

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 (the “Company”), you should at once forward 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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This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

Yuk Wing Group Holdings Limited

煜榮集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1536)

I. PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

II. PLACING AGREEMENT UNDER THE COMPENSATORY ARRANGEMENTS

AND

III. NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



Placing Agent to the Company



Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders



INCUC Corporate Finance Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 8 to 34 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 35 to 36 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-29 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Wednesday, 16 September 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 29 September 2026 to Wednesday, 7 October 2026 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Tuesday, 29 September 2026 to Wednesday, 7 October 2026 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at Units 6505–11, 65/F., The Center, No. 99 Queen's Road Central, Hong Kong on Monday, 14 September 2026 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Saturday, 12 September 2026 at 11:00 a.m.) for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the paragraphs headed “Conditions of the Rights Issue” in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to Independent Places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

25 August 2026

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EXPECTED TIMETABLE

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

Events	Time and date 2026
Expected despatch date of circular together with notice and form of proxy for the EGM.....	Tuesday, 25 August
Latest time and date for lodging transfer documents in order to qualify for attendance and voting at the EGM.....	4:30 p.m. on Monday, 7 September
Closure of register of members of the Company to determine entitlement to attend and vote at the EGM (both dates inclusive).....	Tuesday, 8 September to Monday, 14 September
Latest time and date for lodging forms of proxy for the EGM.....	11:00 a.m. on Saturday, 12 September
Record date for attending and voting at the EGM	Monday, 14 September
Expected time and date of the EGM.....	11:00 a.m. on Monday, 14 September
Announcement of poll results of the EGM.....	Monday, 14 September
Register of members of the Company re-opens.....	Tuesday, 15 September
 The following events are conditional upon the results of the EGM and therefore the dates are tentative only.	
Last day of dealing in the Shares on a cum-rights basis of the Rights Issue	Tuesday, 15 September
First day of dealings in the Shares on an ex-rights basis of the Rights Issue	Wednesday, 16 September
Latest time for lodging transfer documents of the Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Thursday, 17 September

EXPECTED TIMETABLE

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

EXPECTED TIMETABLE

Events	Time and date 2026
Announcement of results of the Rights Issue including the results of the Placing and the Net Gain	Friday, 30 October
Despatch of share certificates for the full-paid Rights Shares and/or refund cheques, if any, in respect of wholly or partially unsuccessful applications.....	Monday, 2 November
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 3 November
Payment of Net Gain to relevant No Action Shareholders and Excluded Shareholders (if any).....	Tuesday, 17 November

All times and dates in this circular refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.yukwing.com) as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal no. 8 or above, a black rainstorm warning signal and/or “extreme conditions” as announced by the government of Hong Kong:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. Announcement will be made by the Company in such event as soon as practicable.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share Capital that has been approved by the Shareholders on 4 August 2026
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Anhui Runsheng”	安徽潤升電力技術有限公司 (Anhui Runsheng Electric Power Technology Co., Ltd.*), a company incorporated in the PRC with limited liability, the equity interest of which is held as to 65% by Mr. Fang Haibo, 30% by Mr. He Zhangxiang and 5% by Mr. He Xuebing as at the Latest Practicable Date. Upon Completion, the 65% equity interest in Anhui Runsheng will be held by Top Standard
“Announcement”	the announcement of the Company dated 24 July 2026 in relation to, among other things, the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Call Option”	the option granted by Mr. He Zhangxiang and Mr. He Xuebing to Top Standard, for the acquisition of the Option Share Capital. The potential exercise of the Call Option has been approved by the Shareholders on 4 August 2026
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“Colour Shine”	Colour Shine Investments Limited, a company incorporated in British Virgin Islands with limited liability, which is wholly owned by Mr. He Xiaoming
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Yuk Wing Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1536)
“Completion”	Completion of the Acquisition
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider, and if thought fit, to approve, among other matters, the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries, including Anhui Runsheng, which will be a subsidiary of the Company upon Completion
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to the operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders in respect of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder
“Independent Financial Adviser” or “INCUB”	INCUB Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder, and as to voting action therefor
“Independent Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) pursuant to the Placing Agreement
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Last Trading Day”	Friday, 24 July 2026, being the last trading day of the Shares on the Stock Exchange immediately before the release of the Announcement
“Latest Acceptance Date”	Monday, 12 October 2026
“Latest Practicable Date”	20 August 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Monday, 12 October 2026, or such other time and date as may be determined by the Company, being the latest time for the acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Monday, 26 October 2026, or such later time or date as may be agreed between the Placing Agent and the Company, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	26 October 2026 or such later date as may be agreed between the Placing Agent and the Company in writing
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) placed by the Placing Agent and/or its sub-placing agent(s) under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Option Share Capital”	the remaining equity interests in Anhui Runsheng upon Completion, comprising 30% of equity interest to be held by Mr. He Zhangxiang and the 5% of equity interest to be held by Mr. He Xuebing as at the completion date of the Acquisition
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong at the close of business on the Record Date

DEFINITIONS

“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) on a best effort basis by the Placing Agent and/or its sub-placing agent(s) to independent placee(s), who and whose ultimate beneficial owners shall be Independent Third Party(ies), during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out Type 1 (Dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) under the Compensatory Arrangements in accordance with Rule 7.21(1)(b) of the Listing Rules
“Placing Agreement”	the placing agreement dated 24 July 2026 and entered into between the Company and the Placing Agent in relation to the Compensatory Arrangements
“Placing Period”	the period commencing from Friday, 16 October 2026 and ending at 4:00 p.m. on Friday, 23 October 2026
“Placing Shares”	the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) to be placed by the Placing Agent on a best-effort basis pursuant to the terms and conditions of the Placing Agreement
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued to the Qualifying Shareholders (and the Excluded Shareholders for information only) containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 25 September 2026 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders

DEFINITIONS

“Public Float Requirement”	the public float requirement under Rule 13.32B of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Thursday, 24 September 2026 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 1,368,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 12 June 2026 entered into between Top Standard Limited (as purchaser), a direct wholly-owned subsidiary of the Company, Mr. Fang Haibo (as vendor) and Mr. He Zhangxiang and Mr. He Xuebing (as grantors) in relation to the Acquisition (including the grant of the Call Option)
“Sale Share Capital”	the 65% of the equity interest in Anhui Runsheng
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.1 per Rights Share

DEFINITIONS

“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Top Standard”	Top Standard Limited, a direct wholly-owned subsidiary of the Company
“Unsubscribed Rights Share(s)”	those Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

* *For identification purposes only*

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

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

25 August 2026

*To the Qualifying Shareholders and,
for information only, the Excluded Shareholders (if any)*

Dear Sir or Madam,

**I. PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

**II. PLACING AGREEMENT UNDER
THE COMPENSATORY ARRANGEMENTS**

AND

III. NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue (including the Placing Agreement); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board

LETTER FROM THE BOARD

Committee and the Independent Shareholders in relation to the Rights Issue (including the Placing Agreement); (iv) other information required under the Listing Rules; and (v) a notice convening the EGM.

PROPOSED RIGHTS ISSUE

The Board proposes to conduct the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the Record Date. Set out below are the details of the Rights Issue.

Rights Issue Statistics

Basis of the Rights Issue:	three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.1 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	456,000,000 Shares
Number of Rights Shares:	up to 1,368,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	up to HK\$136,800,000 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares:	1,824,000,000 Shares (assuming full subscription under the Rights Issue, no change in the number of Shares in issue on or before the Record Date and no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue:	approximately HK\$136.8 million before expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue:	approximately HK\$134.9 million after deducting the expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)

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Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue):	approximately HK\$0.0986 per Rights Share (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
Rights of excess application and underwriter:	There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten.
Compensatory Arrangements:	Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to Independent Placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares (if any) which remain unplaced under the Compensatory Arrangements in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly

As at the Latest Practicable Date, the Company has no outstanding derivatives, convertible securities, options, warrants or other similar securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date. As at the Latest Practicable Date, the Company does not hold any treasury shares.

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

Non-underwritten Basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to Independent Placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be

LETTER FROM THE BOARD

reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (a) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; (b) does not cause the Company's public float to decrease to below 25%. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

The Company has explored both potential underwriting and non-underwriting arrangements for the Rights Issue, however the Company was unable to identify any securities firms willing to act as an underwriter for the Rights Issue. The Board had determined that proceeding with the Rights Issue on a non-underwritten basis, combined with the Compensatory Arrangements (i.e., the Placing), where the Placing Agent will place the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) on a best effort basis at a price that is not less than the Subscription Price, represents the most viable and efficient approach to meet the Company's funding objectives and provides adequate compensation mechanisms and safeguards to protect the interests of the Shareholders. Therefore, the Directors consider that conducting the Rights Issue on a non-underwritten basis with the Placing is fair and reasonable and in the interest of the Company and Shareholders as a whole.

Undertakings

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue or will not take up his/her entitlements under the Rights Issue.

Subscription Price

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

The Subscription Price represents:

- (i) a discount of approximately 60.00% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM THE BOARD

- (ii) a discount of approximately 27.01% to the closing price of HK\$0.137 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 28.06% to the average of the closing prices of HK\$0.139 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 30.07% to the average of the closing prices of approximately HK\$0.143 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 8.26% to the theoretical ex-rights price of approximately HK\$0.109 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.137 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 21.99% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.110 per Share and the benchmarked price of approximately HK\$0.141 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.137 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.141 per Share); and
- (vii) a discount of approximately 68.45% to the audited consolidated net asset value per Share of approximately HK\$0.317 (based on the latest published audited consolidated net asset value of the Company of HK\$144,731,000 as at 31 March 2026 and 456,000,000 Shares in issue as at 30 June 2026).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.0986.

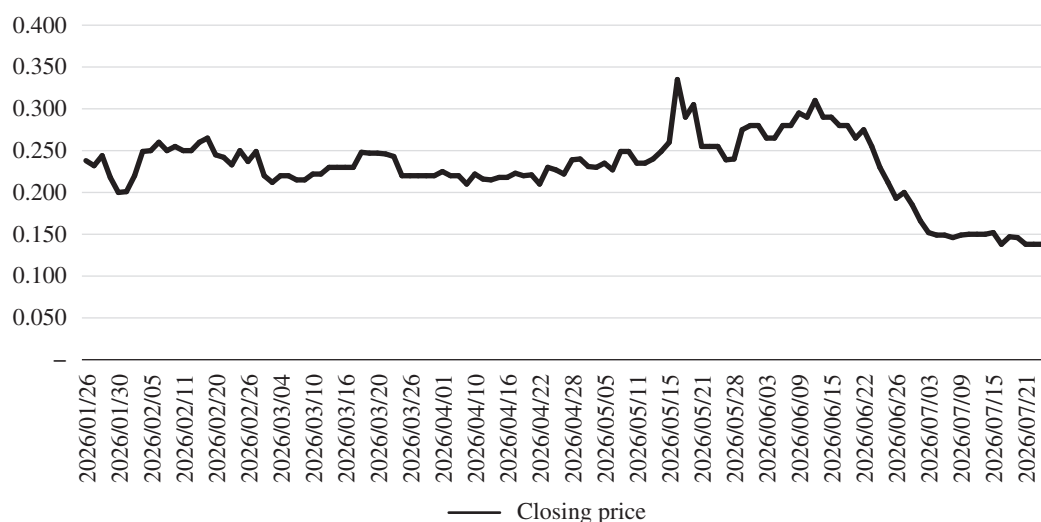
Determination of the Subscription Price

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

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In determining the Subscription Price, the Directors had reviewed the closing prices of the Shares over the six months prior to and including the Last Trading Day (the “**Review Period**”). The following chart depicts the closing prices of the Shares during the Review Period:

Share closing price performance during the Review Period



As shown in the chart above, during the Review Period, the closing price of the Shares fluctuated between HK\$0.335 per Share and HK\$0.137 per Share, with an average closing price of HK\$0.228 per Share. In particular, the closing price decreased significantly from HK\$0.275 on 22 June 2026 to HK\$0.193 per Share on 26 June 2026, and continued its downward trend to HK\$0.137 on 24 July 2026 (i.e. the Last Trading Day).

The Directors have also reviewed the trading liquidity of the Shares during the Review Period and noted that the average daily trading volume of 662,350 Shares (calculated by dividing the total trading volume by the total number of trading days during the Review Period) represented only approximately 0.15% of the total issued share capital of the Company as at the Last Trading Day. Accordingly, the Directors considered that the trading liquidity of the Shares was thin during the Review Period, demonstrating an overall lack of market liquidity.

Furthermore, the Group recorded a loss attributable to owners of the Company of approximately HK\$4.4 million for the year ended 31 March 2026 according to its annual report. The Directors considered that the prevailing prices and recent downward trend of the Shares during the period reflected the market's perception of the Group's operational performance and the overall weak market sentiment towards the Shares.

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Besides, as mentioned in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in this circular, the Company has an urgent funding needs particularly for (i) the settlement of the consideration of the Deferred Payment (as defined below) of RMB20.0 million (equivalent to approximately HK\$23.2 million)); (ii) the capital investment of approximately RMB20.0 million (equivalent to approximately HK\$23.2 million) in Anhui Runsheng; (iii) the payment of the exercise price of RMB20.1 million (equivalent to approximately HK\$23.3 million) for exercising the Call Option. Details of the funding needs are set out in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in this circular.

Under the prevailing market circumstances and economic sentiment and with reference to (i) the unfavourable price trend and lack of liquidity of the Shares during the Review Period as illustrated above, (ii) the recent business performance of the Group, especially the Group’s loss-making position for the year ended 31 March 2026, and (iii) the funding needs as mentioned above and in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in this circular, the Directors consider that it is commercially reasonable to set the Subscription Price lower than the prevailing market price and the consolidated net asset value per Share as illustrated above so as to increase the attractiveness of the Rights Issue and motivate the Qualifying Shareholders and investors to participate in the Rights Issue.

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

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the passing of the Independent Shareholders at the EGM of an ordinary resolution to approve the Rights Issue (including the Placing Agreement) and the respective transactions contemplated thereunder (more than 50% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM by way of poll);
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares by no later than the first day of their dealings;
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events;

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- (iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;
- (v) the Prospectus Documents are made available to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (vi) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and
- (vii) where applicable, all necessary waivers, consents, and approvals from the relevant governmental or regulatory authorities for the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder having been obtained and fulfilled.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above or, where no date is specified, by the Long Stop Date (or such later date as the Company may determine and announce).

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied by the respective dates set out above (or such later date as the Company may determine), the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the conditions have been satisfied.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Basis of provisional allotment

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

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

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Status of the Rights Shares

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

No fractional entitlements to the Rights Shares

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

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. A Shareholder is a Qualifying Shareholder if, at the close of business on the Record Date, it is (i) registered as a member of the Company; and (ii) not an Excluded Shareholder.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents will be made available and/or despatched (as the case may be) to the Qualifying Shareholders on the Prospectus Posting Date. Copies of the Prospectus Documents will also be made available on the websites of the Company (www.yukwing.com) and the Stock Exchange (www.hkexnews.hk). The Prospectus only (excluding the PAL) will be made available and/or despatched (as the case may be) to the Excluded Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable. The Company will despatch the PALs in printed form to the Qualifying Shareholders, but will not despatch any PAL to Excluded Shareholders (if any).

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

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

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

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The Latest Time for Acceptance is expected to be at 4:00 p.m. on Monday, 12 October 2026.

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

Rights of Overseas Shareholders (if any)

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

Based on the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder.

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

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

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 2 November 2026.

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If the Rights Issue does not become unconditional, refund cheques (without interest) are expected to be posted on or before Monday, 2 November 2026 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Those entitled, except HKSCC Nominees Limited, and in the case of joint Qualifying Shareholders, the first-named Qualifying Shareholder, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto.

Application for listing of the Rights Shares

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

Rights Shares will be eligible for admission in CCASS

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

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

Stamp duty and other applicable fees

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

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors nor any other parties

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involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

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

There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

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

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

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares (if any)) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) in respect of the Excluded Shareholders (if any), by reference to their shareholdings in the Company on the Record Date.

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

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THE PLACING AGREEMENT

On 24 July 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure the Independent Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any). Principal terms of the Placing Agreement are summarised as follows:

Date:	24 July 2026 (after trading hours)
Issuer:	the Company
Placing Agent:	Kingston Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) regulated activity under the SFO, has been appointed as the Placing Agent to procure, on a best effort basis, Independent Placee(s) to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) during the Placing Period. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent confirmed that it and its ultimate beneficial owner(s) are not connected persons of the Company.
Placing Period:	The period commencing from Friday, 16 October 2026 and ending at 4:00 p.m. on Friday, 23 October 2026.
Placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (if any):	The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (if any) shall be not less than the Subscription Price. The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (if any) during the process of placement.
Commission:	1% of the aggregate placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) successfully placed by or on behalf of the Placing Agent.

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Placees:	The Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) are expected to be placed to the Independent Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies). The Placing Agent undertakes to use its best endeavour to procure that (i) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) the Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.
Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any):	Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.
Conditions Precedent:	The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon: (i) the passing of the Independent Shareholders at the EGM of an ordinary resolution to approve the Rights Issue (including the Placing Agreement) and the respective transactions contemplated thereunder (more than 50% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM by way of poll); (ii) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked; (iii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained;

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- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect as if it was repeated as at the time of completion; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

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

Termination:

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

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

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- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or
- (v) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion date of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

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

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

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

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders and Excluded Shareholders (if any) may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders and Excluded Shareholders (if any). The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by the licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The terms and the conditions of the Placing Agreement (including the placing commission) are normal commercial terms or better, are in the best interest of the Company and the Shareholders as a whole; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Excluded Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to the Company.

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

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

With reference to the announcement of the Company dated 12 June 2026, Top Standard (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement on the same date to acquire a 65% equity interest in Anhui Runsheng at a total consideration of

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RMB37.5 million (equivalent to approximately HK\$43.5 million). Of the consideration, RMB17.5 million (equivalent to approximately HK\$20.3 million) will be settled in cash upon the completion date of the Acquisition using the internal resources of the Group, and the remaining RMB20.0 million (equivalent to approximately HK\$23.2 million) will be payable to the Vendor (or its designated nominee) within 12 months after the completion date (the “**Deferred Payment**”) using the proceeds from the fundraising exercise. According to the Sale and Purchase Agreement, should the Deferred Payment be settled within the first six (6) calendar months following the completion date of the Acquisition, no interest shall be payable by Top Standard. However, interest shall accrue at a rate of 2.5% per annum on the outstanding balance of the Deferred Payment from the day immediately after the expiry of the said 6-month period until full settlement. Given that the Company recorded a loss of approximately HK\$4.1 million for the year ended 31 March 2026 according to its latest annual results, the Board intends to settle the Deferred Payment within the interest-free period (i.e., on or before 31 March 2027 assume the completion date of the Acquisition on or before the end of September 2026) in order to avoid the additional financial burden of the 2.5% per annum interest accrual.

Anhui Runsheng holds the buildings of an industrial complex in Hefei City, Anhui Province, the PRC (comprising six blocks of 3 to 6-storey industrial buildings and one block of a 3-storey industrial building with a 1-level basement), with a total gross floor area of approximately 33,327.56 square meters, of which approximately one-third is currently being leased and the remaining two-thirds are vacant. The Company intends to establish a new production line in the vacant areas for the manufacturing of DTH rockdrilling tools within the properties held by Anhui Runsheng in Hefei by investing approximately RMB20.0 million (equivalent to approximately HK\$23.2 million) by 2027. Details of the Acquisition are set out in the announcement of the Company dated 12 June 2026 and the circular of the Company dated 15 July 2026.

In addition, according to the Sale and Purchase Agreement, the other shareholders of Anhui Runsheng, who hold the remaining 35% equity interest (i.e. the Option Share Capital) of Anhui Runsheng, granted the Call Option to Top Standard to acquire the Option Share Capital upon Completion. Top Standard may, at any time within twelve (12) months following the completion date of the Acquisition, exercise all or part of the Call Option at its sole and absolute discretion. The total exercise price of the Call Option will be RMB20.1 million (equivalent to approximately HK\$23.3 million).

The Acquisition and the potential exercise of the Call Option were subject to the Shareholders’ approval at the extraordinary general meeting held on 4 August 2026, at which the relevant resolution was duly passed by the Shareholders. As at the Latest Practicable Date, the Company was in the process of Completion.

The Board considers it is highly viable and beneficial to the Group to obtain full control of Anhui Runsheng by exercising the Call Option and to transform the Hefei facility into the Group’s main production and logistics hub. Should the Call Option be exercised, the Company will have absolute operational flexibility in Anhui Runsheng, thereby eliminating potential future friction or vetoes from minority shareholders regarding capital expenditure, dividend policies, or strategic pivots. In addition, full ownership ensures the Company does not have to

LETTER FROM THE BOARD

negotiate with or share the operational profits with minority shareholders, and holding a wholly-owned subsidiary that owns prime real estate provides a clean, unencumbered asset base. As such, the Board is proactively considering the exercise of the Call Option.

As at the Latest Practicable Date, the Company had unaudited bank balances and cash of approximately HK\$30.0 million and financial assets at fair value through profit or loss of approximately HK\$8.7 million. The Group would utilise most of its bank balances and cash for the settlement of part of the consideration of the Acquisition upon completion of the Acquisition. As stated in the Company's circular dated 15 July 2026, the Board intends to raise funds by way of debt and/or equity fundraising, such as rights issue, placing of new shares, and use part of the net proceeds for the settlement of the Deferred Payment.

Having considered that the funding needs for (i) the settlement of the consideration of the Acquisition of RMB37.5 million (equivalent to approximately HK\$43.5 million) (comprising the cash payment of RMB17.5 million (equivalent to approximately HK\$20.3 million) and the Deferred Payment of RMB20.0 million (equivalent to approximately HK\$23.2 million)); (ii) the capital investment of approximately RMB20.0 million (equivalent to approximately HK\$23.2 million) in Anhui Runsheng; (iii) the payment of the exercise price of RMB20.1 million (equivalent to approximately HK\$23.3 million) for exercising the Call Option; (iv) further development of the business in Anhui Runsheng upon completion of the Acquisition; (v) strengthen the working capital base of the Group to develop the existing business in the PRC; and (vi) the general working capital of the Group, the Board considers that a fundraising exercise is necessary.

Intended use of proceeds

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

Use of proceeds	Approximate percentage or amount	Expected timeline
(i) Settlement of the Deferred Payment	17.1% or HK\$23.1 million	Not later than 31 March 2027
(ii) Payment of the exercise price for exercising the Call Option	17.3% or HK\$23.3 million	Not later than September 2027

LETTER FROM THE BOARD

Use of proceeds	Approximate percentage or amount	Expected timeline
(iii) Business development in Anhui Runsheng as follows:		Not later than 31 March 2027
(a) Capital investment (establishment of a new production line including but not limited to the acquisition of machinery and equipment)	17.2% or HK\$23.2 million	
(b) Recruitment of additional staff for production line, inventory control and/or logistic team (payroll expenses and welfare benefits)	3.7% or HK\$5.0 million	
(c) Other operating expenses and utilities, such as marketing campaign, procurement of raw materials and logistic equipment	8.9% or HK\$12.0 million	
<i>Sub-total</i>	29.8% or HK\$40.2 million	
(iv) Expansion of business operation into the investment property held by Anhui Runsheng upon the expiration of the existing tenancies (<i>note 1</i>)	3.7% or HK\$5.0 million	By 31 December 2027

LETTER FROM THE BOARD

Use of proceeds	Approximate percentage or amount	Expected timeline
(v) General working capital of the Group as follows:		By 31 December 2027
(a) Rental expenses	8.9% or HK\$12.0 million	
(b) Payroll expenses (excluding salaries payable by Anhui Runsheng)	14.1% or HK\$19.0 million	
(c) Professional fees (including listing expenses)	3.3% or HK\$4.5 million	
(d) Other corporate/operating expenses (including but not limited to repair and maintenance, travelling expenses, entertainment and utilities expenses)	5.8% or HK\$7.8 million	
<i>Sub-total</i>	<u>32.1% or HK\$43.3 million</u>	
Total	<u>HK\$134.9 million</u>	

Note:

- As at the Latest Practicable Date, four tenancy agreements will expire within 12 months from the Latest Practicable Date. The Company intends to apply approximately HK\$5.0 million on renovation works of the units under the aforesaid four tenancy agreements in the investment property upon their expiration. Upon completion of the renovation works, the Company may either utilise the available space to expand its production and inventory capacity, or continue to generate rental income by leasing out the available space.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above. In addition, the Group intends to explore other debts or equity financing, including but not limited to the placing of new shares, borrowings from financial institutions, to fulfil the shortage of the funding requirements for, amongst others, the settlement of Deferred Payments, capital investments in Anhui Runsheng and the working capital of the Group for the next 12 months.

LETTER FROM THE BOARD

Fund-raising alternatives

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

The Company has considered other fundraising alternatives before resolving the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. In considering debt financing, given the loss-making position of the Group for the year ended 31 March 2026, the Board considered that debt financing may not be achievable on favourable terms or in a timely manner. In addition, as at 30 June 2026, being the latest practicable date for the purpose of indebtedness statement prior to the printing of this circular, the Group had total borrowings/lease liabilities of approximately HK\$31.4 million, comprising (i) bank borrowings of approximately HK\$16.6 million, which carry interest ranged from 3.1% to 6.5% per annum; (ii) other borrowings of approximately HK\$6.0 million, which carry interest at 1.0% per annum; and (iii) lease liabilities of approximately HK\$8.8 million, which carry interest rates ranging from 5.0% to 5.6% per annum. The expected interest expenses for one year based on the aforesaid borrowings/lease liabilities are approximately HK\$0.97 million. Accordingly, the Board considered that further debt financing would increase the Group's interest burden and subject it to strict financial covenants and repayment obligations. As for other equity fundraising options, such as placing of new Shares, it would lead to an immediate dilution of the shareholding interests of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is contrary to the intention of the Company. As for open offer, although it is similar to a rights issue in offering qualifying shareholders the opportunity to participate, it does not allow for the trading of rights entitlements in the open market.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES INVOLVING ISSUE OF EQUITY SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities involving issue of its equity securities in the past twelve months immediately preceding the Latest Practicable Date.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, which are for illustration purposes only, (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their entitled Rights Shares in full and there are no changes in the share capital of the Company on or before the Record Date; and (iii) immediately after completion of the Rights Issue assuming no subscription by the Qualifying Shareholders, all the Placing Shares are placed to Independent Placees under the Placing, and there are no changes in the share capital of the Company on or before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their entitled Rights Shares in full under Rights Issue		Immediately after completion of the Rights Issue assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Placees under the Placing	
	No. of issued shares	%	No. of issued shares	%	No. of issued shares	%
Substantial Shareholder						
Colour Shine (<i>Note 1</i>)	188,192,000	41.27	752,768,000	41.27	188,192,000	10.32
Public shareholders						
Independent Placees (<i>Note 2</i>)	—	—	—	—	1,368,000,000	75.00
Other public Shareholders	<u>267,808,000</u>	<u>58.73</u>	<u>1,071,232,000</u>	<u>58.73</u>	<u>267,808,000</u>	<u>14.68</u>
Total	<u>456,000,000</u>	<u>100.00</u>	<u>1,824,000,000</u>	<u>100.00</u>	<u>1,824,000,000</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

- (1) Colour Shine, a company incorporated in British Virgin Islands with limited liability, which is wholly owned by Mr. He Xiaoming.
- (2) No Independent Placee will, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company immediately upon completion of the Placing, and the Placing Shares placed to the Placee(s), being Independent Third Parties, will be counted towards the public float of the Company.
- (3) The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll, in accordance with Rule 7.19A of the Listing Rules.

Pursuant to Rule 7.27A(1) of the Listing Rules, where Independent Shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour to approve the Rights Issue at the EGM.

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

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

LETTER FROM THE BOARD

EGM, PROXY ARRANGEMENT AND CLOSURE OF REGISTER OF MEMBERS

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder. The notice convening the EGM 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 and can also be downloaded from the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. If the Shareholder attends and votes at the EGM, the instrument appointing the proxy will be deemed to have been revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM will therefore demand a poll for every resolution put to the vote of the EGM. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Rights Issue and the Placing Agreement by the Independent Shareholders at the EGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on the Prospectus Posting Date.

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares. Any dealing in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

Closure of register of members for EGM

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

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS FOR THE RIGHTS ISSUE

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

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Proposed Rights Issue — Conditions of the Rights Issue” in this circular.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Long Stop Date will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cheung Sze Ming, Mr. Wong Siu Keung Joe and Mr. Todd, Eric, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. INCU has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder are fair and reasonable.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages 35 to 36 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-29 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

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)

25 August 2026

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

We refer to the circular of the Company dated 25 August 2026 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

INCUB has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder are fair and reasonable. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages IFA-1 to IFA-29 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 8 to 34 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages IFA-1 to IFA-29 of the Circular, we are of the opinion that the terms of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Mr. Cheung Sze Ming

Mr. Wong Siu Keung Joe

Mr. Todd, Eric

Independent non-executive Directors
Yuk Wing Group Holdings Limited

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder.



INCUB Corporate Finance Limited
Room 16–112, Level 16
Lee Garden Two,
28 Yun Ping Road,
Causeway Bay, Hong Kong

25 August 2026

*To: The Independent Board Committee and
the Independent Shareholders of
Yuk Wing Group Holdings Limited*

Dear Sirs or Madams,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder. Details of the Rights Issue are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 25 August 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 24 July 2026, the Company proposed to raise gross proceeds of up to approximately HK\$136.8 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date) by way of a rights issue of up to 1,368,000,000 Rights Shares at the Subscription Price of HK\$0.1 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to Independent Placees on a best effort basis by the Placing Agent under the Compensatory Arrangements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue or will not take up his/her entitlements under the Rights Issue.

There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules. According to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to the Independent Placees for the benefit of the Shareholders to whom they were offered by way of the rights. Accordingly, on 24 July 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to the Independent Placees on a best effort basis.

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

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

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

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cheung Sze Ming, Mr. Wong Siu Keung, Joe and Mr. Todd, Eric, has been formed to advise the Independent Shareholders as to whether the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders as a whole, taking into account our recommendations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We, INCU Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

We have not acted as a financial adviser and has not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder, and accordingly, are eligible to give independent advice and recommendations on the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties that could reasonably be regarded as relevant to our independence.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in this circular and/or provided to us by the Company and the management of the Group. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects as at the Latest Practicable Date and considered that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in this circular have been arrived at after due and careful consideration and there are no other material facts not contained in this circular, the omission of which would make any such statement made by them that contained in this circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We will notify the shareholders of any material change of information in the circular up to the date of EGM.

Our review and analyses were based upon, among others, the information provided by the Group including this circular, the Placing Agreement and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 March 2026 (the “**Annual Report 2026**”). We have also discussed with the Directors and the management of the Group with respect to the reasons for the Rights Issue,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the terms of the Placing Agreement, the businesses and outlook of the Group. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses or affairs and future prospects of the Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations in respect of the Rights Issue, we have taken into consideration of the following principal factors and reasons:

1. Background and financial information of the Group

(a) Background of the Group

The Company is an investment holding company. The Group are principally engaged in (i) manufacturing and trading of down-the-hole (“**DTH**”) rockdrilling tools (the “**DTH Tool Business**”); and (ii) trading of piling and drilling machineries and rockdrilling equipment (the “**Equipment Trading Business**”).

(b) Financial performance of the Group

Set out below is a summary of the financial performance of the Group for the financial years ended 31 March 2025 (“**FY2025**”) and 31 March 2026 (“**FY2026**”) respectively as extracted from the Annual Report 2026:

	FY2025 <i>HK\$'000</i> <i>(Audited)</i>	FY2026 <i>HK\$'000</i> <i>(Audited)</i>
Revenue		
(i) DTH Tool Business	212,877	173,171
(ii) Equipment Trading Business	<u>4,197</u>	<u>5,038</u>
Total revenue	217,074	178,209
Loss before taxation	(11,949)	(2,261)
Loss for the year attributable to owners of the Company	(12,524)	(4,403)

As set out in the table above, revenue from DTH Tool Business contributed to approximately 97.2% and 98.1% of the total revenue during FY2026 and FY2025 respectively. The revenue of the Group decreased by approximately HK\$38.86 million or 17.9% from approximately HK\$217.07 million for FY2025 to approximately HK\$178.21 million for FY2026. According to the Annual Report 2026, such decrease was mainly due to the decrease in revenue of DTH Tool Business of approximately HK\$39.71 million as decrease of construction works and projects available during FY2026 when compared with FY2025, which leads to the decrease in demand for its products.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The loss for the year attributable to owners of the Company decreased by approximately HK\$8.12 million or 64.9% from approximately HK\$12.52 million for FY2025 to approximately HK\$4.40 million for FY2026. The decrease in loss was mainly due to combined effect of (i) decrease in revenue for FY2026 as mentioned above; (ii) the reversal of impairment loss on trade receivables of approximately HK\$0.84 million for FY2026 as compared to an impairment loss on trade receivables of approximately HK\$5.91 million for FY2025; and (iii) decrease in administrative expenses of approximately HK\$7.05 million for FY2026 as a result of tighter control over operational costs.

(c) Financial position of the Group

Set out below is the consolidated statement of financial position of the Group as at 31 March 2025 and 31 March 2026 respectively as extracted from the Annual Report 2026:

	As at 31 March 2025 HK\$'000 (Audited)	As at 31 March 2026 HK\$'000 (Audited)
Non-current assets		
Property, plant and equipment	11,979	19,576
Right-of-use assets	890	11,528
Deferred tax assets	<u>1,864</u>	<u>1,788</u>
	14,733	32,892
Current assets		
Inventories	49,471	52,970
Trade and other receivables	66,611	67,953
Financial assets at fair value through profit or loss	27,288	30,662
Tax recoverable	134	—
Bank balances and cash	<u>42,174</u>	<u>20,794</u>
	185,678	172,379
Total assets	200,411	205,271

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	As at 31 March 2025 <i>HK\$'000</i> <i>(Audited)</i>	As at 31 March 2026 <i>HK\$'000</i> <i>(Audited)</i>
Current liabilities		
Trade and other payables	34,879	31,164
Contract liabilities	6,994	11,489
Lease liabilities	733	11,009
Tax payable	—	257
Bank and other borrowings	<u>13,000</u>	<u>6,000</u>
	55,606	59,919
Non-current liabilities		
Deferred tax liabilities	57	21
Lease liabilities	<u>181</u>	<u>600</u>
	238	621
Net current assets	130,072	112,460
Total liabilities	55,844	60,540
Net assets	144,567	144,731

As set out in the table above, the total assets and liabilities of the Group remained stable between 31 March 2025 and 31 March 2026.

The Group's total assets increased by approximately HK\$4.86 million or 2.4% from approximately HK\$200.41 million as at 31 March 2025 to approximately HK\$205.27 million as at 31 March 2026. According to the Annual Report 2026, such increase was mainly attributable to additions of plant and machineries and leasehold improvements and increase in right-of-use assets arising from the new office lease entered into on 21 January 2026.

The Group's total liabilities increased by approximately HK\$4.7 million or 8.4% from approximately HK\$55.84 million as at 31 March 2025 to approximately HK\$60.54 million as at 31 March 2026. With reference to the Annual Report 2026, such increase was mainly attributable to increase in lease liabilities arising from the new office lease entered into on 21 January 2026 and increase in contract liabilities as a result of receipts in advance from DTH Tool Business.

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2. Reasons for and benefits of the Rights Issue and use of proceeds

(a) Intended use of proceeds

As disclosed in the Letter from the Board, the maximum net proceeds from the Rights Issue, after deducting all relevant expenses, are estimated to be approximately HK\$134.9 million (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue for the following purposes:

Use of proceeds	Approximate amount	Expected timeline
(i) Settlement of the Deferred Payment	HK\$23.1 million	Not later than 31 March 2027
(ii) Payment of the exercise price for exercising the Call Option	HK\$23.3 million	Not later than September 2027
(iii) Business development in Anhui Runsheng as follows:		Not later than 31 March 2027
(a) Capital investment (establishment of a new production line including but not limited to the acquisition of machinery and equipment)	HK\$23.2 million	
(b) Recruitment of additional staff for production line, inventory control and/or logistic team (payroll expenses and welfare benefits)	HK\$5.0 million	
(c) Other operating expenses and utilities, such as marketing campaign, procurement of raw materials and logistic equipment	HK\$12.0 million	
<i>Sub-total</i>	<u>HK\$40.2 million</u>	

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Use of proceeds	Approximate amount	Expected timeline
(iv) Expansion of business operation into the investment property held by Anhui Runsheng upon the expiration of the existing tenancies	HK\$5.0 million	By 31 December 2027
(v) General working capital of the Group as follows:		By 31 December 2027
(a) Rental expenses	HK\$12.0 million	
(b) Payroll expenses (excluding salaries payable by Anhui Runsheng)	HK\$19.0 million	
(c) Professional fees (including listing expenses)	HK\$4.5 million	
(d) Other corporate/operating expenses (including but not limited to repair and maintenance, travelling expenses, entertainment and utilities expenses)	HK\$7.8 million	
<i>Sub-total</i>	<u>HK\$43.3million</u>	
 Total	 <u><u>HK\$134.9 million</u></u>	

With reference to the announcement of the Company dated 12 June 2026, Top Standard Limited (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement on the same date to acquire a 65% equity interest in Anhui Runsheng at a total consideration of RMB37.5 million (equivalent to approximately HK\$43.5 million). Of the consideration, RMB17.5 million (equivalent to approximately HK\$20.3 million) will be settled in cash upon the completion date of the Acquisition using the internal resources of the Group, and the remaining RMB20.0 million (equivalent to approximately HK\$23.2 million) will be payable to the Vendor (or its designated nominee) within 12 months after the completion date (the “**Deferred Payment**”) using the proceeds from the fundraising exercise. According to the Sale and Purchase Agreement, should the Deferred Payment be settled within the first six (6) calendar months following the completion date of the Acquisition, no interest shall be payable by Top Standard. However, interest shall accrue at a rate of 2.5% per annum on the outstanding balance of the Deferred Payment from the day immediately after the expiry of the said 6-month period until full settlement.

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In addition, according to the Sale and Purchase Agreement, the other shareholders of Anhui Runsheng, who hold the remaining 35% equity interest (the “**Option Share Capital**”) of Anhui Runsheng, granted the Call Option to Top Standard to acquire the Option Share Capital upon Completion. Top Standard may, at any time within twelve (12) months following the completion date of the Acquisition, exercise all or part of the Call Option at its sole and absolute discretion. The total exercise price of the Call Option will be RMB20.1 million (equivalent to approximately HK\$23.3 million).

The Acquisition and the potential exercise of the Call Option were subject to the Shareholders’ approval at the extraordinary general meeting held on 4 August 2026, at which the relevant resolution was duly passed by the Shareholders. As at the Latest Practicable Date, the Company was in the process of the Completion.

In respect of the use of proceeds for the settlement of the Deferred Payment and payment of the exercise price for exercising the Call Option as mentioned in table (i) and (ii) under paragraph headed “(a) Intended use of proceeds” above, we have obtained and reviewed the Sale and Purchase Agreement and the circular (the “**Acquisition Circular**”) published on the website of the Stock Exchange dated 15 July 2026. Upon completion of the Acquisition, the Group will settle part of the consideration of approximately HK\$20.3 million using its internal resources. We note that the Group’s bank and cash balances was approximately HK\$20.79 million as at 31 March 2026 only as shown in the section headed “1. Background and financial information of the Group — (c) Financial position of the Group” above in this letter, which indicated that the Group is lack of internal resources to settle the Deferred Payment. Given that the Company recorded loss for FY2026, it is in the interests of the Company to settle the Deferred Payment within the interest-free period (i.e., on or before 31 March 2027 assume the completion date of the Acquisition on or before the end of September 2026) in order to avoid the additional financial burden of the 2.5% per annum interest accrual. We also note that approximately HK\$23.3 million is being earmarked for payment of the exercise price for exercising the Call Option.

In respect of the use of proceeds for capital investment and business development in Anhui Runsheng as mentioned in table (iii) under paragraph headed “(a) Intended use of proceeds” above, as disclosed in the Letter from the Board, the Company intends to establish a new production line for the manufacturing of DTH rockdrilling tools in the vacant areas of an industrial complex building (the “**Investment Property**”) held by Anhui Runsheng in Hefei City, Anhui Province, the PRC (comprising six blocks of 3 to 6-storey industrial buildings and one block of a 3-storey industrial building with a 1-level basement), with a total gross floor area of approximately 33,327.56 square meters, of which approximately one-third is currently being leased and the remaining two-thirds are vacant. We note from our discussion with the management of the Company that upon completion of the Acquisition, (i) the Company will be able to expand its production capacity beyond its current leased factory in Shunde, the PRC and establish a centralised warehouse in the Investment Property which secure over 30,000 square metres of high-quality

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industrial space, providing a critical logistical anchor in a major transportation hub within the PRC; and (ii) the Company is expected to save annual rental expenses of approximately RMB5.1 million, based on an estimation derived with reference to the average unit rent adopted by the independent valuer for the Investment Property, which was determined by comparing leasing similarly sized factories in a nearby Hefei location. This arrangement will allow the Group to expand its operations while optimizing long-term costs, and will eliminate the need to incur additional and unpredictable third-party rental expenses for extra industrial space in the future.

To evaluate the reasonableness of the estimated annual rental savings of approximately RMB5.1 million, we have obtained and reviewed the valuation report and the underlying calculation of the valuation of the Investment Property. We understand that the estimated annual rental expenses of approximately RMB5.1 million was calculated by multiplying the average unit rent of approximately RMB12.64 per sq.m./month by a total gross floor area of the Investment Property of approximately 33,327.56 square meters. We note that the average unit rent was derived from market rental transactions of similar-size factories in a nearby Hefei location, sourced by the independent valuer from publicly available information on the real estate agency's online platform, and was adjusted by the independent valuer to reflect factors including but not limited to time, location, level, size and layout, to account for differences between the Investment Property and the market rental transactions. We have checked the relevant market rental transactions obtained from such publicly available real estate agency platform, reviewed the adjustments and recalculated the annual rental expenses. Based on our review of the underlying calculation of the valuation and our discussion with the management of the Company regarding their basis for the estimated annual rental expenses, which was determined with reference to the average unit rent adopted by the independent valuer, we consider that the determination basis of the estimated annual rental expenses of the Investment Property is justifiable.

We understand that over 97% of the revenue for FY2025 and FY2026 are derived from DTH Tool Business, therefore, the allocation of proceeds for establishment a new production line for the manufacturing of DTH rockdrilling tools is in line with business development of the Company. We obtained and reviewed the business and operation plan provided by the Company. We note that as the Group continues to expand its product portfolio, particularly in larger-scale items such as casing tubes and cluster drills, the proposed capital investment of approximately HK\$23.2 million for the establishment of a new production line, including the acquisition of machinery and equipment, would support the expansion of the Group's production capability and may enhance its long-term scalability. We also note that approximately HK\$5.0 million would be allocated to the recruitment of additional staff for the production line, inventory control and logistics team, which would be necessary to support the increased operational scale and to maintain effective day-to-day operations. In addition, the allocation of approximately HK\$12.0 million towards other operating expenses and utilities, including marketing campaigns, procurement of raw materials and logistic equipment, appears to align with the Group's business development plan. Accordingly, we consider that allocating the proceeds towards

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capital investment and business development in Anhui Runsheng is in line with the Group's principal business and could enhance the Group's operational scale-up and market penetration, which would be favourable to the Group.

In respect of the use of proceeds for expansion of business operation into the Investment Property held by Anhui Runsheng upon the expiration of the existing tenancies as mentioned in table (iv) under paragraph headed "(a) Intended use of proceeds" above, we obtained and reviewed the rental breakdown of the Investment Property provided by the management of the Company. We note that approximately one-third of the Investment Property were leased to independent third parties while four tenancy agreements will expire within 12 months from the Latest Practicable Date. As discussed with the management of the Company, the Company intends to apply approximately HK\$5.0 million on renovation works in the Investment Property. Upon completion of the renovation works, the Company may either utilise the available space to expand its production and inventory capacity, or continue to generate rental income by leasing out the available space.

In respect of the use of proceeds for the general working capital as mentioned in table (v) under paragraph headed "(a) Intended use of proceeds" above, we have obtained and reviewed the information provided by the management of the Company, we note that the Company would allocate the proceeds from the Rights Issue of approximately HK\$43.3 million as to (a) approximately HK\$12.0 million for rental expenses; (b) approximately HK\$19.0 million for payroll expenses; (c) approximately HK\$4.5 million for professional fees; and (d) approximately HK\$7.8 million for other corporate/operating expenses (including but not limited to repair and maintenance, travelling expenses, entertainment and utilities expenses), which is expected to be utilised by 31 December 2027. According to the Annual Report 2026, the total amount of the administrative expenses and selling and distribution expenses were approximately HK\$38.24 million and HK\$10.00 million for FY2026 respectively. Meanwhile, the bank and cash balances was approximately HK\$20.79 million as at 31 March 2026. Taking into account that the Group intends to settle part of the consideration of approximately HK\$20.3 million using its internal resources upon completion of the Acquisition, we consider that the net proceeds from the Rights Issue are essential to replenish the Group's working capital, support its ongoing operational needs and improve the Group's cash position.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above. As advised by the management of the Company, the Group intends to explore other debts or equity financing, including but not limited to the placing of new shares, borrowings from financial institutions, to fulfil the shortage of the funding requirements for, amongst others, the settlement of Deferred Payments, capital investments in Anhui Runsheng and the working capital of the Group for the next 12 months.

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After considering (i) the Group's latest cash level; (ii) the funding needs for settlement of the Deferred Payment and payment of the exercise price for exercising the Call Option of the Acquisition; (iii) the funding needs to support business expansion and enhance revenue generation; and (iv) the use of proceeds for the general working capital of the Group, we consider that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole.

(b) Alternative sources of financing

We have discussed with the management of the Company that the Board has considered the pros and cons of alternative fund-raising methods, including but not limited to debt financing and equity financing such as the placing of new Shares and open offer, before resolving to the Rights Issue, which are summarized as follows:

In respect of debt financing, the Directors considered that the debt financing from financial institutions is not in the interests of the Company as it will increase the gearing of the Group and result in additional interest burden and subject the Group to strict financial covenants and repayment obligations. For illustrative purpose only, assuming the Rights Issue proceeds are financed through bank borrowings at an interest rate of 6.5% per annum, with reference to the Company's existing bank borrowings, the annual interest expense would be approximately HK\$8.9 million per annum. Based on our analysis on the financial position of the Group as discussed in the section headed "1. Background and financial information of the Group" above in this letter, after considering that (i) the Group was loss-making for FY2025 and FY2026, cost of debt financing may increase together with additional requirements with asset pledging or guarantees to be provided by the Group and may not be achievable on favourable terms in a timely manner; and (ii) debt financing will result in additional interest burden (as illustrated above) and subject the Group to repayment obligations, we concur with the Directors' view that debt financing is not beneficial to the Company and the Rights Issue would allow the Company to strengthen its capital base without incurring additional interest costs.

In respect of equity financing, the Board considers that placing of new Shares would be less favourable as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. For illustrative purpose only, based on the maximum number of 1,368,000,000 Rights Shares, if the Company conducts placing of new Shares under specific mandate, placing of such amount of new Shares would dilute the shareholding of the existing public Shareholders from approximately 58.73% to 14.68%. We also consider that it would be difficult in procuring placees given the size of the funding needs under the thin trading liquidity of the Shares as discussed in the section headed "3. Principal terms of the Rights Issue — (e) Historical trading liquidity of the Shares" below in this letter. As for open offer, although it is similar to the Rights Issue, it does not allow the trading of rights entitlements. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to

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the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). The Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market. Therefore, the Board considered that the Rights Issue would be more preferable to an open offer as it offers the Qualifying Shareholders an option to sell their entitlement rights. Accordingly, after discussing with the management of the Company and after considering the advantages of flexibility of the Rights Issue, we concur with the Directors' view that fund-raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The Rights Issue is conducted on a non-underwritten basis. As advised by the management of the Company, the Company has explored both potential underwriting and non-underwriting arrangements for the Rights Issue, however the Company was unable to identify any securities firms willing to act as an underwriter for the Rights Issue. The Board had determined to conduct the Rights Issue on a non-underwritten basis, combined with the Compensatory Arrangements (i.e., the Placing), where the Placing Agent will place the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) on a best effort basis at a price that is not less than the Subscription Price, represents the most viable and efficient approach to meet the Company's funding objectives and provides adequate compensation mechanisms and safeguards to protect the interests of the Shareholders. Therefore, the Directors consider that conducting the Rights Issue on a non-underwritten basis with the Placing is fair and reasonable and in the interests of the Company and Shareholders as a whole.

As set out in the table under the sub-section headed "(f) Comparison with recent rights issue exercises" below, all of the Comparables (as defined below) were conducted on a non-underwritten basis. Having considered that (i) it is a common market practice for listed issuers to conduct rights issue without underwriting arrangements; (ii) the Placing Agent's willingness to proceed only on a best-efforts basis; and (iii) other alternatives sources of financing as discussed above, we consider that the Rights Issue conducted on non-underwritten basis is in the interests of the Company and its Shareholders as a whole.

In light of the above, we consider that the Rights Issue is most appropriate fund raising method available to the Company and it is in the interests of the Company and the Independent Shareholders as a whole to proceed with the Rights Issue.

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3. Principal terms of the Rights Issue

(a) Terms of the Rights Issue

Set out below is the summary of the principal terms of the Rights Issue, further details of which are set out in the Letter from the Board:

Rights Issue statistics

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	456,000,000 Shares
Number of Rights Shares:	:	up to 1,368,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	up to HK\$136,800,000 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	1,824,000,000 Shares (assuming full subscription under the Rights Issue, no change in the number of Shares in issue on or before the Record Date and no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	approximately HK\$136.8 million before expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue	:	approximately HK\$134.9 million after deducting the expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)

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- Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) : approximately HK\$0.0986 per Rights Share (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
- Rights of excess application and underwriter : There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten.
- Compensatory arrangements : Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to Independent Placees on a best effort basis under the Compensatory Arrangements.

Any Unsubscribed Rights Shares or ES Unsold Rights Shares (if any) which remain unplaced under the Compensatory Arrangements in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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As at the Latest Practicable Date, the Company has no outstanding derivatives, convertible securities, options, warrants or other similar securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date. As at the Latest Practicable Date, the Company does not hold any treasury shares.

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

(b) Terms of the Placing Agreement

Set out below is the summary of the principal terms of the Placing Agreement:

Date : 24 July 2026 (after trading hours of the Stock Exchange)

Issuer : the Company

Placing Agent : Kingston Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) regulated activity under the SFO, has been appointed as the Placing Agent to procure, on a best effort basis, Independent Placee(s) to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) during the Placing Period.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent confirmed that it and its ultimate beneficial owner(s) are not connected persons of the Company.

Placing Period : The period commencing from Friday, 16 October 2026 and ending at 4:00 p.m. on Friday, 23 October 2026.

Commission : 1% of the aggregate placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) successfully placed by or on behalf of the Placing Agent.

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Placing price of the Unsubscribed Rights Shares and/or ES Unsold Rights Shares (if any) : The placing price of the Unsubscribed Rights Shares and/or ES Unsold Rights Shares (if any) shall be not less than the Subscription Price.

The final price determination will be dependent on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) during the process of placement.

Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) are expected to be placed to Independent Placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies).

The Placing Agent undertakes to use its best endeavours to procure that (i) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) the Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.

Ranking of Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) : The Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

For details of the terms and conditions of the Placing Agreement, please refer to the section headed “Placing Agreement” in the Letter from the Board.

As stated in the Letter from the Board, the terms of the Placing Agreement, including the placing commission, were determined after arm’s length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the Placing Agreement to be on normal commercial terms. In order to assess the fairness and reasonableness of the placing commission rate in the Placing Agreement, we have compared the placing commission rate in the Placing Agreement with the placing commission rates provided by the placing agents of recent rights issue transactions, which the details are set out in the sub-section headed “(h) Placing commission rate in the Placing Agreement” below in this letter.

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(c) Analysis on the Subscription Price

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

The Subscription Price represents:

- (i) a discount of approximately 60.00% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 27.01% to the closing price of HK\$0.137 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 28.06% to the average of the closing prices of HK\$0.139 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 30.07% to the average of the closing prices of approximately HK\$0.143 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 8.26% to the theoretical ex-rights price of approximately HK\$0.109 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.137 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 21.99% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.110 per Share and the benchmarked price of approximately HK\$0.141 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.137 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.141 per Share); and
- (vii) a discount of approximately 68.45% to the audited consolidated net asset value per Share of approximately HK\$0.317 (based on the latest published audited consolidated net asset value of the Company of HK\$144,731,000 as at 31 March 2026 and 456,000,000 Shares in issue as at 30 June 2026).

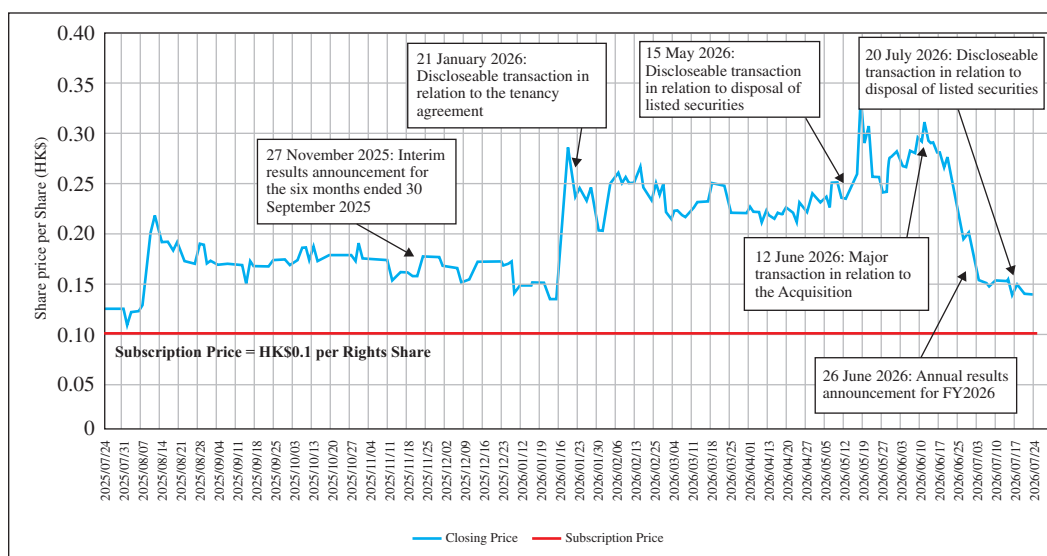
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As disclosed in the Letter from the Board, the Subscription Price was determined by the Company with reference to among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; and (iii) the reasons for the Rights Issue as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in the Circular.

(d) Comparison with historical closing prices of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the closing prices of the Shares from 24 July 2025 to the Last Trading Day (the “**Share Price Review Period**”) (being a period of approximately 12 months prior to and including the Last Trading Day) and compared with the Subscription Price. We consider that the Share Price Review Period is a reasonably long period covering the annual operating cycle of the Company for analysis purpose to illustrate the general trend and level of movement of the closing price of the Shares and thus the Share Price Review Period is fair and representative to reflect the market assessment on the financial performance of the Group and the general market sentiment.

Chart 1: Historical closing prices of the Shares



Source: website of the Stock Exchange

As shown in Chart 1, the closing price of the Shares fluctuated during the Share Price Review Period from the highest closing price of HK\$0.335 on 18 May 2026 to the lowest closing price of HK\$0.108 on 1 August 2025, with an average closing price of approximately HK\$0.197 per Share.

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The Subscription Price of HK\$0.1 represents (i) discount of approximately 70.1% to the highest closing price of HK\$0.335 per Share; (ii) discount of approximately 7.4% to the lowest closing price of HK\$0.108 per Share; and (iii) discount of approximately 49.2% to the average closing price of HK\$0.197 per Share over the Share Price Review Period. Although the Subscription Price is out of range of the closing price of the Shares during the Share Price Review Period as mentioned above, after considering that (i) the closing price of the Shares fluctuated during the Share Price Review Period; (ii) the low liquidity of the Shares as discussed in sub-section headed “(e) Historical trading liquidity of the Shares” below in this letter; (iii) the funding needs as discussed in the section headed “2. Reasons for and benefits of the Rights Issue and use of proceeds” above in this letter; and (iv) the Subscription Price is within the range in the comparable analysis as discussed in the sub-section headed “(f) Comparison with recent rights issue exercises” below in this letter and represents a discount to the prevailing historical closing prices of the Shares, which may encourage the Qualifying Shareholders to participate in the Rights Issue, we consider that the discount of the Subscription Price is fair and reasonable and the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole.

(e) Historical trading liquidity of the Shares

Month	Number of trading days	Monthly turnover	Average daily turnover	% of average daily turnover over total number of Shares in issue (Note 1)	Average daily turnover by value on Stock Exchange (HK\$ million)	Total market capitalisation of listed securities on Stock Exchange (HK\$ billion)	Market Trading Turnover Ratio (Note 2)
2025							
24 July to 31 July	6	370,000	61,667	0.014%	262,923	44,883.2	0.586%
August	21	7,218,000	343,714	0.075%	279,098	46,587.4	0.599%
September	22	1,146,000	52,091	0.011%	316,715	49,853.5	0.635%
October	20	3,272,000	163,600	0.036%	274,917	48,136.3	0.571%
November	20	684,000	34,200	0.008%	230,660	47,997.9	0.481%
December	21	1,736,000	82,667	0.018%	186,011	47,392.5	0.392%
2026							
January	21	24,258,000	1,155,143	0.253%	272,292	50,765.8	0.536%
February	17	16,914,000	994,941	0.218%	246,769	49,876.1	0.495%
March	22	1,400,000	63,636	0.014%	303,957	45,941.2	0.662%
April	19	8,112,000	426,947	0.094%	253,505	48,019.7	0.528%
May	19	18,118,000	953,579	0.209%	292,903	47,078.6	0.622%
June	21	15,900,000	757,143	0.166%	319,076	43,324.5	0.736%
2 July to Last Trading Day	17	15,316,000	900,941	0.198%	N/A	N/A	N/A
Total	246						

Source: website of the Stock Exchange

Note 1: Calculated based on the total number of the Shares at the end of each month.

Note 2: Calculated by the average daily turnover by value on Stock Exchange dividing by total market capitalisation of listed securities on Stock Exchange.

As demonstrated in the table above, the percentage of the average daily trading volume of the Shares over total number of Shares in issue were in the range of approximately 0.008% to approximately 0.253% with an average of approximately 0.101%. Upon our review of the “HKEx Monthly Market Highlights” for the period from July 2025 to June 2026 available on the website of the Stock Exchange (https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX-Monthly-Market-Highlights?sc_lang=en), we note that the average daily trading turnover over total market capitalisation of listed securities (including Main Board and GEM listed issuers) (the “**Market Trading Turnover Ratio**”) during such period ranged from approximately 0.392% to approximately 0.736% with the average of approximately 0.570%. We consider that the Market Trading Turnover Ratio, as extracted from “HKEx Monthly Market Highlights”, is a representative indicator for overall trading volume of the securities listed on the Stock Exchange. Given that the percentage of the average daily trading volume of the Shares over total number of Shares in issue during the Share Price Review Period is below the Market Trading Turnover Ratio, we consider that the trading of the Shares as a listed issuer of the Stock Exchange are relatively thin during the Share Price Review Period. Given the thin trading liquidity of the Shares during the Share Price Review Period, we consider that it is reasonable for the Subscription Price to be set at a discount to the prevailing historical closing prices of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholdings in the Company.

(f) Comparison with recent rights issue exercises

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we have identified an exhaustive list of 22 rights issue transactions (the “**Comparables**”) announced by other companies listed on the Stock Exchange during the period from 24 April 2026 to the Last Trading Day (being a period of approximately three months prior to and including the Last Trading Day) (the “**Comparable Review Period**”), excluding those rights issue transactions that have been terminated as at the Latest Practicable Date or were proposed by companies, which the shares were in prolonged suspension on the date of the relevant announcement. Although the Comparables include rights issue in different basis, engaged in different business or have different financial performance and funding needs from the Company, having considered that (i) all of the Comparables and the Company are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the principal terms of the rights issue and we are not aware of any established evidence showing any correlation between the entitlement basis of the rights issue and its underlying principal terms; (iii) including transactions conducted by the Comparables with different funding needs and business represent a more comprehensive overall market sentiment in our comparable analysis; (iv) an approximately three months period for the selection of the Comparables has generated a reasonable samples size to reflect the market practice regarding rights issue in the recent period; and (v) the Comparables were included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for similar rights issue transactions conducted

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by other issuers listed on the Stock Exchange, we consider that the list of Comparables are fair and representative samples. In addition, we consider that the Comparable Review Period is adequate and fair and representative given that (i) such period would provide us with the recent and relevant information in relation to the rights issue to demonstrate the prevailing market practices prior to the Last Trading Day under the prevailing market conditions; and (ii) we are able to identify sufficient number of samples of 22 representative Comparables that meet the aforesaid criteria for comparison analysis in such period.

Date of announcement	Stock code	Company name	Basis of entitlement	Premium/(discount) of the subscription price over/to the closing price on the last trading day as stated in the relevant announcement %	Premium/(discount) of the subscription price to the theoretical ex-rights price %	Premium/(discount) of the subscription price over/to the consolidated net asset value per share %	Theoretical dilution effect %	Placing commission %	Underwritten (Yes/No)
						(Note 1)	(Note 2)		
23 July 2026	928	King International Investment Limited	2 for 1	(31.51)	(13.29)	288.41 (Note 3)	13.29	1.5	No
17 July 2026	2211	Universal Health International Group Holding Limited	4 for 1	(4.76)	(1.00)	(87.95)	5.75	3.0%, with a maximum fee HK\$3,500,000	No
16 July 2026	1079	PINE Technology Holdings Limited	1 for 2	(41.18)	(31.82)	141.16 (Note 3)	14.32	N/A (Note 5)	No
15 July 2026	6610	Flowing Cloud Technology Ltd	4 for 1	(24.05)	(5.96)	(93.66)	19.39	1.00, with a minimum fee HK\$2,000,000	No
14 July 2026	730	Capital Industrial Financial Services Group Limited	1 for 1	0.81	0.40	(65.82)	1.10	2.0	No
13 July 2026	8027	KPM Holding Limited	2 for 1	(13.80)	(6.30)	(65.50)	11.10	3.0	No
10 July 2026	8121	Guoen Holdings Limited	4 for 1	(24.21)	(6.01)	(72.52)	22.40	4.0	No
9 July 2026	8291	Hong Kong Entertainment International Holdings Limited	3 for 1	(4.76)	(1.23)	N/A	3.57	3.0	No
24 June 2026	1355	Biosysen Limited	1 for 2	(51.43)	(41.38)	N/A	17.14	1.5	No
22 June 2026	776	Imperium Technology Group Limited	1 for 2	(66.67)	(65.00)	(34.48)	22.34	3.0	No
18 June 2026	1822	China Wood International Holding Co., Limited	1 for 1	(43.80)	(28.03)	5.48	22.42	1.50	No
17 June 2026	1792	CMON Limited	3 for 1	(14.74)	(6.25)	N/A	15.79	2.50	No
15 June 2026	73	Asian Citrus Holdings Limited	3 for 1	(28.13)	(8.91)	(84.15)	23.86	HK\$100,000 or 1.0% (whichever is higher)	No
5 June 2026	1676	Gaodi Holdings Limited	1 for 2	(12.44)	(9.00)	(51.90)	4.31	0.75	No
29 May 2026	1826	FDB Holdings Limited	1 for 2	(20.60)	(14.80)	N/A	6.90	3.5	No
26 May 2026	913	Harbour Digital Asset Capital Limited	3 for 2	(19.10)	(8.62)	(84.40)	12.80	3.0	No
21 May 2026	1942	MOG Digitech Holdings Limited	1 for 2	(54.55)	(46.85)	(90.05)	18.98	1.0	No

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Date of announcement	Stock code	Company name	Basis of entitlement	Premium/(discount) of the subscription price over/to the closing price on the last trading day as stated in the relevant announcement	Premium/(discount) of the subscription price to the theoretical ex-rights price	Premium/(discount) of the subscription price over/to the consolidated net asset value per share	Theoretical dilution effect	Placing commission	Underwritten
				%	%	%			
						(Note 1)	(Note 2)		(Yes/No)
13 May 2026	8113	V & V Technology Holdings Limited	1 for 2	1.12	0.67	(29.91)	Nil (Note 4)	N/A (Note 5)	No
12 May 2026	2350	MTT Group Holdings Limited	2 for 5	(64.29)	(57.10)	1.85	18.65	HK\$300,000 or 2.2% (whichever is higher)	No
5 May 2026	256	Citychamp Watch & Jewellery Group Limited	1 for 3	31.60	19.00	(88.90)	Nil (Note 4)	HK\$300,000 or 1.5% (whichever is higher)	No
29 Apr 2026	397	Minerva Group Holding Limited	1 for 2	(19.10)	(12.60)	(91.80)	8.50	3.5	No
27 Apr 2026	8096	Tasty Concepts Holding Limited	3 for 2	(16.70)	(7.40)	42.90	10.00	3.0	No
			Maximum	31.60	19.00	42.90	23.86		
			Minimum	(66.67)	(65.00)	(93.66)	1.10		
			Average	(23.74)	(15.98)	(55.68)	13.63		
			Median	(19.85)	(8.77)	(69.17)	13.81		
24 July 2026	1536	The Company	3 for 1	(27.01)	(8.26)	(68.45)	21.99	1.0	No

Source: website of the Stock Exchange

Note 1: The premium/discount of the subscription price over/to net asset value per share was extracted from the relevant announcement or circular of the Comparables, where such information is not directly available from the above published sources, it is computed based on the reported net asset value as shown in the latest interim results or annual results of the Comparables divided by the number of issued shares as at the date of the relevant announcement of the Comparables. Some of these Comparables' figures are shown as "N/A", which denotes that the relevant Comparable has net liabilities according to its latest published audited/unaudited consolidated financial statements.

Note 2: The theoretical dilution effect is calculated in according to Rule 7.27B of the Listing Rules or Rule 10.44A of the Rules Governing of the Listing of Securities on GEM.

Note 3: The premium of the subscription price over the net asset value per share of this comparable is exceptionally high and considered as an outlier.

Note 4: There is no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules or Rule 10.44A of the Rules Governing of the Listing of Securities on GEM) led by the transaction as the theoretical diluted price is higher than the benchmarked price.

Note 5: The transaction involves excess application with no placing arrangement.

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As illustrated from the above table, there are 19 out of 22 Comparables that the pricing of a rights issue represents a discount to both the closing share prices on the last trading day and to the theoretical ex-entitlement prices of the shares. Except for four Comparables that were in net liabilities position and two outliers, there are 13 out of 16 Comparables that the pricing of a rights issue represented a discount to the consolidated net asset value per share. It is a common market practice to set the subscription price of a rights issue at a discount to the closing share prices on the last trading day and the theoretical ex-entitlement prices in order to enhance the attractiveness of the rights issue for encouraging qualifying shareholders to participate in the rights issue.

The subscription prices of the Comparables:

- (i) ranged from a discount of approximately 66.67% to a premium of approximately 31.60% (the “**Last Trading Day Range**”), with a median of a discount of approximately 19.85% and an average of a discount of approximately 23.74% (the “**Last Trading Day Average Discount**”) to their respective closing prices per share on the last trading day as stated in the relevant announcements of the Comparables;
- (ii) ranged from a discount of approximately 65.00% to a premium of approximately 19.00% (the “**Theoretical Ex-Right Price Range**”), with a median of a discount of approximately 8.77% and an average of a discount of approximately 15.98% (the “**Theoretical Ex-Right Price Average Discount**”) for their respective average theoretical ex-rights prices per share based on the closing prices on the last trading day as stated in the relevant announcements of the Comparables; and
- (iii) ranged from a discount of approximately 93.66% to a premium of approximately 42.90% (the “**NAV Range**”), with a median of a discount of approximately 69.17% and an average of a discount of approximately 55.68% (the “**NAV Average Discount**”) for their respective subscription price to the net asset value per share of the Comparables.

As stated in the Letter from the Board, the Subscription Price of HK\$0.1 per Rights Share represents (i) a discount of approximately 27.01% to the closing price on the Last Trading Day (the “**Last Trading Day Discount**”); (ii) a discount of approximately 8.26% to the theoretical ex-rights price (the “**Theoretical Ex-Right Price Discount**”); and (iii) a discount of approximately 68.45% to the consolidated net asset value per Share (the “**NAV Discount**”).

We note that, each of the Last Trading Day Discount, Theoretical Ex-Right Price Discount and NAV Discount is within the Last Trading Day Range, the Theoretical Ex-Right Price Range and the NAV Range respectively. The Theoretical Ex-Right Price Discount is lower than the Theoretical Ex-Right Price Average Discount. As shown in the above table, the theoretical dilution effect of the Comparables ranged from discount of approximately 23.86% to premium of approximately 1.10%, which the theoretical dilution effect of the Rights Issue is within the range of the Comparables.

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Although each of the Last Trading Day Discount, the NAV Discount and the theoretical dilution effect of the Rights Issue is higher than the Last Trading Day Average Discount, the NAV Average Discount and average of the theoretical dilution effect of the Comparables, after considering that (i) a discount to the prevailing historical closing prices of the Shares may attract the Qualifying Shareholders to participate in the Rights Issue; (ii) the Last Trading Day Discount, Theoretical Ex-Right Price Discount and the NAV Discount is within the Last Trading Day Range, Theoretical Ex-Right Price Range and NAV Range, respectively; (iii) the theoretical dilution effect of the Rights Issue is within range of the Comparables and does not result in a theoretical dilution effect of 25% or more, which is in compliance with Rule 7.27B of the Listing Rules; (iv) the trading of the Shares is thin during the Share Price Review Period as discussed under the sub-section headed “(e) Historical trading liquidity of the Shares” above in this letter; (v) the funding needs of the Company as discussed in the section headed “2. Reason for and benefits of the Rights Issue and use of proceeds” above; (vi) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the subscription price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; and (vii) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole.

(g) Excess application and Compensatory Arrangements

As set out in table under the sub-section headed “(f) Comparison with recent rights issue exercises” above, 20 out of 22 of the Comparables do not have the arrangement for excess application for the qualifying shareholders. In compliance with Rule 7.21(1)(b) of the Listing Rules where there is no excess application arrangement in relation to the Rights Issue, the Company has arranged the Compensatory Arrangements to be put in place for the Rights Issue. After considering that (i) Qualifying Shareholders are given equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company; and (ii) no excess application arrangement is a common market practice based on the analysis of the Comparables, we consider that the Compensatory Arrangements for the Unsubscribed Rights Shares and ES Unsold Rights Shares are fair and reasonable so far as the Independent Shareholders are concerned.

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(h) Placing commission rate in the Placing Agreement

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

As set out in table under the sub-section headed “(f) Comparison with recent rights issue exercises” above, we note that the placing commission rate of 1.0% under the Placing Agreement is within the range of the placing commission rates provided by the placing agents of the Comparables, which was ranged from 0.75% to 4.0% of the fund raised. We also note that some of the placing agents of the Comparables would require a minimum fixed fee ranged from HK\$300,000 to HK\$2,000,000, which was not required in the Placing Agreement. Accordingly, we consider that the placing commission rate in the Placing Agreement is fair and reasonable.

Taking into account the above principal terms of the Rights Issue and the Placing Agreement, we consider that the terms of the Rights Issue and the Placing Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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4. Dilution effect of the Rights Issue on the shareholding of the Company

Set out below is the shareholding structure of the Company, which are for illustration purposes only, (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their entitled Rights Shares in full and there are no changes in the share capital of the Company on or before the Record Date; and (iii) immediately after completion of the Rights Issue assuming no subscription by the Qualifying Shareholders, all the Placing Shares are placed to Independent Placees under the Placing, and there are no changes in the share capital of the Company on or before the Record Date:

	(i) As at the Latest Practicable Date		(ii) Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their entitled Rights Shares in full under the Rights Issue		(iii) Immediately after completion of the Rights Issue assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Placees under the Placing	
	Approximate % of total		Approximate % of total		Approximate % of total	
	No. of Shares	no. of Shares in issue	No. of Shares	no. of Shares in issue	No. of Shares	no. of Shares in issue
Substantial Shareholder						
Colour Shine (Note 1)	188,192,000	41.27%	752,768,000	41.27%	188,192,000	10.32%
Public Shareholders						
Independent Placees (Note 2)	—	—	—	—	1,368,000,000	75.00%
Other public Shareholders	267,808,000	58.73%	1,071,232,000	58.73%	267,808,000	14.68%
Total	<u>456,000,000</u>	<u>100.00%</u>	<u>1,824,000,000</u>	<u>100.00%</u>	<u>1,824,000,000</u>	<u>100.00%</u>

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

Note 2: No Independent Placee will, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company immediately upon completion of the Placing, and the Placing Shares placed to the Placee(s), being Independent Third Parties, will be counted towards the public float of the Company.

Note 3: The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

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All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their provisional allotments in full under the Rights Issue, their shareholding interests in the Company will remain unchanged upon completion of the Rights Issue (assuming full acceptance of the Rights Issue). Qualifying Shareholders who do not accept the Rights Issue entitlements can, subject to the then prevailing market conditions, consider selling their nil-paid Rights Shares in the market. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of 75.0%.

We note that, assuming no subscription by the Qualifying Shareholders under the Rights Issue, the shareholding interests of the existing public Shareholders would be diluted from approximately 58.73% to 14.68% of the total number of issued Shares immediately before and after the Rights Issue respectively. However, such dilution effect may only arise when Qualifying Shareholders do not subscribe for their pro-rata Rights Shares. Those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company and have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market. Furthermore, the Rights Issue is subject to Independent Shareholder's approval at the EGM. The Independent Shareholders have the opportunity to express their views on the terms of the Rights Issue through their votes at the EGM. We also note that as stated in the table of Comparables in the section headed "3. Principal terms of the Rights Issue — (f) Comparison with recent rights issue exercises" above, the Theoretical Ex-Right Price Discount is within the Theoretical Ex-Right Price Range and lower than the Theoretical Ex-Right Price Average Discount.

Having considered that (i) the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for the Rights Shares for maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; (iii) the reasons for and benefits of the Rights Issue as stated in the section headed "2. Reason for and benefits of the Rights Issue and use of proceeds" above; (iv) the Theoretical Ex-Right Price Discount is within the Theoretical Ex-Right Price Range and lower than the Theoretical Ex-Right Price Average Discount; and (v) the positive impact on the financial performance and position of the Group as stated in the section headed "5. Possible financial effects of the Rights Issue" below, we are of the view that the potential dilution effect on the shareholding interest of the Shareholders (who decide not to take up their assured entitlements in full) as a result of the Rights Shares is acceptable.

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5. Possible financial effects of the Rights Issue

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will become upon completion of the Rights Issue.

The audited consolidated net asset value of the Group attributable to owners of the Company was approximately HK\$113.02 million as at 31 March 2026. According to the “Unaudited pro forma financial information of the Group” set out in Appendix II to this circular, upon completion of the Rights Issue (assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders), the unaudited pro forma adjusted consolidated net asset value of the Group attributable to the owners of the Company would increase to approximately HK\$247.92 million. As such, the Rights Issue is expected to have a positive impact on the financial position of the Group.

Considering that upon completion of the Rights Issue, the capital base of the Company will be strengthened, execute its business plan, and replenish its working capital to support its operations, we are of the view that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Having taken into account the above principal factors and reasons discussed above, we are of the opinion that the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder are on normal commercial terms, and fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the upcoming EGM to approve the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
INCUCorporate Finance Limited
Gina Leung **Psyche So**
Managing Director *Director*

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCUCorporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

Ms. Psyche So is a licensed person registered with the SFC and a responsible officer of INCUCorporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over nine years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three 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), respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 March 2024 is disclosed in the annual report of the Company for the year ended 31 March 2024 published on 16 July 2024, from pages 56 to 147 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0716/2024071600228.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 March 2025 is disclosed in the annual report of the Company for the year ended 31 March 2025 published on 29 July 2025, from pages 55 to 147 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0729/2025072900887.pdf>); and
- (iii) the audited consolidated financial information of the Group for the year ended 31 March 2026 is disclosed in the annual report of the Company for the year ended 31 March 2026 published on 30 July 2026, from pages 56 to 147 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0730/2026073000814.pdf>).

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

	Approximate HK\$'000
Lease liabilities, secured and unguaranteed	8,837
Bank borrowing, secured	11,577
Bank borrowing, guaranteed	5,000
Other borrowing, unsecured and unguaranteed	<u>6,000</u>
Total indebtedness	<u><u>31,414</u></u>

Lease liabilities, secured and unguaranteed

As at 30 June 2026, the Group, as a lessee, had lease liabilities with outstanding principal amount of approximately HK\$8.8 million. The incremental borrowing rates applied to the lease liabilities ranged from 5.0% to 5.63%.

Bank borrowing, secured

As at 30 June 2026, the Group's bank borrowing of approximately HK\$11.6 million was secured by an investment property owned by Anhui Runsheng and carried interest at 3.55%.

Bank borrowing, guaranteed

As at 30 June 2026, the Group's bank borrowing of approximately HK\$5 million was guaranteed by the Company and carried interest at 6.5%.

Other borrowing, unsecured and unguaranteed

As at 30 June 2026, the Group's other borrowing of approximately HK\$6 million was unsecured and carried interest at 1% per annum.

Charges on the Group's assets

As at 30 June 2026, a property owned by Anhui Runsheng was pledged to a bank to secure a personal banking facility granted to a shareholder of Anhui Runsheng. The outstanding principal amount secured by the said property was approximately RMB3.8 million as at 30 June 2026.

Save as disclosed above, and apart from intra-group liabilities and normal accounts payables in the ordinary course of business of the Group, as at 30 June 2026, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptance (other than normal trade bills)), acceptance credits, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, any other mortgages and charges or any other material contingent liabilities or guarantees.

C. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements, and for at least twelve months from the date of this circular.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 March 2026, being the date to which the latest published audited consolidated financial statements were made up.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in (i) the manufacturing and trading of down-the-hole (“DTH”) rockdrilling tools; and (ii) the trading of piling and drilling machineries and rockdrilling equipment, providing comprehensive technical rockdrilling solutions for building foundations, piling, mining, quarrying, water well drilling, utility linings, micro-tunneling and overburden drilling across a wide range of geological conditions and depths. The Group’s self-designed and manufactured products comprise DTH hammers, casing systems and other products including button bits and bit openers, as well as its newly developed drill pipes, cluster drills and casing tubes. The Group’s products serve as critical consumables in the foundation and infrastructure works of the construction value chain, and Hong Kong remains the Group’s principal market, contributing approximately HK\$169.0 million, or approximately 94.8%, of the Group’s total revenue for the year ended 31 March 2026.

For the year ended 31 March 2026, the Group recorded revenue of approximately HK\$178.2 million, representing a decrease of approximately 17.9% as compared with approximately HK\$217.1 million for the year ended 31 March 2025. The Board considers that the decrease was primarily attributable to the sluggish market environment and the reduction in the number of rockdrilling projects available in the Hong Kong market during the year, coupled with a competitive pricing environment in both the Hong Kong and the PRC markets, which resulted in lower demand for the Group’s products. In particular, revenue derived from the PRC market decreased significantly from approximately HK\$15.1 million to approximately HK\$3.8 million during the year.

Notwithstanding the decrease in revenue, the Group’s gross profit margin improved to approximately 22.7% for the year ended 31 March 2026 (2025: approximately 20.2%), reflecting changes in product mix and the Group’s pricing strategy. In addition, management adopted a disciplined approach to cost control, as a result of which the Group’s administrative expenses decreased by approximately 15.6% to approximately HK\$38.2 million (2025: approximately HK\$45.3 million) and its selling and distribution expenses decreased by approximately 12.3% to approximately HK\$10.0 million (2025: approximately HK\$11.4 million). Together with a lower level of impairment recognised during the year, the Group’s net loss narrowed to approximately HK\$4.1 million for the year ended 31 March 2026, as compared with a net loss of approximately HK\$12.2 million for the year ended 31 March 2025. These results demonstrate management’s agility in safeguarding the Group’s bottom line amidst a challenging operating environment.

As at the Latest Practicable Date, the Group had unaudited cash and cash equivalents of approximately HK\$31.0 million and maintained a gearing ratio of approximately 23.1%. While the Board considers the Group’s financial position to be stable, it is mindful that a substantial portion of the Group’s cash resources will be applied towards the settlement of the consideration for the Acquisition, and that additional funding will be required to develop the Group’s business in the PRC as described in this circular.

Looking ahead, the Board maintains a cautious stance regarding the near-term outlook of the Hong Kong construction market, which continues to be affected by the uncertain economic environment. Demand for the Group's DTH rockdrilling tools is closely correlated with the pipeline of foundation, piling and infrastructure projects, and the Board expects that the continued rollout of public infrastructure initiatives in Hong Kong will, over the medium to long term, underpin demand for foundation and drilling works. At the same time, the Group remains committed to the mainland China market and intends to rebuild and strengthen its footprint in the PRC region, where ongoing investment in infrastructure, mining and water resource projects is anticipated to generate steady demand for rockdrilling consumables.

Against this backdrop, the Board is of the view that the Group's historical reliance on a single production base in Hong Kong has constrained its ability to serve the PRC market cost-effectively. The establishment of a dedicated production and logistics base in the PRC, through the Acquisition and the Group's proposed capital investment in Anhui Runsheng as described in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" in this circular, therefore represents a natural and necessary step for the Group to capture regional demand, shorten delivery lead times and improve its cost competitiveness.

Leveraging its established market reputation, experienced management team and technical know-how, the Group remains confident in its ability to navigate the current market uncertainties, capture emerging demand, and deliver sustainable long-term value to its Shareholders.

A. INTRODUCTION

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Company and its subsidiaries (collectively referred to as the “**Existing Group**”) attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with rule 4.29 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” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the proposed rights issue on the basis of three (3) rights shares for every one (1) share held on the record date on a non-underwritten basis (the “**Proposed Rights Issue**”) on the consolidated net tangible assets of the Existing Group attributable to owners of the Company as if the Rights Issue had taken place on 31 March 2026.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Existing Group attributable to owners of the Company as at 31 March 2026, as extracted from the published annual report of the Company for the year ended 31 March 2026, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the adjusted consolidated net tangible assets of the Existing Group attributable to owners of the Company as at 31 March 2026 or at any future dates immediately after completion of the Proposed Rights Issue.

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION

	Audited consolidated net tangible assets of the Existing Group attributable to owners of the Company as at 31 March 2026	Estimated net proceeds from the Proposed Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Existing Group attributable to owners of the Company as at 31 March 2026
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>
Based on 1,368,000,000 Rights Shares to be issued	<u>113,016</u>	<u>134,900</u>	<u>247,916</u>

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
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HK\$

Based on 1,368,000,000 Rights Shares to be issued:

Audited consolidated net tangible assets of the Existing Group per Share attributable to owners of the Company as at 31 March 2026 before the completion of the Proposed Rights Issue (<i>Note 4</i>)	<u><u>0.248</u></u>
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Unaudited pro forma adjusted consolidated tangible assets of the Existing Group per Share attributable to owners of the Company immediately after completion of the Proposed Rights Issue (<i>Note 5</i>)	<u><u>0.136</u></u>
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Notes:

- 1 The amount is based on the audited consolidated net assets of the Existing Group attributable to owners of the Company as at 31 March 2026, extracted from the audited consolidated statement of financial position of the Existing Group as at 31 March 2026 included in the annual report of the Company for the year ended 31 March 2026.
- 2 The amount of estimated net proceeds from the Proposed Rights Issue is based on up to 1,368,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.1 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,900,000.
- 3 The unaudited pro forma adjusted consolidated net tangible assets of the Existing Group attributable to the owners of the Company immediately after completion of the Proposed Rights Issue is based on the audited consolidated net tangible assets of the Existing Group attributable to the owners of the Company as at 31 March 2026 plus the estimated net proceeds from the Proposed Rights Issue as set out in Note 2 above.
- 4 The audited consolidated net tangible assets of the Existing Group per Share attributable to the owners of the Company as at 31 March 2026 before completion of the Proposed Rights Issue is determined based on the audited consolidated net tangible assets as set out in Note 1 above divided by 456,000,000 Shares in issue as at 31 March 2026.
- 5 The unaudited pro forma adjusted consolidated net tangible assets of the Existing Group per Share attributable to the owners of the Company immediately after completion of the Proposed Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Existing Group attributable to owners of the Company immediately after completion of the Proposed Rights Issue as set out in Note 3 above, divided by 1,824,000,000 Shares (assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders), comprising (i) 456,000,000 Shares in issue as at 31 March 2026; and (ii) 1,368,000,000 Rights Shares to be issued.
- 6 No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Existing Group attributable to owners of the Company to reflect any trading results or other transactions of the Existing Group entered into subsequent to 31 March 2026. For the avoidance of doubt, the acquisition of 65% of the equity interest in Anhui Runsheng, as disclosed in the circular of the Company dated 15 July 2026, has not been taken into account in the preparation of the Unaudited Pro Forma Financial Information. Accordingly, Anhui Runsheng is not included as a subsidiary of the Existing Group for the purposes of the Unaudited Pro Forma Financial Information, which has been prepared solely to illustrate the effect of the Proposed Rights Issue on the Existing Group.

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

The following is the text of a report received from the independent reporting accountants, Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, made on 25 August 2026 in respect of the Group's unaudited pro forma financial information for the purpose of inclusion in this circular.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Yuk Wing Group Holdings Limited**

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 (hereinafter collectively referred to as the “**Existing Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Existing Group attributable to owners of the Company as at 31 March 2026 and related notes as set out on pages II-1 to II-2 of the circular dated 25 August 2026 issued by the Company in connection with the Proposed Rights Issue (as defined below) (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Company's proposed rights issue of up to 1,368,000,000 Rights Shares at HK\$0.1 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held on the record date on a non-underwritten basis (the “**Proposed Rights Issue**”) on the Existing Group's consolidated net tangible assets attributable to owners of the Company as at 31 March 2026 as if the transaction had taken place at 31 March 2026. As part of this process, information about the Existing Group's consolidated net tangible assets has been extracted by the Directors from the Existing Group's audited consolidated financial statements for the year ended 31 March 2026, on which an audit report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with rule 4.29 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 (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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 behaviour.

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”, which requires the firm to design, implement and operate a system of quality management including policies or 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 rule 4.29(7) 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 have compiled the Unaudited Pro Forma Financial Information in accordance with rule 4.29 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 the Circular is solely to illustrate the impact of the Proposed Rights Issue on unadjusted financial information of the Existing Group as if the transaction 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 transaction 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 transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited 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 Existing Group, the 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 by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Existing Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Li Man Chun Jesse
Practising certificate number P08302
Hong Kong, 25 August 2026

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 Company. 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. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(a) As at the Latest Practicable Date

Authorised: HK\$

<u>20,000,000,000</u>	Shares of HK\$0.1 each	<u>2,000,000,000</u>
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Issued and fully paid: HK\$

<u>456,000,000</u>	Shares of HK\$0.1 each	<u>45,600,000</u>
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(b) Immediately upon completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

Authorised: HK\$

<u>20,000,000,000</u>	Shares of HK\$0.1 each	<u>2,000,000,000</u>
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Issued and fully paid: HK\$

<u>456,000,000</u>	Shares of HK\$0.1 each	<u>45,600,000</u>
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<u>1,368,000,000</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>136,800,000</u>
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<u>1,824,000,000</u>	Shares in issue immediately upon completion of the Rights Issue	<u>182,400,000</u>
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All the Rights Shares in issue and to be issued rank and will rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Rights Shares in issue and to be issued are or will be listed on Main Board of the Stock Exchange.

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

As at the Latest Practicable Date, the Company did not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executive's interests in the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors or chief executive of the Company or their associates had any 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.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as known to the Directors or the chief executive of the Company, the following corporations or individuals (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or which were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange:

Name	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of shareholding
Colour Shine	Beneficial owner	188,192,000 (Note 1)	41.27%
Mr. He Xiaoming	Interest in a controlled corporation (Note 2)	188,192,000 (Note 2)	41.27%

Note:

1. As at the Latest Practicable Date, Colour Shine had charged 188,192,000 Shares to Kingston Securities Limited as security pursuant to the share charge entered into between Kingston Securities Limited as chargee and Colour Shine as charger dated 1 February 2018.
2. As at the Latest Practicable Date, 188,192,000 shares were held by Colour Shine, a company beneficially and wholly owned by Mr. He Xiaoming. Mr. He Xiaoming was deemed to be interested in all the shares held by Colour Shine by virtue of the SFO. Mr. He Xiaoming is also the sole director of Colour Shine.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other corporation or individual (other than the Directors or chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS

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

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2026 (being the date to which the latest published audited financial statements of the Group were made up).

8. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

10. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

- (i) the Placing Agreement;
- (ii) the Sale and Purchase Agreement dated 12 June 2026 entered into between Top Standard (a direct wholly-owned subsidiary of the Company) as purchaser, Mr. Fang Haibo as vendor and Mr. He Zhangxiang and Mr. He Xuebing as grantors, pursuant to which (i) Top Standard conditionally agreed to acquire, and the vendor conditionally agreed to sell, the Sale Share Capital, representing 65% of the equity

interest in Anhui Runsheng, at a total consideration of RMB37.5 million (equivalent to approximately HK\$43.5 million); and (ii) the grantors granted to Top Standard the Call Option to acquire the remaining 35% equity interest in Anhui Runsheng, exercisable in whole or in part at any time within twelve months following completion at a total exercise price of RMB20.1 million (equivalent to approximately HK\$23.3 million);

- (iii) 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;
- (iv) the pledge agreement dated 15 August 2025 entered into between Industrial and Commercial Bank of China Limited (Feidong sub-branch) and Anhui Runsheng in relation to the pledge of an investment property of Anhui Runsheng in favour of the bank to secure a personal bank loan of RMB7.8 million granted to Mr. He Zhangxiang. As at the Latest Practicable Date, the aforesaid pledge has been released; and
- (v) the placing agreement dated 9 October 2024 entered into between the Company and Kingston Securities Limited as placing agent, pursuant to which the Company conditionally agreed to place, through the placing agent on a best efforts basis, up to 76,000,000 placing shares to not less than six independent placees at the placing price of HK\$0.085 per placing share.

11. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular (collectively, the “**Experts**”):

Name	Qualification
INCUB Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Baker Tilly Hong Kong Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

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

12. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$1.9 million, which are payable by the Company.

13. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors

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

Audit and compliance committee

Mr. Wong Siu Keung Joe (*Chairman*)

Mr. Cheung Sze Ming

Mr. Todd, Eric

Nomination committee

Mr. Cheung Sze Ming (*Chairman*)

Mr. Wong Siu Keung Joe

Mr. Todd, Eric

Ms. Li Kai Lai Miranda

Remuneration committee

Mr. Cheung Sze Ming (*Chairman*)

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
Authorised representatives	Ms. Chan Wing Ting
Business address of all Directors and authorised representatives	Units 6505–11, 65/F The Center No. 99 Queen's Road Central Central, Hong Kong
Company Secretary	Ms. Chan Wing Ting
Cayman share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
Principal bankers	Bank of China (Hong Kong) Limited DBS Bank (Hong Kong) Limited Guangdong Shunde Rural Commercial Bank Company Limited
Auditor	Baker Tilly Hong Kong Limited Level 8, K11 ATELIER King's Road 728 King's Road, Quarry Bay Hong Kong
Legal adviser to the Company as to Hong Kong laws	David Fong & Co. Unit A, 12th Floor China Overseas Building 139 Hennessy Road Wanchai Hong Kong

Financial Adviser to the Company	Kingston Corporate Finance Limited 72/F, The Center 99 Queen's Road Central Central Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	INCU Corporate Finance Limited Room 16-112, Level 16 Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Placing Agent	Kingston Securities Limited 72/F, The Center 99 Queen's Road Central Central Hong Kong

14. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Li Kai Lai Miranda (李嘉麗) (“**Ms. Li**”), aged 52, was appointed as an Executive Director on 15 January 2021. She is a member of the Nomination Committee. She also holds directorship in a subsidiary of the Company. Ms. Li obtained a Diploma in Computer Programming and Analysis from Seneca College of Applied Arts and Technology in Canada in June 2004. She has over 15 years of experience in corporate management. From November 2010 to June 2025, she was a director of Soho Funds Investment Limited, mainly responsible for providing a spectrum of yachting solutions, including insurance, berthing, captains and crew, management and emergency support services for luxury yacht charter. Ms. Li is an executive director of Far East Holdings International Limited (Stock Code: 36) and a non-executive director of World Digital Economy Asset Group Limited (formerly known as China Supply Chain Holdings Limited) (Stock Code: 3708). The shares of the above-named companies are listed on the Main Board of the Stock Exchange.

Ms. Woo Lan Ying (胡蘭英) (“Ms. Woo”), aged 58, was appointed as an Executive Director and Chief Executive Officer on 2 July 2024. Ms. Woo is an entrepreneur operating various businesses, including but not limited to consultancy and entertainment business, and has extensive experience in corporate management and project investments. Ms. Woo also involved in a lot of charitable and community activities and was a member of the Campaign Committee of The Community Chest of Hong Kong for the year of 2018/2019. Ms. Woo is an executive director and vice chairman of World Digital Economy Asset Group Limited (formerly known as China Supply Chain Holdings Limited) (Stock Code: 3708), which shares are listed on the Main Board of the Stock Exchange. She is also an executive Director and chairman of Jisheng Group Holdings Limited (Stock Code: 8133), which shares are listed on the GEM of the Stock Exchange. Ms. Woo was an executive director and vice chairman of Hing Ming Holdings Limited (Stock Code: 8425) from March 2021 to January 2022, a company listed on the GEM of the Stock Exchange. Ms. Woo was also an executive director and vice chairperson of Silkwave Inc (Stock Code: 471) from May 2024 to February 2026, a company listed on the Main Board of the Stock Exchange. Ms. Woo also served as an executive director and chairman of NOVA Group Holdings Limited (Stock Code: 1360) from January 2025 to August 2025. The shares of the above-named company were delisted from the Stock Exchange on 7 August 2025.

Independent non-executive Directors

Mr. Cheung Sze Ming (張詩敏) (“Mr. Cheung”), aged 57, was appointed as an independent non-executive Director on 31 January 2024. He is the chairman of each of the Nomination Committee and the Remuneration Committee and a member of the Audit and Compliance Committee. He has over 30 years of working experience in an international audit firm and public listed companies. Mr. Cheung holds a Bachelor’s Degree in Accountancy from the Hong Kong Polytechnic University. He is also a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung is an executive director, the chief financial officer and company secretary of Far East Holdings International Limited (Stock Code: 36) and Baijin Life Science Holdings Limited (formerly known as Affluent Partners Holdings Limited) (Stock Code: 1466). The shares of the above-named companies are listed on the Main Board of the Stock Exchange. Mr. Cheung is also an independent non-executive director of Ocean Line Port Development Limited (Stock Code: 8502), which shares are listed on the GEM of the Stock Exchange. Mr. Cheung was an independent non-executive director of Great Wall Terroir Holdings Limited (Stock Code: 524) from March 2021 to November 2024, which shares are listed on the Main Board of the Stock Exchange.

Mr. Wong Siu Keung Joe (黃兆強) (“Mr. Wong”), aged 61, was appointed as an Independent Non-executive Director on 31 January 2024. He is the chairman of the Audit and Compliance Committee and a member of each of the Nomination Committee and the Remuneration Committee. He holds a Degree of Master of Arts in International Accounting from City University of Hong Kong and a Master’s Degree of Corporate Governance from Hong Kong Polytechnic University. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong has extensive experience in taxation, accounting, financing, audit field and public listed companies for many years. Mr. Wong is an executive director, the chairman, the chief financial officer and company secretary of DeTai New Energy Group Limited (Stock Code: 559) and an independent non-executive director of Baijin Life Science Holdings Limited (formerly known as Affluent Partners Holdings Limited) (Stock Code: 1466). The shares of the above-named companies are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Baijuyi Holdings Group Limited (Stock Code: 8081), which shares are listed on the GEM of the Stock Exchange. Mr. Wong was an independent non-executive director of VSING Limited (Stock Code: 8292) from June 2016 to June 2023, which shares are listed on the GEM of the Stock Exchange. Mr. Wong is an independent non-executive director of China Water Industry Group Limited (“**China Water**”) (Stock Code: 1129), which shares are listed in the Main Board of the Stock Exchange. Mr. Wong was informed that China Water was ordered to be wound up and official receiver was appointed as the provisional liquidator by the High Court of Hong Kong on 15 June 2026. Mr. Wong ceased the director’s powers on 15 June 2026 and he confirmed that he was not a party of such winding up proceedings and is not aware of any actual or potential claim that has been or will be made against him as a result of the above.

Mr. Todd, Eric (“Mr. Todd”), aged 64, was appointed as an Independent Non-executive Director on 23 January 2026. He is a member of each of the Audit and Compliance Committee, the Nomination Committee and the Remuneration Committee. He has over 30 years of extensive professional experience in auditing, financial management, investment and media industry. Mr. Todd received a Bachelor’s Degree in Business Administration in Accounting and Finance from the School of Management of Boston University in Massachusetts, United States of America. Mr. Todd has qualified as an U.S. Certified Public Accountant in 1989 and was a member of the American Institute of Certified Public Accountants from 1989 to 2010. Mr. Todd started his career at the Hong Kong office of KPMG (formerly known as KPMG Peat Marwick) from 1985 to 1990 and subsequently joined the Standard Chartered Bank Group and worked from 1991 to 1995. Prior to joining the Company, he had been employed as a business consultant and also served as finance director for several companies engaged in the media industry.

Mr. Todd is currently an executive director of Kin Shing Holdings Limited (Stock Code: 1630) and an independent non-executive director of Twintek Investment Holdings Limited (Stock Code: 6182). The shares of the above-named companies are listed on the Main Board of the Stock Exchange.

Mr. Todd was an executive director and chairman of Far East Holdings International Limited (Stock Code: 36) from February 2021 to February 2024 and an independent non-executive director of Wan Kei Group Holdings Limited (Stock Code: 1718) from January 2021 to November 2024. The shares of the above-named companies are listed on the Main Board of the Stock Exchange.

15. AUDIT AND COMPLIANCE COMMITTEE

As at the Latest Practicable Date, the audit and compliance committee of the Board (the “**Audit and Compliance Committee**”) comprised all of the independent non-executive Directors, namely Mr. Wong Siu Keung Joe (the chairman of the Audit and Compliance Committee), Mr. Cheung Sze Ming and Mr. Todd, Eric. The background, directorship and past directorship (if any) of each of the members of the Audit and Compliance Committee are set out in the section headed “14. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT” in this appendix. The primary duties of the Audit and Compliance Committee include, among others, (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; (b) review the Group’s financial statements and periodic reports and accounts, and to review significant financial reporting judgements contained therein; and (c) review the Group’s financial reporting controls, risk management and internal control systems.

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yukwing.com) from the date of this circular up to and including the date of the EGM:

- (a) the Placing Agreement;
- (b) the letter from the Board, the text of which is set out on pages 8 to 34 of this circular;
- (c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 35 to 36 of this circular;
- (d) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-29 of this circular;
- (e) the independent reporting accountant’s report on the unaudited pro forma financial information of the Group issued by Baker Tilly Hong Kong Limited, the text of which is set out in Appendix II to this circular;
- (f) the material contracts referred to in the paragraph headed “10. MATERIAL CONTRACTS” of this appendix;
- (g) the written consents referred to in paragraph headed “11. EXPERTS AND CONSENTS” of this appendix; and

- (h) this circular.

17. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group had no significant exposure to foreign exchange liabilities.
- (c) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EGM

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 OF EXTRAORDINARY GENERAL MEETING

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, Hong Kong on Monday, 14 September 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. **“THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares (as defined below, in their nil-paid and fully-paid forms) to be allotted and issued to the shareholders of the Company (the “**Shareholder(s)**”) and the Rights Issue becoming unconditional in accordance with its terms and conditions:
 - (a) the issue by way of Rights Issue of up to 1,368,000,000 ordinary shares (the “**Rights Share(s)**”) at the subscription price of HK\$0.1 per Rights Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company on the date (the “**Record Date**”) by reference to which entitlement under the Rights Issue will be determined (other than those shareholders (the “**Excluded Shareholders**”) with registered addresses outside Hong Kong whom the Directors (the “**Directors**”), after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) on the basis of three (3) Rights Shares for every one (1) existing share of the Company then held on the Record Date and otherwise on the terms and conditions set out in the circular of the Company dated 25 August 2026 (the “**Circular**”) (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) be and is hereby approved;
 - (b) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to the Rights Issue notwithstanding the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to the Excluded Shareholders as they may deem necessary, desirable or expedient having regard to any restrictions or obligations under the articles of

NOTICE OF EGM

association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;

- (c) subject to and conditional upon the passing of the resolution set out in paragraphs (a) and (b) above, the Placing Agreement dated 24 July 2026 entered into between the Company and Kingston Securities Limited (a copy of which has been produced to this meeting marked “B” and signed by the chairman of this meeting for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders (the “**Unsubscribed Rights Shares**”) and/or the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form which have not been sold by the Company (the “**ES Unsold Rights Shares**”) at the placing price of not less than the Subscription Price of HK\$0.1 per Rights Share on a best efforts basis, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified, and the allotment and issue of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) to the placees procured thereunder be and is hereby approved; and
- (d) any one of the Directors be and is hereby authorised to do all such acts and things, as he/she may in his/her discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to executing and delivering, and (where required) affixing the common seal of the Company to, all such documents), and to agree to such variation, amendment or waiver as, in his/her opinion, appropriate and 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, 25 August 2026

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

NOTICE OF EGM

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this notice.
2. Voting at the EGM will be taken by poll as required under the Listing Rules.
3. For determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 8 September 2026 to Monday, 14 September 2026 (both dates inclusive) during which period no transfer of the Shares will be registered. In order to qualify for entitlement to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 7 September 2026.
4. Any shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend, speak and vote instead of him/her at the EGM (or at any adjournment of it). A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM of the Company. A proxy need not be a shareholder of the Company.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
6. In order to be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not less than 48 hours before the time appointed for holding the EGM.
7. Completion and return of the form of proxy shall not preclude a member of the Company from attending the EGM and voting in person at the EGM or any adjournment thereof if he/she/it so desires. If a member of the Company attends the EGM after having deposited the form of proxy, his/her/its form of proxy will be deemed revoked.
8. Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, then one of the said persons so present being the most, or as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holder stand on the register in respect of the relevant joint holding.
9. References to time and dates in this notice are to Hong Kong time and dates.
10. The English text of this notice shall prevail over the Chinese text in case of inconsistency.
11. If a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above or "extreme conditions" caused by super typhoons is in force at or at any time after 8:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.yukwing.com) to notify members of the date, time and place of the rescheduled meeting.

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.