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## **Yik Wo International Holdings Limited**

**易和國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8659)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

#### **THE SALE AND PURCHASE AGREEMENT**

On 29 April 2022 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor in respect of the Acquisition. Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$18,500,000. The Consideration shall be satisfied by the Company by the allotment and issue of 74,000,000 Consideration Shares to the Vendor at the Issue Price of HK\$0.25 per Consideration Share upon Completion.

The Consideration Shares comprising 74,000,000 Shares represents (i) approximately 10.97% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.89% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion).

The Consideration Shares will be allotted and issued under the General Mandate and are not subject to the approval of the Shareholders. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued, shall rank *pari passu* with the Shares in issue.

## **GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions, therefore the Sale and Purchase Agreement may or may not proceed. Accordingly, the Acquisition may or may not materialise and Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 4 March 2022 in relation to the entering into of a non-legally binding memorandum of understanding between the Company and Mr. Hu Kun (胡昆) in relation to the possible acquisition of the entire equity interest in Youpinhui by the Group.

On 29 April 2022 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor in respect of the Acquisition. Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$18,500,000.

## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are as follows:

- Date : 29 April 2022 (after trading hours)
- Parties : (i) the Company, as purchaser; and
- (ii) Youpinhui Investment Holdings Limited, as vendor.

As at the date of this announcement, the Sale Shares are legally and beneficially owned by the Vendor, which is direct wholly owned by Mr. Hu Kun. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Target Company, the Vendor and its ultimate beneficial owner are Independent Third Parties.

## **Assets to be acquired**

The Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company. Upon Completion, the Company will indirectly hold the entire issued share capital of Youpinhui through the Target Company.

At present, the Reorganisation of the holding companies of Youpinhui is in the course of implementation. Upon completion of the Reorganisation, the Company will acquire the Target Company from the Vendor, at a consideration of HK\$18,500,000.

## **Consideration**

The Consideration of HK\$18,500,000 shall be satisfied by the Company by the allotment and issue of 74,000,000 Consideration Shares to the Vendor under the General Mandate at the Issue Price of HK\$0.25 per Consideration Share upon Completion.

The Consideration was determined after arms' length negotiations between the Company and the Vendor with reference to the Valuation Report of Youpinhui prepared by the Independent Valuer, and that the Sale Shares represent the entire issued share capital of Youpinhui. The appraised value of Youpinhui was HK\$18,900,000 as at 31 March 2022, which was arrived at by the Independent Valuer under the market approach.

## **Consideration Shares**

The Consideration Shares comprising 74,000,000 Shares represents (i) approximately 10.97% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.89% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion).

The Consideration Shares will be allotted and issued pursuant to the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 20% of the total number of the issued Shares. The maximum number of Shares that can be issued under the General Mandate is 120,000,000 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of the Consideration Shares.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares will rank *pari passu* in all respects with each other and with the Shares in issue at the time of the Consideration Shares.

### **Issue Price**

The Issue Price of HK\$0.25 represents:

- (i) the same as the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on 29 April 2022, being the date of the Sale and Purchase Agreement;
- (ii) a discount of approximately 1.57% to the average closing price of approximately HK\$0.254 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 4.21% to the average closing price of approximately HK\$0.261 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the date of the Sale and Purchase Agreement;
- (iv) a premium of approximately 1.67% over the average closing price of approximately HK\$0.2459 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the date of the Sale and Purchase Agreement; and
- (v) a discount of approximately 16.81% to the net asset value per Share of approximately HK\$0.3005 as at 31 December 2021, based on (a) the equity attributable to the Shareholders of approximately RMB165,439,000 as at 31 December 2021; (b) 674,482,760 Shares in issue as at the date of the Sale and Purchase Agreement; and (c) an exchange rate of RMB1:HK\$1.225 as at 31 December 2021 as extracted from Bloomberg.

The Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to, among other things, the recent price performance of the Shares and the prevailing market conditions.

## Conditions Precedent

Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

- (i) the Company having completed the legal and/or financial due diligence review of the Target Group, the results of which being satisfactory to the Company;
- (ii) the Company having satisfied that each member of the Target Group is duly incorporated, validly existing and of good standing, and that the shareholding structure of the Target Group pursuant to the Sale and Purchase Agreement is true, correct, accurate, complete, legal and valid;
- (iii) the Company having obtained the approval from the Board in respect of the transactions contemplated under the Sale and Purchase Agreement as well as the allotment and issue of the Consideration Shares;
- (iv) the Target Company having indirectly held the entire issued share capital of Youpinhui;
- (v) the parties having obtained all necessary third party consents, approvals, authorisations, waivers, clearances and certifications in relation to Acquisition and other relevant matter;
- (vi) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares and such approval not having been revoked;
- (vii) each of the parties having complied with the terms and conditions of the Sale and Purchase Agreement and there having been no material breach of the Sale and Purchase Agreement by any party thereto;
- (viii) all of the warranties and representations contained in the Sale and Purchase Agreement being true, correct, complete, accurate and not misleading in all material respects at Completion, as if repeated at Completion and all undertakings contained in the Sale and Purchase Agreement, to the extent being capable of being fulfilled prior to the Completion Date, having been fulfilled in all respects;
- (ix) the purchaser, the Vendor and the Target Company having complied with the GEM Listing Rules in all respects for the Acquisition; and
- (x) it has not come to the attention of the Company that any material adverse change or effect on the Target Group has occurred prior to the Completion Date or are reasonably likely to occur whether on or before the Completion Date.

The Company may waive any of the above conditions precedent in clauses (i), (ii) and (x) by giving notice in writing to the Vendor.

As at the date of this announcement, none of the conditions above are satisfied. If the conditions above have not been fulfilled or waived (as the case may be) on or before 31 May 2022 (or such later date as the parties may agree), the Sale and Purchase Agreement shall cease and terminate and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Sale and Purchase Agreement.

**Completion**

Completion shall take place within five business days after fulfilment or waiver (as the case may be) of all the conditions precedent to the Sale and Purchase Agreement, or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

Upon Completion, the Target Company will become a direct wholly owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

**INFORMATION ON THE PARTIES**

**The Group**

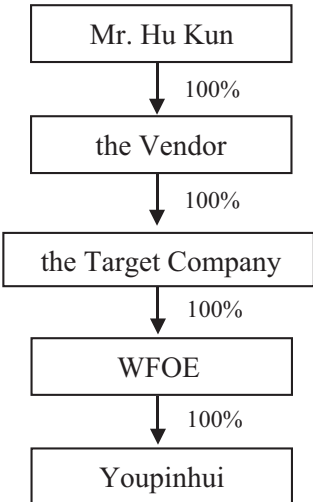
The Group is principally engaged in the design and development, manufacturing and sales of disposable plastic food storage containers in the PRC.

**The Vendor**

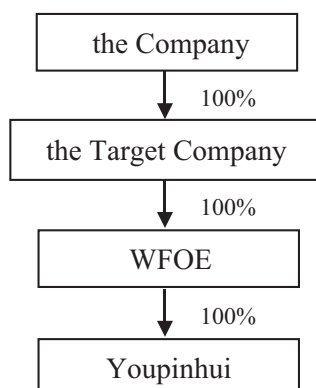
Youpinhui Investment Holdings Limited is an investment holding company incorporated in the British Virgin Islands and beneficially owned by Mr. Hu Kun.

**The Target Group**

The shareholding structure of the Target Group following the Reorganisation and immediately before Completion is as follows:



The shareholding structure of the Target Group held by the Company immediately after Completion is as follows:



The Target Company is an investment holding company incorporated in Hong Kong.

Youpinhui is a company incorporated in the PRC with limited liability, and is principally engaged in the development and operation of mobile app and e-commerce platform namely 優拼匯 (Youpinhui\*), enabling its users to purchase daily necessities and agricultural products via the mobile app. By the end of 2021, the mobile app had over 400,000 registered users and had around 40,000 daily active users.

Set out below is the financial information of Youpinhui for the two years ended 31 December 2021 prepared in accordance with generally accepted accounting principles in the PRC:

	<b>Year ended 31 December 2021 (unaudited) RMB'000</b>	<b>Year ended 31 December 2020 (unaudited) RMB'000</b>
Revenue	52,154	—
Profit before taxation	6,625	(31)
Profit after taxation	5,962	(31)

As at 31 December 2021, the unaudited net asset value of Youpinhui was approximately RMB5.9 million.

Since the Target Company and the WFOE are both incorporated as investment holding companies, they have minimal assets and did not generate any revenue or profit as to date.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As of the date of this announcement, the Company has 674,482,760 Shares in issue. The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately upon Completion and the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion):

	As at the date of this announcement		Immediately upon Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Xu Youjiang <sup>(Note)</sup>	375,982,760	55.74	375,982,760	50.23
Merit Winner Limited	67,500,000	10.01	67,500,000	9.02
The Vendor	—	—	74,000,000	9.89
Public Shareholders	<u>231,000,000</u>	<u>34.25</u>	<u>231,000,000</u>	<u>30.86</u>
<b>Total</b>	<b><u>674,482,760</u></b>	<b><u>100.00</u></b>	<b><u>748,482,760</u></b>	<b><u>100.00</u></b>

*Note:* Among the 375,982,760 Shares, 74,482,760 Shares were held by Mr. Xu Youjiang in his personal capacity, and 301,500,000 Shares were held by Prize Investment Limited, a company wholly owned by Mr. Xu Youjiang.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the design and development, manufacturing and sales of disposable plastic food storage containers in the PRC. While the Group will continue to expand its market share in the disposable plastic storage container market, the Group has been exploring potential business opportunities from time to time in order to diversify its business, broaden its income source and eventually optimise the returns to the Shareholders.

The e-commerce market in the PRC has continued to grow over the past few years. According to the E-commerce in China Report 2020 (中國電子商務報告2020) issued by the Ministry of Commerce of the PRC, the national online retail sales has increased from approximately RMB5.2 trillion in 2016 to approximately RMB11.8 trillion in 2020, representing a cumulative annual growth rate (“CAGR”) of approximately 22.9% during the period. Since the outbreak of COVID-19 in 2020 and the accompanying lock-down measures, businesses have accelerated their digitalization and offline to online transformation as customers increasingly shifted their purchase from offline to online shopping, and thereby spurred further growth in retail e-commerce market. According to eMarketer (<https://www.emarketer.com/content/china-e-commerce-forecast-2021>), the PRC’s retail e-commerce market is expected to continue its growth and reach approximately



US\$3.8 trillion (equivalent to approximately RMB24.6 trillion) in 2025. eMarketer, established in 1996, is a subscription-based market research company that provides insights and trends related to digital marketing, media and commerce. As such, the Directors believe that the Acquisition will enable the Group to grasp the growth momentum in the PRC's retail e-commerce market and expand the business scope of the Group, which are beneficial to the long-term development of the Group.

Having considered the above factors, the Board considers that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **GEM LISTING RULES IMPLICATION**

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions, therefore the Sale and Purchase Agreement may or may not proceed. Accordingly, the Acquisition may or may not materialise and Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares by the Company from the Vendor in accordance with the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Company”	Yik Wo International Holdings Limited (易和國際控股有限公司), an exempted company incorporated in the Cayman Islands, whose issued Shares are listed and traded on GEM (Stock code: 8659)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement

“Completion Date”	the date of Completion
“Consideration”	the consideration of HK\$18,500,000 for the Acquisition which will be satisfied by the allotment and issue of the Consideration Shares
“Consideration Share(s)”	74,000,000 new Shares to be allotted and issued by the Company to the Vendor for the Acquisition
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM , as amended, supplemented or otherwise modified from time to time
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 31 May 2021 to allot and issue up to 120,000,000 Shares, representing 20% of the then total number of Shares on the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and connected person(s) of the Company
“Independent Valuer”	Vincorn Consulting and Appraisal Limited, an independent professional valuer
“Issue Price”	the issue price of HK\$0.25 per Consideration Share
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Reorganisation”	reorganisation of the shareholding structure in respect of the holding companies of Youpinhui

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 April 2022 and entered into between the Company and the Vendor in respect of the Acquisition
“Sale Shares”	the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Youpinhui Enterprise Limited (優拼匯企業有限公司), a limited company incorporated in Hong Kong
“Target Group”	the Target Company and its subsidiaries
“Valuation Report”	the valuation report prepared by the Independent Valuer in respect of the appraised value of Youpinhui as at 31 March 2022
“Vendor”	Youpinhui Investment Holdings Limited (優拼匯投資控股有限公司), a company incorporated in British Virgin Islands
“WFOE”	a company to be incorporated in the PRC, which shall be a wholly-owned subsidiary of the Target Company and the holding company of Youpinhui upon completion of Reorganisation
“Youpinhui”	Beijing Youpinhui Trading Co., Ltd.* (北京優拼匯商貿有限公司), a company incorporated in the PRC with limited liability
“%”	per cent.

\* For identification purposes only

By Order of the Board  
**Yik Wo International Holdings Limited**  
**Xu Youjiang**  
*Chairman and Executive Director*

Hong Kong, 29 April 2022

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xu Youjiang, Ms. Xu Liping and Mr. Zhang Yuansheng; and three independent non-executive Directors, namely Mr. Chung Chi Kit, Mr. Liu Dajin and Mr. Deng Zhihuang.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 announcement 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 announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least seven days from the date of its posting and on the Company’s website ([www.yikwo.cn](http://www.yikwo.cn)).*