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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)

SUPPLEMENTAL ANNOUNCEMENT 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

Reference is made to the announcement of Yik Wo International Holdings Limited (the “**Company**”) dated 29 April 2022 (the “**Announcement**”) in relation to the entering into of the Sale and Purchase Agreement in respect of the Acquisition. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Company would like to provide the Shareholders and potential investors of the Company with additional information in relation to the Announcement as follow:

(1) PRC LEGAL OPINION REGARDING THE BUSINESS OF YOUPINHUI

As disclosed in the Announcement, 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.

According to the Regulations on Telecommunications of the PRC (《中華人民共和國電信條例》), the operation of value-added telecommunication business should obtain value-added telecommunication business license(s), and value-added telecommunication business refers to the business of telecommunication and information services provided by using public network

infrastructure. Catalog of Classes of Telecommunications Businesses (2015 Edition) (《電信業務分類目錄(2015年版)》) stipulates the detailed categories of value-added telecommunications business. Under the Administrative Rules on Internet Information Services (《互聯網信息服務管理辦法》), it is necessary to obtain value-added telecommunication service license(s) for operating Internet information services. Operating Internet information services refer to the activities of providing paid services to online subscribers through information Internet or website production. According to the relevant provisions of the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) and the Administrative Rules for Foreign Investments in Telecommunications Enterprises (2022 Revision) (《外商投資電信企業管理規定(2022年修訂)》), the proportion of foreign investors' capital contribution in a foreign-invested telecommunications enterprise operating value-added telecommunications services (including wireless paging services of basic telecommunications services) shall not ultimately exceed 50% (e-commerce, domestic multi-party communications, store-and-forward and call center business and those stipulated by other state regulations are excluded).

Youpinhui provides its services mainly through mobile application named 優拼匯 (Youpinhui*). Youpinhui uses 優拼匯 (Youpinhui*) as an online sales platform to sell a variety of special agricultural products purchased by Youpinhui to customers. Its specific business model is that Youpinhui displays the information of available products to registered customers on 優拼匯 (Youpinhui*) who would purchase products online through 優拼匯 (Youpinhui*) and pay for the products they purchase. Youpinhui then receives the order information and purchases the products from third-party suppliers who would ship the products directly to the customers. Under such business model, Youpinhui, as the operator of 優拼匯 (Youpinhui*), is responsible for the review of products on the shelves, order tracking and management, daily system maintenance and customer service, etc. The mobile application (i.e. 優拼匯 (Youpinhui*)) does not involve any third-party merchants, and Youpinhui does not charge any Internet information service fees for the services provided on this online platform.

According to the consultation made by Youpinhui to Beijing Communications Authority (北京市通信管理局) which is the competent communications authority of Youpinhui in May 2022, it is not required to obtain value-added telecommunications business license in respect of its sales to customers through 優拼匯 (Youpinhui*). Accordingly, as advised Youpinhui's PRC legal adviser, given that Youpinhui's business through 優拼匯 (Youpinhui*) does not include providing e-commerce platform services to third parties or charging any fees for the use of the mobile application on its customers, the services provided by Youpinhui through 優拼匯 (Youpinhui*) are not required to obtain a value-added

telecommunication business license. In addition, according to the relevant PRC laws and regulations, the business operated and services provided by 優拼匯 (Youpinhui*) do not constitute value-added telecommunication business or operating Internet information services, and therefore are not subject to any foreign investment restrictions and do not require the establishment of a variable interest entity structure.

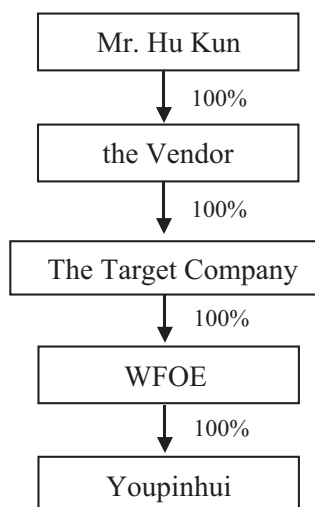
(2) FINANCIAL INFORMATION OF THE TARGET COMPANY

As disclosed in the Announcement, since the Target Company and the WOFE are both incorporated as investment holding companies, they have minimal assets and did not generate any revenue or profit as to the date of the Announcement. The unaudited net liability value of the Target Company is approximately HK\$13,608 as at 30 April 2022 and given that the WOFE is still under incorporation, its net asset value is unavailable as at the date of this announcement.

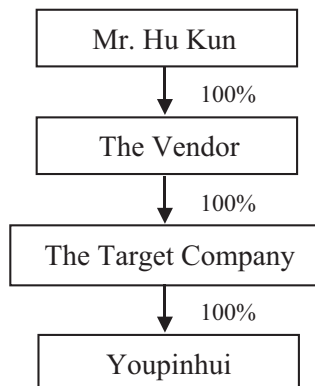
However, due to the pandemic in Shanghai and the lengthy process of the establishment of WOFE, the shareholding structure of the Target Group will be changed following the Reorganisation. Please refer to the section headed “(3) Change of the Shareholding Structure of the Target Group” below for further details.

(3) CHANGE OF THE SHAREHOLDING STRUCTURE OF THE TARGET GROUP

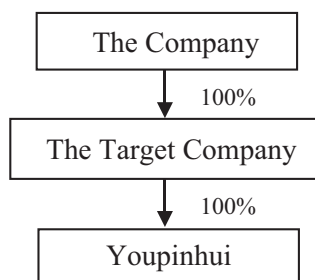
As disclosed in the Announcement, the shareholding structure of the Target Group following the Reorganisation and immediately before Completion is as follows:



Due to the pandemic in Shanghai, the establishment of WOFE may take a relatively longer time. Therefore, the shareholding structure of the Target Group following the Reorganisation and immediately before Completion is changed to the following:



The shareholding structure of the Target Group held by the Company immediately after Completion is therefore changed to the following:



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

* *For identification purpose*

Hong Kong, 19 May 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) for at least seven days from the date of its posting and on the Company’s website (www.yikwo.cn).