target Company did not have any bank borrowings during FY2023 and FY2024.

(iii) Gearing ratio

Since there were no bank borrowings as at 31 December 2023 and 31 December 2024, the gearing ratio was not applicable as at those dates. As at 31 December 2025 and 30 April 2026, the gearing ratio, calculated as net debts (total borrowings less cash and cash equivalents) divided by total equity, was approximately 1.8 and 1.9 respectively.

(iv) Contingent liabilities

The Target Company did not have any contingent liabilities as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 April 2026.

(v) Financial risk management

For the FY2023, FY2024, FY2025 and FY2026, the Target Company was mainly exposed to credit, liquidity and interest rate risks arising in the normal course of business.

As the operations of the Target Company were principally based in PRC for the FY2023, FY2024, FY2025 and FY2026, its principal assets (including cash and cash equivalents) and liabilities as well as its business transactions were predominantly conducted in RMB. Therefore, the Target Company considered that it did not have any material exposure to fluctuations in exchange rate and no hedging measures were taken.

(vi) Funding and treasury policy

The Target Company has adopted a prudent financial management approach towards its treasury policy. The Target Company closely monitored its liquidity position to ensure that the liquidity structure of its assets, liabilities, and other commitments can meet its funding requirements.

(vii) Charge of assets

The Target Company provided assets pledge in favour of a bank in respect of a RMB20.4 million loan facility granted to the Company as at 31 December 2025 and 30 April 2026. As at 30 April 2026, the amount outstanding under the loan facility (and accordingly the maximum exposure of the Target Company under such guarantee) was approximately RMB10 million.

In addition, the Target Company provided 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 and 30 April 2026. As at 30 April 2026, the amount outstanding under the loan facility (and accordingly the maximum exposure of the Target Company under

the Guarantee) was approximately RMB3.8 million. It is expected that the Guarantee will be fully and unconditionally released and discharged prior to Completion as one of the unwaivable conditions precedent to Completion.

Save for the above, there were no other charges for the FY2023, FY2024, FY2025 and PY2026.

(viii) Employee and remuneration policies

As at 30 April 2026, the Target Company had 12 employees based in the PRC. For the FY2023, FY2024, FY2025 and PY2026 the Target Company's staff costs were approximately RMB0.3 million, RMB0.4 million, RMB0.5 million and RMB0.2 million, respectively. In order to attract expertise and make good use of human resources to foster smooth business operation, the Target Company has been offering competitive remuneration packages by taking account of market conditions, individual qualifications, experience and performance.

The Target Company did not adopt any share option scheme.

(ix) Significant investments and material acquisitions and disposals

The Target Company did not have any significant investments, material acquisitions and disposals of subsidiaries and associates for the FY2023, FY2024, FY2025 and PY2026.

(x) Future plans and prospects

As at the Latest Practicable Date, save for the capitalisation of the amount of the amount due to shareholders, target Company did not plan to launch new business or make material investments or capital assets.

The following is the text of a report, set out on pages IV-1 to IV-9, received from the Company's independent reporting accountants, McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities (the “**Unaudited Pro Forma Financial Information**”) of Yuk Wing Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) and Anhui Runsheng Electric Power Technology Company Limited* (the “**Target Company**”) (hereinafter collectively referred to as the “**Enlarged Group**”) which has been prepared on the basis of the notes set forth below for the purpose of illustrating the effects of the acquisition of the 65% equity interest in the Target Group (the “**Acquisition**”), as if the acquisition had taken place on 31 March 2026.

The Unaudited Pro Forma Financial Information has been prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2026 as extracted from the Group's published annual results announcement for the year ended 31 March 2026 and the audited statement of financial position of the Target Company as at 30 April 2026 which have been extracted from the Accountants' Report in Appendix II to this Circular as if the Acquisition had been completed on 31 March 2026 after giving effect to the unaudited pro forma adjustments as described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies materially consistent with those of the Group and has been prepared by the directors of the Company (the “**Directors**”) for illustrative purposes only, based on their judgements, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the actual financial position of the Enlarged Group that would have been attained had the Acquisition actually occurred on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of the Circular and the financial information of the Target Company as set out in Appendix II of the Circular and other financial information included elsewhere in the Circular.

* English name is for identification purpose only

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE ENLARGED GROUP**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE ENLARGED GROUP**

	The Group as at 31 March 2026 HK\$'000	The Target Company as at 30 April 2026 HK\$'000	Subtotal HK\$'000	Pro forma adjustments HK\$'000	Notes	Pro forma Enlarged Group HK\$'000 (unaudited)
Non-current assets						
Property, plant and equipment	19,576	158	19,734			19,734
Investment property	—	83,420	83,420			83,420
Right-of-uses assets	11,528	—	11,528			11,528
Deferred tax assets	1,788	—	1,788			1,788
	<u>32,892</u>	<u>83,578</u>	<u>116,470</u>			<u>116,470</u>
Current assets						
Inventories	52,970	—	52,970			52,970
Accounts and bills receivables	39,153	1,234	40,387			40,387
Deposits, prepayment and other receivables	28,800	262	29,062			29,062
Financial assets at fair value through profit or loss ("FVTPL")	30,662	—	30,662	1,754	3(c)	32,416
Bank and cash balances	20,794	464	21,258	(20,276)	3(a)	982
	<u>172,379</u>	<u>1,960</u>	<u>174,339</u>			<u>155,817</u>
Current liabilities						
Trade payables	25,986	—	25,986			25,986
Accruals and other payables	5,178	3,620	8,798	23,172	3(a)	33,170
				1,200	3(f)	
Amounts due to shareholders	—	61,059	61,059	(61,059)	3(b)	—
Contract liabilities	11,489	31	11,520			11,520
Financial guarantee contracts	—	44	44	(44)	3(e)	—
Lease liabilities	11,009	—	11,009			11,009
Tax payable	257	—	257			257
Other borrowings	6,000	—	6,000			6,000
	<u>59,919</u>	<u>64,754</u>	<u>124,673</u>			<u>87,942</u>

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE ENLARGED GROUP**

	The Group as at 31 March 2026 <i>HK\$'000</i>	The Target Company as at 30 April 2026 <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	Notes	Pro forma Enlarged Group <i>HK\$'000</i> (unaudited)
Net current assets/ (liabilities)	<u>112,460</u>	<u>(62,794)</u>	<u>49,666</u>			<u>67,875</u>
Total assets less current liabilities	<u>145,352</u>	<u>20,784</u>	<u>166,136</u>			<u>184,345</u>
Non-current liabilities						
Bank borrowings, secured	—	11,586	11,586			11,586
Lease liabilities	600	—	600			600
Deferred tax liabilities	<u>21</u>	<u>3,481</u>	<u>3,502</u>			<u>3,502</u>
	<u>621</u>	<u>15,067</u>	<u>15,688</u>			<u>15,688</u>
Net assets	<u><u>144,731</u></u>	<u><u>5,717</u></u>	<u><u>150,448</u></u>			<u><u>168,657</u></u>

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

1. The audited statement published of assets and liabilities of the Group as at 31 March 2026 is extracted from the published annual results announcement of the Group for the year ended 31 March 2026.
2. The audited consolidated statement of assets and liabilities of the Target Company as at 30 April 2026 is extracted from the Accountants' Report in Appendix II to the Circular. For the purpose of preparation the Unaudited Pro Forma Financial Information, the presentation currency of the Target Company is changed from RMB to HK\$. Items of the consolidated statement of assets and liabilities are translated into HK\$ at the exchange rate ruling at 30 April 2026 of RMB1 to HK\$1.1586.
3. Pursuant to the acquisition agreement dated 12 June 2026 (the "**Agreement**"), the Company will acquire 65% of the equity interest in the Target Company (the "**Acquisition**"). The total consideration of the Acquisition approximately RMB37,500,000 (equivalent to approximately HK\$43,448,000) will be settled in the following manner: (i) approximately RMB17,500,000 (equivalent to approximately HK\$20,276,000), representing 47% of the consideration, shall be payable at the completion date of the Acquisition; and (ii) approximately RMB20,000,000 (equivalent to approximately HK\$23,172,000), representing 53% of the consideration, shall be payable within 12 months after the completion date of the Acquisition. Upon completion of the Acquisition, the identifiable assets and liabilities of the Target Company will be accounted for at their acquisition-date fair value in the consolidated statement of assets and liabilities of the Enlarged Group, in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" issued by the Hong Kong Institute of Certified Public Accountants.

For the purpose of the Unaudited Pro Forma Financial Information, the acquisition date fair value of the identifiable assets acquired and liabilities assumed was determined by the Directors with reference to purchases price allocation valuation of the Target Company as at 30 April 2026 carried out by Peak Vision Appraisals Limited ("**Peak Vision**"), an independent professional valuers appointed by the Company.

The amounts of fair values of the identified assets and liabilities of the Target Company is subject to change upon the completion of the valuation of the fair values of the identified assets and liabilities of the Target Company on the date of completion of the Acquisition. In this context, the fair value of identified assets and liabilities and gain on bargain purchase could be different with those estimated amounts used in the preparation of the Unaudited Pro Forma Financial Information.

The recognition of pro forma gain on bargain purchase arising from the Acquisition as if the Acquisition were completed on 31 March 2026 are as follows:

	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total consideration	(a)		43,448
Less: Fair value of identifiable net assets acquired:			
Carrying amounts of net assets of the Target Company		(5,717)	
The Shareholder's Loan	(b)	<u>(61,059)</u>	
Total fair value of identifiable net assets			(66,776)
Less: Financial assets at FVTPL	(c)		(1,754)
Add: Non-controlling interest	(d)		<u>23,372</u>
Gain on bargain purchase			<u><u>1,710</u></u>

(a) Consideration

Pursuant to the terms of the Agreement, the total consideration for the Acquisition is approximately RMB37,500,000. For the purpose of preparing the Unaudited Pro Forma Financial Information, RMB has been translated into HK\$ at the exchange rate ruling at 30 April 2026 of RMB1 to HK\$1.1586. Accordingly, the consideration of RMB37,500,000 is equivalent to HK\$43,448,000.

(b) Shareholder's Loan

The adjustment represents the amounts due to shareholders (the “**Shareholder's loans**”) from the Target Company will be capitalised prior to the completion of the acquisition of the Target Company pursuant to the terms and conditions of the Agreement.

(c) Financial assets at FVTPL

Pursuant to the Agreement, subject to the completion and the terms and conditions therein, 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 (the “**Grantors**”) grants to the Company the call option in respect of the remaining equity interest of the Target Company upon completion of the acquisition (the “**Completion**”), comprising 30% equity interest to be held by Mr. He Zhangxiang and the 5% equity interest to be held by Mr. He Xuebing as at the completion date (the “**Option Share Capital**”) at a nominal consideration of RMB1 payable by the Company to each of the Grantors (the “**Call Option**”). The Company 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 approximately RMB20,100,000 (equivalent to approximately HK\$23,288,000).

Upon the Completion, the Call Option granted to the Company, will be accounted for as financial assets at FVTPL.

For the purpose of the pro forma financial information, the fair values of the Call Option granted to the Company are determined by the Directors with reference to a valuation conducted by an external valuer. The fair value of the Call Option granted to the Company was approximately RMB1,514,000 (equivalent to approximately HK\$1,754,000). The fair value of the Call Option granted to the Company at the date of Completion will likely be different from the fair value estimated above and hence the value to be recorded at the date of Completion will likely be different from that stated in this pro forma financial information.

(d) Non-controlling interest

Non-controlling interests of approximately HK\$23,372,000 are measured at the 35% proportionate share of the fair value of the identifiable net assets of the Target Company of HK\$66,776,000 as at 30 April 2026, for the purpose of illustrating the financial effect as if the Acquisition had been completed on 31 March 2026.

(e) Financial guarantee contracts

The adjustment represents the liabilities arising from a loan facility granted to a shareholder, secured by an asset pledge by the Target Company in favor of a bank. This pledge is required to be fully and unconditionally released and discharged prior to the completion of the acquisition, pursuant to the terms and conditions of the Agreement.

(f) Transaction costs

The adjustment represents the estimated acquisition-related transaction costs of approximately HK\$1,200,000, including but not limited to legal and professional fees, which are directly attributable to the Acquisition and will be recognised in the profit or loss of the Group upon completion of the Acquisition and will be expensed in the consolidated statement of profit or loss of the Enlarged Group.

4. No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group and the Target Company entered into subsequent to 30 April 2026.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report, set out on pages IV-1 to IV-9, received from the Company's independent reporting accountants, McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



24/F., Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

15 July 2026

To the Directors of Yuk Wing Group Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yuk Wing Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), and Anhui Runsheng Electric Power Technology Company Limited* (the “**Target Company**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 March 2026 and related notes (“**Unaudited Pro Forma Financial Information**”) as set out in Section A of Appendix IV of the circular issued by the Company dated 15 July 2026 (the “**Circular**”) in connection with the proposed acquisition of the 65% equity interest in the Target Company (the “**Acquisition**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix IV of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 31 March 2026 as if the Acquisition had taken place at 31 March 2026. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited consolidated statement of financial position for the year ended 31 March 2026, on which the results announcement has been published on 26 June 2026.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

* English name is for identification purpose only

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 31 March 2026 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Hong Kong, 15 July 2026

The following is the text of the Valuation Report, prepared for the purpose of incorporation in this circular, received from Peak Vision Appraisals Limited, an independent valuer, in connection with its opinion of market value of the 100% equity in the Target Company as at 30 April 2026.



Peak Vision
Appraisals Limited

Unit 702, 7th Floor, Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong
www.peakval.com

Tel (852) 2187 2238

Fax (852) 2187 2239

15 July 2026

The Board of Directors
Yuk Wing Group Holdings Limited
Units 6505–11, 65th Floor
The Center
No.99 Queen's Road Central
Central
Hong Kong

Dear Sirs,

Re: Valuation of 100% equity interest of 安徽潤升電力技術有限公司 as at 30 April 2026

In accordance with your instruction, we have conducted a valuation of the market value of 100% equity interest of 安徽潤升電力技術有限公司 (Anhui Runsheng Electric Power Technology Co., Ltd., the “**Business Enterprise**”). It is our understanding that the Business Enterprise is an investment holding company holding an industrial complex (the “**Investment Property**”) located in Hefei City, Anhui Province, the People's Republic of China (the “**PRC**”). We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of 100% equity interest of the Business Enterprise as at 30 April 2026 (the “**Valuation Date**”).

This report states the purpose of valuation and basis of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1 PURPOSE OF VALUATION

This report is being prepared solely for the use of the directors and management (together, the “**Management**”) of Yuk Wing Group Holdings Limited (the “**Company**”) for internal reference and incorporation into the circular of the Company in connection with proposed acquisition of the Business Enterprise. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited. As advised, the Company intends to acquire 65% equity interest of the Business Enterprise.

Peak Vision Appraisals Limited (“**Peak Vision Appraisals**”) acknowledges that this report may be used by the Management as one of the sources of information for the proposed acquisition of the Business Enterprise and may also be made available to the auditors of the Company for auditing reference only. The proposed acquisition, if materialised, and the corresponding transaction price would be the result of negotiations between the transacting parties. The Management should be solely responsible for determining the consideration of the proposed acquisition, in which Peak Vision Appraisals is not involved in the negotiation and has no comment on the agreed consideration. Peak Vision Appraisals assumes no responsibility whatsoever to any person other than the Management in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2 BASIS OF VALUE

Our valuation has been prepared in accordance with the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors (the “**HKIS**”), the RICS Valuation — Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors (the “**RICS**”) and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, where applicable.

Our valuation of the 100% equity interest of the Business Enterprise is based on the going concern premise and conducted on market value basis. **Market Value** is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

3 SOURCES OF INFORMATION

In the course of our valuation, we have performed site visit of the Investment Property in June 2026 and had discussion with the Management on the status and development of the Business Enterprise. We have also relied on the following major documents and information in the valuation analysis. Some of the information and materials are furnished by the Management. Other information is extracted from public sources such as government sources, Refinitiv, etc.

The major documents and information include the following:

- Copies of certificate(s) or license(s) and other relevant information of the Business Enterprise as provided by the Management or extracted from public sources;
- Historical financial information such as income statements and balance sheets of the Business Enterprise as provided by the Management;
- Details of the Investment Property as provided by the Management;
- Operational information of the Business Enterprise as provided by the Management; and
- Industry and economic data.

We consider that we have obtained adequate information from the sources described above to provide a reliable opinion of the market value.

4 LIMITATIONS AND RELIANCE ON INFORMATION

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

This report is based upon business, financial and other information provided by the Management. We have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We have made reasonable enquiries and exercised our judgment on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

Preparation of this report does not imply that Peak Vision Appraisals has audited in any way the financial or other information of the Business Enterprise. It is understood that the financial information provided is prepared in accordance with generally accepted accounting principles and has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Business Enterprise as at the respective financial statement dates.

5 BUSINESS ENTERPRISE

安徽潤升電力技術有限公司 (Anhui Runsheng Electric Power Technology Co., Ltd., the Business Enterprise) is a limited liability company incorporated in the PRC on 14 September 2015. The following table summarizes the business registration details of the Business Enterprise, according to National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

Unified social credit code	:	91340100355208169F
Name	:	安徽潤升電力技術有限公司 (the Business Enterprise)
Incorporation type	:	Limited liability company (invested or controlled by natural person) (有限責任公司(自然人投資或控股))
Registered address	:	中華人民共和國安徽省合肥市新站區唐河路558號 電力設備研發生產基地2幢綜合樓 (Building 2, Comprehensive Building, Electric Power Equipment R&D and Production Base, No. 558 Tanghe Road, Xinzhan High-Tech Industrial Development Zone, Yaohai District, Hefei City, Anhui Province, the People's Republic of China)
Incorporation date	:	14 September 2015
Confined business scope	:	General activities: research and development of high-efficiency and energy-saving technologies in the power industry; manufacturing of general-purpose components; manufacturing and sale of electric dynamometer motors; manufacturing and sale of power facilities and equipment; undertaking engineering construction business for the head office; external contracting projects; wires and cables business; wholesale and retail of hardware products; sale of building decoration materials; sale of packaging materials and products; sale of electrical equipment; earthwork construction; residential water and electricity installation and maintenance services; general cargo warehousing services (excluding projects requiring permits and approvals such as hazardous chemicals); leasing services (excluding licensed leasing services) (Except for licensed businesses, the business entity may independently operate projects that are not prohibited or restricted by laws and regulations). Licensed activities: construction engineering design; construction engineering; manufacturing of wires and cables (activities that require approval by law may only be operated after approval by relevant departments, and the specific business activities shall be subject to the approval documents or licenses issued by relevant departments)

Table 1: Business Registration Details of the Business Enterprise

Source: National Enterprise Credit Information Publicity System

6 BUSINESS OVERVIEW

The Business Enterprise is an investment holding company holding the Investment Property. As confirmed by the Management, the Business Enterprise does not have other business activities apart from holding the Investment Property. Details of the Investment Property are shown as follows:

General Description

The Investment Property comprises an industrial complex, erected on a rectangular shaped parcel of land located at No. 558 Tanghe Road, Xinzhan High-Tech Industrial Development Zone, Yaohai District, Hefei City, Anhui Province, the PRC with a site area of approximately 19,972.47 sq.m. It is located on the northeastern side of Tanghe Road, at the section between Tongling North Road and Tonghuai South Road, within Xinzhan High-Tech Industrial Development Zone, Yaohai District, Hefei City.

The buildings of the industrial complex include 6 blocks of 3 to 6-storey industrial buildings and 1 block of 3-storey industrial building with a 1-level basement, having a total gross floor area of approximately 33,327.56 sq.m., all completed in about 2022.

The land use rights of the Investment Property have been granted for a term expiring on 13 November 2068 for industrial use.

As advised by the Management, as at the Valuation Date, various portions of the Investment Property with a total lettable area of approximately 12,307.22 sq.m. were subject to various tenancies, yielding a total monthly rental of approximately RMB239,059, with the latest tenancy expiring on 31 December 2036.

The remaining portions of the Investment Property were either vacant or owner-occupied.

6.1 Historical Financial Performances and Positions of the Business Enterprise

Based on financial information provided by the Management, revenue of the Business Enterprise for the 4 months ended 30 April 2026 was approximately RMB1,089,000. The Business Enterprise recorded an operating loss of approximately RMB125,000 during the corresponding period.

	4 months ended 30 April 2026 (RMB)
Revenue	1,089,000
Operating expenses	(1,217,000)
Other income	<u>3,000</u>
Operating loss	<u><u>(125,000)</u></u>

* Figures above are subject to rounding

Table 2: Historical financial performances of the Business Enterprise

Source: Management

As at the Valuation Date, the Business Enterprise had a net asset value of approximately RMB4,934,000 (before valuation adjustment).

7 INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to the property investment industry in the PRC, and the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation. As part of our analysis, we have made reference to the financial information and other pertinent data concerning the Business Enterprise provided to us by the Management.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of the Business Enterprise;
- Historical information of the Business Enterprise;
- Financial performances and positions of the Business Enterprise;
- Regulations and rules of the property investment industry in the PRC;

- Economic and industry data affecting the property investment industry and other dependent industries;
- Market-derived investment return(s) of similar business; and
- Industry and economic data.

8 GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to obtain the market value of the Business Enterprise, namely the Market Approach, the Asset Approach and the Income Approach. Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation. It is also common practice to employ a number of valuation methods under each approach. Therefore, no single business valuation approach or method is definitive.

8.1 Market Approach

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to sales and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to arrive an indication of value.

8.2 Asset Approach

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the fund that has been made available to purchase the business assets needed.

This fund comes from investors who buy stocks of the business entity (equity) and investors who lend fund to the business entity (debt). After collecting the total amounts of fund from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle “assets minus liabilities”, to arrive at the value of the equity interest of the business entity.

8.3 Income Approach

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

9 VALUATION ANALYSIS

9.1 Valuation Approaches

In the process of valuing the business subject, we have considered the nature of the Business Enterprise, specialty of its operations and the industry it is participating. Having considered the three general valuation approaches, we consider the Asset Approach would be appropriate and reasonable in the valuation of the market value of the Business Enterprise.

In this 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 our opinion of value.

9.2 Investment Property

We have performed a separate valuation for the Investment Property as at the Valuation Date. For details of the valuation of the Investment Property, please refer to our separate valuation report entitled “Property interest of an industrial complex located at No. 558 Tanghe Road, Xinzhan High-Tech Industrial Development Zone, Yaohai District, Hefei City, Anhui Province, the People’s Republic of China” dated 15 July 2026 (Appendix VI — VALUATION REPORT OF THE INVESTMENT PROPERTY of the circular). The valuation methodology, assumptions and the valuation result are summarized below:

9.2.1 Valuation Methodology

In valuing the Investment Property, we have adopted the Investment Method, by taking into account the current rents passing and the reversionary income potential of the Investment Property.

9.2.2 Valuation Inputs

In our valuation, we have adopted an average unit rent of approximately RMB12.64 per sq.m./month for the Investment Property. The market yield of the Investment Property is about 7.25%.

In our valuation, we have made reference to rental comparables in the vicinity, i.e. rental comparables in Xinzhan High-Tech Industrial Development Zone, Yaohai District and Feidong County. These rental comparables are properties with the same use and transacted within 2 months* from the Valuation Date, which are deemed sufficient, appropriate and reasonable to derive a reliable opinion of value of the Investment Property as at the Valuation Date. The unit rent comparables are about RMB11.00 to RMB14.96 per sq.m./month for industrial properties. The unit rent adopted by us is consistent with the said comparable references after due adjustments. Due adjustments to those rental comparables have been made to reflect factors including but not limited to time, location, level, size and layout in arriving at our opinion of value.

* Generally, comparables that are closer to the Valuation Date offer a more accurate reflection of market conditions as at the Valuation Date, and the time frame of comparables depends on the availability of relevant comparables. Typically, we incorporate more than 3 comparables in our valuation whenever possible. In the course of our valuation, given that transactions occurred within 2 months from the Valuation Date are sufficient to derive an objective and reliable opinion of value, we deemed the 2-month time frame to be reasonable.

In our valuation, the rental comparables adopted for the Investment Property are exhaustive based on the selection criteria. We consider these comparables are located in the vicinity, are of the same use, and to have a gross floor area of 3,000 sq.m. or more, and thus are representative and comparable to the Investment Property. The details are as follows:

Comparable	1	2	3
Property address	Zone C of Jiahai Industrial City, Intersection of Jingshan Road and Guhe Road, Yaohai District	Zone C of Jiahai Industrial City, Intersection of Jingshan Road and Guhe Road, Yaohai District	Intersection of Longzihu Road and Tongling North Road, Yaohai District
Level	Whole block	Whole block	Level 3
Use	Industrial	Industrial	Industrial
Approximate			
Gross floor area (sq.m.)	6,000	3,000	3,645
Monthly rental (RMB)	72,000	33,000	43,700
Unit rent (RMB/sq.m./month)	12.00	11.00	11.99
Date	27 April 2026	21 April 2026	20 April 2026
Adjustments			
Time	Similar with the Investment Property	Similar with the Investment Property	Similar with the Investment Property
Location	Inferior to the Investment Property	Inferior to the Investment Property	Similar with the Investment Property
Floor	Inferior to the Investment Property	Superior to the Investment Property	Inferior to the Investment Property
Size	Superior to the Investment Property	Superior to the Investment Property	Superior to the Investment Property
Layout and condition	Superior to the Investment Property	Inferior to the Investment Property	Superior to the Investment Property

Comparable	4
Property address	No. 9, Sishui Road, Feidong County
Level	Levels 3 and 4
Use	Industrial
Approximate	
Gross floor area (sq.m.)	3,007.5
Monthly rental (RMB)	45,000
Unit rent (RMB/sq.m./month)	14.96
Date	30 March 2026
Adjustments	
Time	Similar with the Investment Property
Location	Superior to the Investment Property
Floor	Inferior to the Investment Property
Size	Superior to the Investment Property
Layout and condition	Superior to the Investment Property

9.2.3 Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Investment Property 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 Property. No forced sale situation in any manner is assumed in our valuation. In addition, we have been advised by the Management that the Investment Property is not subject to any option or right of pre-emption which would concern or affect the sale of the Investment Property.

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

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the Investment Property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to are, therefore, only approximations.

We have been provided by the Management with extract copies of documents in relation to the title to the Investment Property located in the PRC. We have not examined the original documents to verify ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Management and the legal opinion prepared by Grandall Law Firm (Shenzhen), the Company's legal adviser on the PRC law (the "**PRC Legal Adviser**"), regarding the title to the Investment Property.

9.2.4 Valuation Result

Based on the foregoing, we are of the opinion that the market value of the Investment Property in existing state as at the Valuation Date was in the sum of **RMB72,000,000 (RENMINBI SEVENTY TWO MILLION ONLY)**.

9.3 Other Assets and Liabilities

Other identified assets and liabilities of the Business Enterprise are described as follows:

- Office equipment are recorded at cost less accumulated depreciation. We have adopted the net book value of these items in our valuation analysis;
- Cash and cash equivalents are highly liquid in the market and are subject to insignificant risk of changes in value and thus we have adopted the net book value in our valuation analysis;
- Trade receivables, bill receivables and other receivables are short-term in nature and are expected to be realized in a short period of time. As such, we consider the discounting effect would be immaterial and thus adopted the net book value of these items in our valuation analysis;
- Borrowings represent financing items that are subject to appropriate interest rates. As such, we consider the discounting effect would be immaterial and thus adopted the net book value of these amounts in our valuation analysis;
- Accruals, other payables, contract liabilities, financial guarantee contracts, deferred tax liabilities are short-term in nature and are expected to be settled in a short period of time or without fixed term of repayment. As such, we consider the discounting effect would be immaterial and thus adopted the net book value of these items in our valuation analysis; and

- As confirmed by the Management, amounts due to shareholders (i.e. shareholder's loans owed by the Business Enterprise to its shareholders) will be capitalized prior to the completion of the acquisition, and given that amounts due to shareholders will be capitalized, we have excluded the amounts due to shareholders in the valuation of the Business Enterprise.

9.4 Valuation

Based on the investigation and analysis stated above and on the valuation method employed and key assumptions appended above, we are of the opinion that the 100% equity interest of the Business Enterprise as at the Valuation Date was in the sum of **RMB57,635,000 (RENMINBI FIFTY SEVEN MILLION SIX HUNDRED AND THIRTY FIVE THOUSAND ONLY)**. A detailed breakdown of the assets and liabilities of the Business Enterprise is presented as follows:

	Book Value (RMB'000)	Adjustment (RMB'000)	Market Value (RMB'000)
Investment Property	72,000	—	72,000
Office equipment	137	—	137
Cash and cash equivalents	401	—	401
Trade receivables, bill receivables and other receivables	1,290	—	1,290
Borrowings	(10,000)	—	(10,000)
Accruals, other payables, contract liabilities, financial guarantee contracts, deferred tax liabilities	(6,193)	—	(6,193)
Amounts due to shareholders	<u>(52,700)</u>	<u>52,700</u>	<u>—</u>
100% equity interest of the Business Enterprise	<u>4,935</u>	<u>52,700</u>	<u>57,635</u>

* Figures above are subject to rounding

10 SPECIAL ASSUMPTION

In the course of our valuation, given that all amounts due to shareholders will be capitalized prior to the completion of the acquisition, we have made the special assumption that the amounts due to shareholders were RMBNil as at the Valuation Date.

11 VALUATION ASSUMPTIONS

- For the Business Enterprise to continue as a going concern, the Business Enterprise will successfully carry out all necessary activities for the development of its business;
- Market trends and conditions where the Business Enterprise operates will not deviate significantly from the economic forecasts in general;

- The financial information of the Business Enterprise as supplied to us has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Business Enterprise as at the respective financial statement dates;
- Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the Business Enterprise;
- The availability of finance will not be a constraint on the forecast growth of the Business Enterprise's operations in accordance with the business plans;
- There will be no material changes in the business strategy of the Business Enterprise and its operating structure;
- The Business Enterprise shall have uninterrupted rights to operate its existing business during the unexpired term of its authorized operating period;
- Interest rates and exchange rates in the localities for the operations of the Business Enterprise will not differ materially from those presently prevailing;
- 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 Business Enterprise operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, technological, economic or financial conditions and taxation laws in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the Business Enterprise.

12 LIMITING CONDITIONS

Our conclusion of the market value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for the accuracies.

We have relied to a considerable extent on the information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and

accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibility for operational and financial information that has not been provided to us is accepted.

We have not investigated the titles to or any legal liabilities against the Business Enterprise and the Investment Property and have assumed no responsibility for the titles to or any legal liabilities against the Business Enterprise and the Investment Property. In forming our opinion, we have assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings.

To the extent that there are legal issues relating to financial instruments, assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Peak Vision Appraisals assumes no responsibility and offers no legal opinion or interpretation on any issue.

As advised by the Company, there are no material environmental, social, and governance (“ESG”) factors expected to impact the valuation of the valuation subject(s). Accordingly, and as agreed with the Company, ESG related considerations have not been incorporated into the valuation. In the course of our valuation, we have assumed that no significant ESG factors exist that would affect the valuation. This valuation does not constitute an ESG risk assessment or ESG rating.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value represents the consideration based on information furnished by the Management/engagement parties and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

13 REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

The Management has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

We hereby confirm that we have no material connection or involvement with the Investment Property, the Business Enterprise, the Company and its subsidiaries, associates, affiliates, or the values reported herein and that we are in a position to provide an objective and unbiased valuation.

For the subject valuation, Peak Vision Appraisals does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the RICS.

In accordance with the RICS Valuation — Global Standards (Effective from 31 January 2025), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

The proportion of total fees payable by the Company during the preceding year relative to the total fee income of Peak Vision Appraisals is minimal.

14 OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed and key assumptions and special assumption appended above, we are of the opinion that the market value of 100% equity interest of the Business Enterprise as at the Valuation Date was in the sum of **RMB57,635,000 (RENMINBI FIFTY SEVEN MILLION SIX HUNDRED AND THIRTY FIVE THOUSAND ONLY)***.

** In the course of our valuation, given that all amounts due to shareholders will be capitalized prior to the completion of the acquisition, we have made the special assumption that the amounts due to shareholders were RMBNil as at the Valuation Date.*

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
MRICS, MHKIS, R.P.S. (GP), RICS
Registered Valuer, MCIREA
Director
Corporate Valuations

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Chern Sung Lee
CFA, CPA, MRICS, RICS
Registered Valuer
Director
Corporate Valuations

Notes:

- (1) Mr. Nick C. L. Kung is a member of the Royal Institution of Chartered Surveyors (the RICS) and member of the Hong Kong Institute of Surveyors (the HKIS), RICS Registered Valuer, Registered Professional Surveyor (General Practice) and Registered Business Valuer of the Hong Kong Business Valuation Forum (HKBVF) and has more than 20 years of experience in the valuation of business assets and business entities in Hong Kong and overseas.
- (2) Mr. Chern Sung Lee is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of business assets and business enterprises in Hong Kong and overseas.

The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent property valuer, in connection with its opinion of market value of the Investment Property as at 30 April 2026.



Unit 702, 7th Floor, Capital Centre
No. 151 Gloucester Road
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www.peakval.com
Tel (852) 2187 2238
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15 July 2026

The Board of Directors
Yuk Wing Group Holdings Limited
Units 6505–11, 65th Floor
The Center
No. 99 Queen's Road Central
Central
Hong Kong

Dear Sirs,

Re: Property interest of an industrial complex located at No. 558 Tanghe Road, Xinzhan High-Tech Industrial Development Zone, Yaohai District, Hefei City, Anhui Province, the People's Republic of China

In accordance with the instruction from Yuk Wing Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for us to value the property interest of the captioned property located in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property as at 30 April 2026 (the “**Valuation Date**”) for public documentation purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigations, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation is our opinion of market value which is defined to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property, we have adopted the Investment Method by taking into account the current rents passing and the reversionary income potential of the property.

Our valuation has been made on the assumption that the owner sells the property 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 property. No forced sale situation in any manner is assumed in our valuation. In addition, we have been advised by the Group that the property is not subject to any option or right of pre-emption which would concern or affect the sale of the property unless otherwise specified in this report.

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

We have been provided by the Group with extract copies of documents in relation to the title to the property located in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group and the legal opinion prepared by Grandall Law Firm (Shenzhen), the Group's legal adviser on the PRC law (the "**PRC Legal Adviser**"), regarding the title to the property.

The property was inspected during June 2026 by Mr. Nick C. L. Kung, a director of our firm who has over 20 years of experience in the inspection of properties in Hong Kong and the PRC. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached property valuation report are based on information contained in the documents provided to us and are, therefore, only approximations.

As advised by the Group, there are no material environmental, social, and governance ("**ESG**") factors expected to impact the valuation of the valuation subject(s). Accordingly, and as agreed with the Group, ESG related considerations have not been incorporated into the valuation. In the course of our valuation, we have assumed that no significant ESG factors exist that would affect the valuation. This valuation does not constitute an ESG risk assessment or ESG rating.

We have relied to a considerable extent on the information provided by the Group and the PRC Legal Adviser regarding the title to the property, and we have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, tenancy agreements, site and floor areas and all other relevant materials regarding the property.

This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. The management of the Company has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

In valuing the property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors (the “**HKIS**”), the RICS Valuation — Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors (the “**RICS**”) and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

For the subject valuation, Peak Vision Appraisals Limited does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the HKIS and/or the RICS, where applicable.

In accordance with the RICS Valuation — Global Standards (Effective from 31 January 2025), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

The proportion of total fees payable by the Company during the preceding year relative to the total fee income of Peak Vision Appraisals Limited is minimal.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

We hereby confirm that we have no material connection or involvement with the Group, the property or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Our property valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
*MRICS, MHKIS, R.P.S. (GP),
RICS Registered Valuer, MCIREA
Director*

Chern Sung Lee
*CFA, CPA, MRICS,
RICS Registered Valuer
Director*

Notes:

- (1) Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) who has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.
- (2) Mr. Chern Sung Lee is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants, a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of properties in Hong Kong and the PRC.

Property Valuation Report

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2026
An industrial complex located at No. 558 Tanghe Road, Xinzhan High-Tech Industrial Development Zone, Yaohai District, Hefei City, Anhui Province, the PRC	The property comprises an industrial complex, erected on a rectangular shaped parcel of land with a site area of approximately 19,972.47 sq.m. It is located on the northeastern side of Tanghe Road, at the section between Tongling North Road and Tonghuai South Road, within Xinzhan High-Tech Industrial Development Zone, Yaohai District, Hefei City. The buildings of the industrial complex include 6 blocks of 3 to 6-storey buildings and 1 block of 3-storey building with a 1-level basement, with a total gross floor area of approximately 33,327.56 sq.m., all completed in about 2022. Details of the gross floor area breakdown are set out in <i>(Note ii)</i> below. The land use rights of the property have been granted for a term expiring on 13 November 2068 for industrial use.	As advised by the Group, as at the Valuation Date, various portions of the property with a total lettable area of approximately 12,307.22 sq.m. were subject to various tenancies, yielding a total monthly rental of approximately RMB239,059, with the latest tenancy expiring on 31 December 2036. The remaining portions of the property were either vacant or owner-occupied.	RMB72,000,000 (RENMINBI SEVENTY TWO MILLION ONLY)

Notes:

- i) Pursuant to the Real Estate Title Certificate No. Wan (2022) Hefei Shi Bu Dong Chan Quan Di 1153874 issued by Hefei City Natural Resources and Planning Bureau (the “**Bureau**”) dated 5 July 2022, the land use rights of the property with a site area of approximately 19,972.47 sq.m. have been granted to Anhui Runsheng Electric Power Technology Company Limited (“**Anhui Runsheng**”) for a term expiring on 13 November 2068 for industrial use.
- ii) Pursuant to 7 Real Estate Title Certificates issued by the Bureau all dated 12 April 2023, the building ownership of 7 blocks of 3 to 6-storey buildings of the property having a total gross floor area of approximately 33,327.56 sq.m. are vested in Anhui Runsheng and the land use rights of the property, having a shared site area of approximately 19,972.47 sq.m. have been granted for a term expiring on 13 November 2068 for industrial use. Details of the certificates are listed as follows:

Certificate No.	Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Wan (2023) Hefei Shi Bu Dong Chan Quan Di 1073949	No. 7 workshop	3	8,447.24
Wan (2023) Hefei Shi Bu Dong Chan Quan Di 1073951	No. 1 workshop	6	5,683.89
Wan (2023) Hefei Shi Bu Dong Chan Quan Di 1073957	No. 2 complex building	6	5,683.87
Wan (2023) Hefei Shi Bu Dong Chan Quan Di 1073961	No. 4 workshop	3 with a 1-level basement	3,178.79
Wan (2023) Hefei Shi Bu Dong Chan Quan Di 1073962	No. 5 workshop	4	3,827.50
Wan (2023) Hefei Shi Bu Dong Chan Quan Di 1073964	No. 6 workshop	4	3,827.50
Wan (2023) Hefei Shi Bu Dong Chan Quan Di 1074291	No. 3 workshop	3	2,678.77
Total:			<u>33,327.56</u>

- iii) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 340101 2018 50037 issued by Hefei City Planning Bureau dated 1 November 2018, approvals have been granted to Anhui Runsheng to develop the property with a site area of approximately 19,972.47 sq.m. for industrial use.
- iv) Pursuant to the Grant Contract of State-owned Land Use Rights No. He Di Xin Zhan Qu Gong Ye [2018] 154 (the “**Grant Contract**”) entered into between Hefei City Land and Resources Bureau and Anhui Runsheng on 14 October 2018, Hefei City Land and Resources Bureau agreed to grant the land use rights of the property to Anhui Runsheng. The salient conditions stipulated in the said contract are summarised as follows:

a)	Location	:	The northern side of Tanghe Road and the eastern side of Tonghuai Middle Road, Xinzhan High-Tech Industrial Development Zone, Hefei City
b)	Site area	:	19,972.47 sq.m.
c)	Land use	:	Industrial use
d)	Gross floor area	:	Not less than 23,967 sq.m.
e)	Land use term	:	50 years
f)	Land grant consideration	:	RMB7,669,429
g)	Plot ratio	:	Not less than 1.2
h)	Site coverage	:	Not less than 40%
i)	Greenery ratio	:	Not more than 10%
j)	Construction period	:	Construction work to be commenced before 14 January 2019 and completed before 14 January 2020

- v) Pursuant to 7 Construction Works Planning Permits issued by the Bureau, all dated 27 September 2019, approvals have been granted to Anhui Runsheng to develop of 6 blocks of 3 to 6-storey buildings and 1 block of 3-storey building with a 1-level basement of the property, having a total gross floor area of approximately 34,628.30 sq.m. (including 496.50 sq.m. for basement area), which are in compliance with the planning requirements. Details of the permits are summarized as follows:

Permit No.	Building	No. of Storey	Approximate
			Gross Floor Area (sq.m.)
Jian Zi Di 340101 2019 51172	No. 1 workshop	6	5,944.30
Jian Zi Di 340101 2019 51173	No. 2 complex building	6	5,944.30
Jian Zi Di 340101 2019 51174	No. 3 workshop	3	2,818.50
Jian Zi Di 340101 2019 51175	No. 4 workshop	3	3,315.00
		with a 1-level basement	(including basement area 496.50 sq.m.)
Jian Zi Di 340101 2019 51176	No. 5 workshop	4	3,996.40
Jian Zi Di 340101 2019 51177	No. 6 workshop	4	3,996.40
Jian Zi Di 340101 2019 51178	No. 7 workshop	3	8,613.40
Total:			<u>34,628.30</u>

- vi) Pursuant to the Construction Works Commencement Permit No. 340135201912240101 issued by Hefei City Urban-Rural Development Bureau dated 24 December 2019, approvals have been granted to Anhui Runsheng, the commencement of construction works of 4 buildings (no. 1 workshop, no. 2 complex building, no. 3 workshop and no. 4 workshop) of the property, having a total gross floor area of approximately 18,022.10 sq.m., which are in compliance with the requirements for the works commencement.
- vii) Pursuant to the Construction Works Commencement Permit No. 340135202011050101 issued by Hefei City Urban-Rural Development Bureau dated 5 November 2020, approvals have been granted to Anhui Runsheng, the commencement of construction works of no. 7 workshop of the property, having a gross floor area of approximately 8,613.40 sq.m., which is in compliance with the requirements for the works commencement.
- viii) Pursuant to the Construction Works Commencement Permit No. 340173202106230103 issued by Hefei City Urban-Rural Development Bureau dated 22 June 2021, approvals have been granted to Anhui Runsheng, the commencement of construction works of 2 buildings (no. 5 workshop and no. 6 workshop) of the property, having a total gross floor area of approximately 7,992.80 sq.m., which are in compliance with the requirements for the works commencement.
- ix) We have been provided with a legal opinion on the property by the PRC Legal Adviser, which contains, *inter alia*, the following information which has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- The land use rights of the property are not subject to mortgage, seizure or ownership dispute;
 - No. 1 workshop, No. 2 complex building and No. 5 workshop of the property are subject to a mortgage in favour of Industrial and Commercial Bank of China Limited, Feidong Branch (the “Bank”). Without the prior written consent of the Bank, the mortgaged properties shall not be further mortgaged or pledged, nor shall any right of residence be established thereon, nor shall they be leased, transferred or gifted to any third party, or be subject to any infringement or encumbrance. Furthermore, the mortgagor shall notify the Bank in writing of any change in its shareholding structure;
 - The land use rights and building ownership of the property are legally held by Anhui Runsheng, and apart from the above-mentioned mortgage (note ix(b)), Anhui Runsheng is legally entitled to occupy, use, enjoy the benefits of, and dispose of (including but not limited to transfer, lease and mortgage) the property, and its legal rights and interests are protected by law; and

- (d) Apart from the above-mentioned mortgage (note ix(b)), the property is not subject to any other judicial freeze, seizure, mortgage or encumbrance, and the land use rights and building ownership of the property are protected under the laws of the PRC.
- x) In valuing the property, we have adopted the Investment Method. The Investment Method, also known as “Term and Reversion” Method, estimates the value of the property by capitalizing the rental income on a fully leased basis having regard to the current passing rental income. In this method, the total rental income is divided into the term rental income and the reversionary rental income. The term value involves the capitalization of the current rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalized on a fully leased basis and is then discounted back to the valuation date. The Investment Method provides an indication of value by comparing the asset with identical or similar assets for which rental information is available. Adjustments were made to reflect the differences in various aspects between the subject property and the rental comparables to arrive at the adopted unit market rent of the property.
- Furthermore, as the property is encumbered by various existing tenancy agreements, there are insufficient open-market sale comparables involving properties with comparable sitting tenants or with adequate information for our analysis. Accordingly, the Direct Comparison Method is considered inappropriate and has not been adopted. Similarly, the Cost Approach is deemed unsuitable, as it does not reflect the current leasing status, the passing rental income, nor the future income-generating capability of the property. In contrast, the Investment Method is considered the most appropriate valuation method, as it captures and reflects the value impact of the existing tenancies and the future income-producing capability of the property.
- xi) In our valuation, we have adopted an average unit rent of approximately RMB12.64 per sq.m./month for the property. The market yield of the property is about 7.25%.

In our valuation, we have made reference to rental comparables in the vicinity, i.e. rental comparables in Xinzhan High-Tech Industrial Development Zone, Yaohai District and Feidong County. These rental comparables are properties with the same use and transacted within 2 months* from the Valuation Date, which are deemed sufficient, appropriate and reasonable to derive a reliable opinion of value of the property as at the Valuation Date. The unit rent comparables are about RMB11.00 to RMB14.96 per sq.m./month for industrial properties. The unit rent adopted by us is consistent with the said comparable references after due adjustments. Due adjustments to those rental comparables have been made to reflect factors including but not limited to time, location, level, size and layout in arriving at our opinion of value.

** Generally, comparables that are closer to the Valuation Date offer a more accurate reflection of market conditions as at the Valuation Date, and the time frame of comparables depends on the availability of relevant comparables. Typically, we incorporate more than 3 comparables in our valuation whenever possible. In the course of our valuation, given that transactions occurred within 2 months from the Valuation Date are sufficient to derive an objective and reliable opinion of value, we deemed the 2-month time frame to be reasonable.*

In our valuation, the rental comparables adopted for the property are exhaustive based on the selection criteria. We consider these comparables are located in the vicinity, are of the same use, and to have a gross floor area of 3,000 sq.m. or more, and thus are representative and comparable to the property. The details are as follows:

Comparable	1	2	3
Property address	Zone C of Jiahai Industrial City, Intersection of Jingshan Road and Guhe Road, Yaohai District	Zone C of Jiahai Industrial City, Intersection of Jingshan Road and Guhe Road, Yaohai District	Intersection of Longzihu Road and Tongling North Road, Yaohai District
Level	Whole block	Whole block	Level 3
Use	Industrial	Industrial	Industrial
Approximate			
Gross floor area (sq.m.)	6,000	3,000	3,645
Monthly rental (RMB)	72,000	33,000	43,700
Unit rent (RMB/sq.m./month)	12.00	11.00	11.99
Date	27 April 2026	21 April 2026	20 April 2026
Adjustments			
Time	Similar with the property	Similar with the property	Similar with the property
Location	Inferior to the property	Inferior to the property	Similar with the property
Floor	Inferior to the property	Superior to the property	Inferior to the property
Size	Superior to the property	Superior to the property	Superior to the property
Layout and condition	Superior to the property	Inferior to the property	Superior to the property
Comparable	4		
Property address	No. 9, Sishui Road, Feidong County		
Level	Levels 3 and 4		
Use	Industrial		
Approximate			
Gross floor area (sq.m.)	3,007.5		
Monthly rental (RMB)	45,000		
Unit rent (RMB/sq.m./month)	14.96		
Date	30 March 2026		
Adjustments			
Time	Similar with the property		
Location	Superior to the property		
Floor	Inferior to the property		
Size	Superior to the property		
Layout and condition	Superior to the property		

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFO, and none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered into the register maintained by the Company pursuant to Section 352 of Part XV of the SFO; or (iii) were required to be notified to the Company or the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons/entities (other than Directors or chief executive of the Company) had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests and short positions of substantial shareholders required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares (shares)	Approximate percentage of the total issued share capital of the Company (%)
Colour Shine Investments Limited (<i>notes 1 and 2</i>)	Beneficial owner	188,192,000	41.27
Mr. He Xiaoming (<i>notes 1 and 2</i>)	Interest of a controlled corporation	188,192,000	41.27
Mr. Huang Shixin	Beneficial owner	27,304,000	5.99

Notes:

1. As at the Latest Practicable Date, Colour Shine Investments Limited (“**Colour Shine**”) was ultimately owned by Mr. He Xiaoming, who is also the sole director of Colour Shine.
2. Colour Shine has charged 188,192,000 Shares to Kingston Securities Limited as security as at 30 September 2024 pursuant to the share charge entered into between Kingston Securities Limited as chargee and Colour Shine as charger dated 1 February 2018.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons/entities (other than Directors or chief executive of the Company) who/which had or were deemed or taken to have any other interests or short positions in the shares or underlying shares of the Company as recorded in the register of interests and short positions of substantial shareholders required to be kept by the Company pursuant to section 336 of the SFO.

4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND OTHER INTERESTS**(a) Directors' interests in contracts**

There was no contract or arrangement entered into by any member of the Enlarged Group subsisting as at the Latest Practicable Date in which any Director was materially interested and which was significant to the business of the Enlarged Group.

(b) Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 March 2026, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Competing business

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors, and their respective close associates were interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not terminable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim which may be of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. MATERIAL ADVERSE CHANGE

The Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 March 2026, being the date on which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) had been entered into by members of the Enlarged Group within the two years before the date of this circular and up to and including the Latest Practicable Date:

- (i) the Sale and Purchase Agreement;
- (ii) the tenancy agreement dated 21 January 2026 entered into between The Center (65) Limited and the Company in relation to the lease of office at the total consideration of HK\$11.8 million, details of which are set out in the announcements of the Company dated 21 January 2026 and 28 January 2026;
- (iii) the pledge agreement dated 15 August 2025 entered into between Industrial and Commercial Bank of China Limited (Feidong sub-branch) and the Target Company in relation to the pledge of an investment property of the Target Company in favour of the bank to secure a personal bank loan of RMB7.8 million granted to Mr. He Zhangxiang (i.e., the Guarantee). It is expected that the Guarantee will be fully and unconditionally released and discharged prior to Completion as one of the unwaivable 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” in the “Letter from the Board” to this circular; and
- (iv) the placing agreement dated 9 October 2024 entered into between Kingston Securities Limited and the Company in relation to the placing of 76,000,000 shares to not less than six independent placees at a price of HK\$0.085 per placing share. The placing completed on 30 October 2024, details of which are set out in the announcements of the Company dated 9 October 2024 and 30 October 2024.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualifications
McMillan Woods (Hong Kong) CPA Limited	Certified public accountants
Peak Vision Appraisals Limited	Valuer

As at the Latest Practicable Date, each of the above experts had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, opinion, logo and qualifications, in the form and context in which they appear.

As at the Latest Practicable Date, the above experts:

- (i) did not have any direct or indirect, interest in any assets which have been since 31 March 2026 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group; and
- (ii) did not have any shareholding, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. MISCELLANEOUS

- 1. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is situated at Units 6505–11, 65/F, The Center, No.99 Queen's Road Central, Central, Hong Kong.
- 2. The company secretary of the Company is Ms. Chan Wing Ting ("**Ms. Chan**"). She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- 3. The authorised representative of the Company are Ms. Li Kai Lai Miranda and Ms. Chan.
- 4. The Company's principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- 5. This circular has been printed in English and Chinese; in the event of inconsistency, the English version shall prevail.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on (i) the website of the Company (www.yukwing.com); and (ii) the website of the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular:

- (i) the Sale and Purchase Agreement;
- (ii) the accountants' report of the Target Company prepared by McMillan Woods (Hong Kong) CPA Limited, the text of which is set out in Appendix II to this circular;
- (iii) the report on the unaudited pro forma financial information of the Enlarged Group from McMillan Woods (Hong Kong) CPA Limited, the text of which is set out in Appendix IV to this circular;

- (iv) the valuation reports prepared by Peak Vision Appraisals Limited, the text of which is set out in Appendix V and Appendix VI to this circular;
- (v) the written consents referred to in the paragraph headed “9. Experts and Consents” in this appendix; and
- (vi) this circular.

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)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Yuk Wing Group Holdings Limited (the “**Company**”) will be held at Units 6505–11, 65/F, The Center, No.99 Queen’s Road Central, Central, Hong Kong, at 11:00 a.m. on Tuesday, 4 August 2026, to consider and, if thought fit, to pass with or without amendments, the following resolutions:

ORDINARY RESOLUTION

1. (i) The sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 12 June 2026 and entered into between Top Standard Limited (the “**Purchaser**”), a direct wholly-owned subsidiary of the Company, as purchaser, Mr. Fang Haibo, as vendor and Mr. He Zhangxiang and Mr. He Xuebing (the “**Grantors**”), as grantors, in relation to the acquisition (the “**Acquisition**”) of 65% of equity interest in 安徽潤升電力技術有限公司 (Anhui Runsheng Electric Power Technology Co., Ltd.*) (the “**Target Company**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (ii) any one director of the Company (the “**Director**”) be and is hereby authorised to sign, execute and deliver or authorise the signing, execution and delivery of all such documents and to do all such things as he or she may in his or her absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder and he/she be authorised to agree with such variation(s), amendment(s) or waiver(s) as, in the opinion of the directors of the Company, is/are in the interests of the Company and its shareholders (the “**Shareholder(s)**”) as a whole;
- (iii) the subscription of option (the “**Call Option**”) by the Purchaser from the Grantors for the acquisition of the remaining equity interests of the Target Company held by the Grantors (comprising 30% equity interest to be held by Mr. He Zhangxiang and the 5% equity interest to be held by Mr. He Xuebing) upon completion of the Acquisition be and is hereby approved, confirm and ratified; and

NOTICE OF EGM

- (iv) the exercise of the Call Option be and is hereby approved and confirmed, and any one Director be and is hereby authorised to sign, execute and deliver or authorise the signing, execution and delivery of all such documents and to do all such things as he or she may in his or her absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the exercise of the Call Option and the transactions contemplated thereunder and he/she be authorised to agree with such variation(s), amendment(s) or waiver(s) as, in the opinion of the directors of the Company, is/are in the interests of the Company and its Shareholders as a whole.

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

Hong Kong, 15 July 2026

** for identification purposes only*

Notes:

1. The resolution at the EGM will be taken by poll (except where the chairman decides to allow a resolution to be voted by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy, or if a Shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to attend and vote instead of him/her/it. A proxy needs not be a Shareholder. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every Shareholder present in person or by proxy shall be entitled to one vote for each share of the Company held by him/her/it.
3. In order to be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:00 a.m. on Sunday, 2 August 2026) or any adjournment thereof. Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 30 July 2026 to Tuesday, 4 August 2026, both dates inclusive, during which period no transfer of share(s) of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holder(s) of share(s) of the Company shall ensure that all transfer document(s) accompanied by the relevant share certificate(s) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 July 2026. The record date for determining the entitlement of Shareholders to attend and vote at the EGM is Tuesday, 4 August 2026.

NOTICE OF EGM

5. In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions caused by a super typhoon” announced by the Government is/are in force in Hong Kong at or at any time after 9:00 a.m. on the date of the meeting, the meeting will be adjourned. The Company will post an announcement on its website (www.yukwing.com) and the HKEXnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting. The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situation.
6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, 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.