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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)**

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023**

The board (“**Board**”) of directors (“**Directors**”) of Yik Wo International Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited results of the Group for the three months ended 31 March 2023. This announcement, containing the full text of the 2023 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of first quarterly results.

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

Hong Kong, 15 May 2023

*As at the date of this announcement, the executive Directors are Mr. Xu Youjiang, Ms. Xu Liping and Mr. Zhang Yuansheng; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Liu Dajin and Mr. Deng Zhihuang.*

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting and the Company’s website at [www.yikwo.cn](http://www.yikwo.cn).*



# Yik Wo International Holdings Limited

## 易和國際控股有限公司

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### First Quarterly Report

# 2023

# CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “**Director(s)**”) of Yik Wo International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report 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 report misleading.*

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

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# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023

	Notes	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Revenue</b>	3	<b>59,591</b>	53,224
Cost of sales		<b>(42,768)</b>	(38,350)
<b>Gross profit</b>		<b>16,823</b>	14,874
Other income		<b>175</b>	85
Selling expenses		<b>(3,770)</b>	(2,686)
Administrative and other operating expenses		<b>(7,264)</b>	(4,194)
<b>Profit from operations</b>		<b>5,964</b>	8,079
Finance costs		<b>(47)</b>	(41)
<b>Profit before income tax</b>	4	<b>5,917</b>	8,038
Income tax expense	5	<b>(2,134)</b>	(2,327)
<b>Profit for the period</b>		<b>3,783</b>	5,711
<b>Other comprehensive (expense) income, net of tax:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operation recognised		<b>(15)</b>	58
<b>Total comprehensive income for the period</b>		<b>3,768</b>	5,769
<b>Earnings per share attributable to equity holders of the Company</b>			
– Basic and diluted (RMB cents)	7	<b>0.5</b>	1.0

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	Share capital RMB'000	Share premium* RMB'000	Statutory reserve* RMB'000	Translation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000
As at 1 January 2022	5,418	52,086	16,867	518	90,550	165,439
Profit for the period	-	-	-	-	5,711	5,711
Other comprehensive income						
- Exchange difference on translation of foreign operation recognised	-	-	-	58	-	58
Total comprehensive income for the period	-	-	-	58	5,711	5,769
As at 31 March 2022	5,418	52,086	16,867	576	96,261	171,208
As at 1 January 2023	6,667	83,348	23,679	(362)	120,315	233,647
Profit for the period	-	-	-	-	3,783	3,783
Other comprehensive expense						
- Exchange difference on translation of foreign operation recognised	-	-	-	(15)	-	(15)
Total comprehensive income for the period	-	-	-	(15)	-	3,768
<b>As at 31 March 2023</b>	<b>6,667</b>	<b>83,348</b>	<b>23,679</b>	<b>(377)</b>	<b>124,098</b>	<b>237,415</b>

\* The reserves accounts comprise the Group's reserve of approximately RMB230,748,000 in the condensed consolidated statement of financial position as at 31 March 2023 (as at 31 March 2022: RMB165,790,000).



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 December 2018. The immediate and ultimate holding company is Prize Investment Limited, a company incorporated in the British Virgin Islands, which is controlled by Mr. Xu Youjiang (“**Mr. Xu**”). The address of the registered office and principal place of business of the Company are at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and Wukeng Industrial Zone, Longhu Town, Jinjiang City, Fujian Province, China, respectively.

The Company is an investment holding company. The Group is principally engaged in the design and development, manufacturing and sales of disposable plastic food storage containers and the development and operation of mobile app and e-commerce platform in the People’s Republic of China (the “**PRC**”).

The unaudited condensed consolidated financial statements (the “**Quarterly Financial Statements**”) are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (RMB’000), unless otherwise stated.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Quarterly Financial Statements for the three months ended 31 March 2023 has been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and the accounting principles generally accepted in Hong Kong which include the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The Quarterly Financial Statements does not include all of the information required in the annual consolidated financial statements and should be read in conjunction with the annual report of the Group for the year ended 31 December 2022.

The Quarterly Financial Statements for the three-month period ended 31 March 2023 have not been audited by the Group’s auditors but have been reviewed by the Company’s audit committee.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

## 3. REVENUE

The Group derives revenue from sales of products in the following brand and nature.

	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Brand:		
Products under "JAZZIT" brand	49,394	46,424
Non-branded products	6,966	6,800
	<b>56,360</b>	53,224
Disposable plastic food storage containers	56,360	53,224
E-commerce: daily necessities and other household goods	3,231	-
	<b>59,591</b>	53,224
Nature:		
Regular products	42,159	40,349
Customised products	13,376	11,901
Others	825	974
	<b>56,360</b>	53,229
Disposable plastic food storage containers	56,360	53,229
E-commerce: daily necessities and other household goods	3,231	-
	<b>59,591</b>	53,224



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

## 4. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Depreciation		
- Owned used	3,061	2,397
- Held under leases	388	243
Amortisation of intangible assets included in administrative and other operating expenses	1,242	500
Short-term lease charges in respect of office	240	-
Gain on lease modification upon termination of leases	(84)	-
Cost of inventories recognised as an expense	33,680	32,267
Research and development cost (including staff costs)	1,691	1,235
Staff costs (including Directors' emoluments)		
- Salaries, allowances and other benefits	5,122	3,678
- Contributions to defined contribution retirement plans	376	198

## 5. INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is accordingly not subject to income tax in the Cayman Islands.

No provision for profits tax has been provided by the Company as the Company had no assessable profits subject to taxation in any jurisdiction. No provision for Hong Kong profits tax has been provided as the Group had no assessable profits arising from Hong Kong during the three months ended 31 March 2023 and 2022.

The provision for PRC enterprise income tax has been provided at the applicable tax rate of 25% for the three months ended 31 March 2023 (31 March 2022: 25%) on the assessable profits of the PRC subsidiaries.

	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Current tax</b>		
- Provision for PRC enterprise income tax	2,134	2,327

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

## 6. DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 31 March 2023 (31 March 2022: Nil).

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to equity holders of the Company is calculated based on the following:

	2023 (unaudited)	2022 (unaudited)
<b>Earnings:</b>		
Profit for the period attributable to equity holders of the Company (RMB'000)	3,783	5,711
<b>Number of shares:</b>		
Number of ordinary shares (in thousands)	748,483	600,000

The diluted earnings per share equal to basic earnings per share as there was no potential ordinary share in issue for the three months ended 31 March 2023 and 2022.

## 8. SHARE CAPITAL

	No. of ordinary shares	RMB'000
<b>Authorised:</b>		
As at 31 December 2022 and 31 March 2023	5,000,000,000	45,147

	No. of ordinary shares	RMB'000
<b>Issued and fully paid:</b>		
As at 31 December 2022 and 31 March 2023	748,482,760	6,667

Note:

- (i) The ordinary shares of the Company has a par value of HK\$0.01 each.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the design and development, manufacturing and sales of disposable plastic food storage containers and the development and operation of mobile app and e-commerce platform in the PRC. Mr. Xu, the chairman and executive Director of the Company is responsible for the overall management, strategic development and major decision-making of the Group.

The Group facilitates production of a comprehensive range of disposable plastic food storage containers, which are mainly sold to customers in the PRC, with a small portion of the sales to customers in overseas countries, including but not limited to United Kingdom and Saudi Arabia.

The revenue of the Group recorded an increase by approximately 12.0% from approximately RMB53.2 million for the three months ended 31 March 2022 to approximately RMB59.6 million for the three months ended 31 March 2023 primarily due to the demands for the Group's disposable plastic food storage containers having increased and contribution of revenue from our new e-commerce segment of approximately RMB3.2 million for the three months ended 31 March 2023.

Looking forward, the Directors consider that the Group will continue to be affected by external opportunities and challenges such as the popularity of environmentally friendly disposable plastic food storage containers, advances in production technologies and competition from substitutes, such as disposable food storage containers in the market made of other materials. The Directors are of the view that maintaining product safety and focusing on environmental protection, brand promotion, expansion of sales channels and product customisation remain to be the key drivers for the growth of the disposable plastic storage container business. With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to strengthen its market position in the industry and expand its market share by the implementation of the business plans.

In view of the rapidly growing trend over the past few years of the film industry and enhancement of regulatory environment and favourable policies in the PRC, the Directors believe that the passive investment in film projects at this moment will enable it to leverage the opportunities that the COVID-19 pandemic in the PRC has gradually eased and popular entertainment needs will rebound, and seize the opportunity in the emerging film industry. For which, the Group entered into the equity sale and purchase agreements dated 10 September 2021 and supplemental agreements dated 20 January 2022 (the "**Supplemental Agreements**"), to acquire 100% equity interest of June Pictures & Media Limited ("**June Pictures**") with total consideration RMB20,571,430. This acquisition was completed on 27 April 2022. The Directors believe that this investment will bring income to the Group and is a suitable investment, which will also expand the business scope of the Group.

In addition, the e-commerce market in the PRC has continued to grow over the past few years. The Group acquired 100% interest in Beijing Youpinhui Trading Co., Ltd.\* (北京優拼匯商貿有限公司) ("**Beijing Youpinhui**") through acquisition of Youpinhui Enterprise Limited ("**Youpinhui Enterprise**"), which held Beijing Youpinhui, on 1 June 2022. Beijing Youpinhui is engaged in the development and operation of mobile app and e-commerce platform. In July 2022, the Group launched a new e-commerce APP platform Yihe Tianxia\* (易和天下), which is an online platform covering daily necessities, characteristic agricultural products, beauty and skin care, household appliances, and other products, and provides innovative and group purchase methods to meet customers' consumption needs.

From first quarter of 2023 onwards, the Group started to provide advertising spaces on our e-commerce APP platform Yihe Tianxia\* (易和天下) to third party advertisers.

Pursuant to the announcements of the Company dated 26 July 2022 and 31 March 2023, Beijing Youpinhui, an indirectly wholly owned subsidiary of the Company, has established a new joint venture, Beijing Yihe Tianxia Network Technology Co., Ltd.\* (北京易和天下網絡科技有限公司) (“**Beijing Yihe**”) through a series of contractual arrangements and a “Variable interest entity” (the “**VIE**”) structure was arranged to enable Beijing Youpinhui to control 100% beneficial interest of Beijing Yihe due to foreign ownership restrictions concerning an enterprise holding a value-added telecommunications business permit for internet information service in the PRC. In order to hold the maximum permitted interest in Beijing Yihe under the foreign ownership restrictions in the PRC, the shareholding structure of Beijing Yihe was changed to 50% being held by Beijing Youpinhui and 50% being held by Mr. Cheng Denan on 11 May 2023.

### FINANCIAL REVIEW

#### Revenue

The revenue increased from approximately RMB53.2 million for the three months ended 31 March 2022 to approximately RMB59.6 million for the three months ended 31 March 2023, representing an increase of approximately RMB6.4 million, or approximately 12.0%. Such increase was mainly due to the increase in sales orders for the Group’s disposable plastic food storage containers and contribution of revenue from our new e-commerce segment of approximately RMB3.2 million for the three months ended 31 March 2023.

#### Cost of sales

The cost of sales increased from approximately RMB38.4 million for the three months ended 31 March 2022 to approximately RMB42.8 million for the three months ended 31 March 2023, representing an increase of approximately RMB4.4 million or approximately 11.5%. Such increase was in line with the increase in revenue.

#### Gross profit

Gross profit of the Group increased by approximately RMB1.9 million or approximately 13.1% from approximately RMB14.9 million for the three months ended 31 March 2022 to approximately RMB16.8 million for the three months ended 31 March 2023. The increase was mainly driven by the increase in revenue for the three months ended 31 March 2023. The overall gross profit margin remained relatively stable and amounted to approximately 27.9% and 28.2% for the three months ended 31 March 2022 and 2023, respectively.

#### Selling expenses

Selling expenses increased from approximately RMB2.7 million for the three months ended 31 March 2022 to approximately RMB3.8 million for the three months ended 31 March 2023, representing an increase of approximately RMB1.1 million, or approximately 40.4%. Such increase was in line with the increase in revenue from disposable plastic food storage containers which incurred more sales staff costs and transportation expenses as more exhibitions were arranged after COVID-19 pandemic in the PRC. The increase in selling expenses was also contributed by the selling expenses incurred by the new e-commerce segment.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative and other operating expenses

Administrative and other operating expenses of the Group increased by approximately RMB3.1 million or approximately 73.2% from approximately RMB4.2 million for the three months ended 31 March 2022 to approximately RMB7.3 million for the three months ended 31 March 2023.

Administrative and other operating expenses primarily consist of salaries and benefits, amortisation expenses on intangible assets, research and development cost, professional service fees and other costs incurred for the Group's daily operation. The increase was primarily attributable to the legal and professional expenses incurred arising from possible transfer from GEM to the Main Board of the Stock Exchange. The increase in administrative and other operating expenses was also contributed by the administrative and other operating expenses incurred by the new e-commerce segment.

### Finance costs

Finance costs for the Group increased by approximately RMB6,000, or approximately 14.6%, from approximately RMB41,000 for the three months ended 31 March 2022 to approximately RMB47,000 for the three months ended 31 March 2023. It was mainly due to the lease arrangement in respect of the machinery and equipment at the end of lease term.

### Income tax expense

Income tax expense for the Group maintained at approximately RMB2.1 million and RMB2.3 million, respectively, for the three months ended 31 March 2023 and 2022.

### Profit for the period

Profit for the period decreased by approximately RMB1.9 million, or approximately 33.8%, from approximately RMB5.7 million for the three months ended 31 March 2022 to approximately RMB3.8 million for the three months ended 31 March 2023. This was primarily attributable to the increase in administrative and other operating expenses, which were partially offset by the increase in gross profit.

### Listing on GEM

The shares of the Company were listed on GEM of the Stock Exchange on 13 July 2020 with a total of 150,000,000 Shares issued at HK\$0.4 each by way of share offer and placing, raising net proceeds of HK\$22.8 million (approximately RMB20.4 million) after deducting underwriting commissions and all related expenses.

On 23 February 2023, the Company has appointed professional parties to proceed with the preparation of the Company's proposed transfer of the listing of the Company's shares from GEM to the Main Board of the Stock Exchange. As at the date of this report, no formal application has been made to the Stock Exchange.

## DISCLOSURE OF INTERESTS

### A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2023, the interests or short positions of the Directors, chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long/Short Position in the Company's Shares

Name of Director	Capacity/Nature of interest	Number and class of securities	Long/short position	Approximate percentage of shareholding in the Company
Mr. Xu	Interest in a controlled corporation <sup>(Note 1)</sup> Beneficial Owner	301,500,000 ordinary shares	Long	40.28%
		74,482,760 ordinary shares	Long	9.95%
		375,982,760 ordinary shares		50.23%
Ms. Xu Liping ("Ms. Xu")	Interest of spouse <sup>(Note 2)</sup>	375,982,760 ordinary shares	Long	50.23%

Notes:

1. M. Xu holds the entire issued share capital of Prize Investment. Accordingly, Mr. Xu is deemed to be interested in the Shares held by Prize Investment under the SFO.
2. Ms. Xu Liping is the spouse of Mr. Xu and is therefore deemed to be interested in the Shares in which Mr. Xu is interested under the SFO.



## MANAGEMENT DISCUSSION AND ANALYSIS

### B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2023, the interests and short positions of the person (other than the Directors or chief executive of the Company) or company in the Shares, underlying Shares and debentures of the Company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number and class of securities	Long/short position	Approximate percentage of shareholding in the Company
Prize Investment Limited	Beneficial owner	301,500,000 ordinary shares	Long	40.28%
Mr. Xu	Beneficial owner	74,482,760 ordinary shares	Long	9.95%
		375,982,760 ordinary shares	Long	50.23%
Merit Winner Limited ("Merit Winner")	Beneficial owner	67,500,000 ordinary shares	Long	9.02%
Mr. Hui Man Kit ("Mr. Hui")	Interest of a controlled corporation <sup>(Note 1)</sup>	67,500,000 ordinary shares	Long	9.02%
Ms. Hui Mei Nga	Interest of spouse <sup>(Note 2)</sup>	67,500,000 ordinary shares	Long	9.02%
Youpinhui Investment	Beneficial owner	64,000,000 ordinary shares	Long	8.55%
Mr. Hu Kun	Interest of a controlled corporation <sup>(Note 3)</sup>	64,000,000 ordinary shares	Long	8.55%

Notes:

1. The entire issued share capital of Merit Winner was held by Mr. Hui. Accordingly, Mr. Hui is deemed to be interested in the Shares held by Merit Winner under the SFO.
2. Ms. Hui Mei Nga is the spouse of Mr. Hui and is therefore deemed to be interested in the Shares in which Mr. Hui is interested under the SFO.
3. The entire issued share capital of Youpinhui Investment was held by Mr. Hu Kun. Accordingly, Mr. Hu Kun is deemed to be interested in the Shares held by Youpinhui Investment under the SFO.

Save as disclosed above, as at the date of this report and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and other persons whose interests are set out in the section "B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the Shares or underlying shares and/or the debentures of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Sections 352 or 336 of the SFO.

### COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the three months ended 31 March 2023.

### PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2023.

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 20 January 2022, the Company, Mr. Xu, Yeewo Pictures & Media Limited ("**Yeewo Pictures**") and Mr. Gong Zongfan ("**Mr. Gong**") entered into the Supplemental Agreements to adjust certain terms of the acquisition of 100% of the issued share capital of June Pictures & Media Limited (the "**Target Company**"), given that the interest of film project held by the Target Company has been lowered from 35% to 10% by mutual agreements among the parties. Pursuant to the Supplemental Agreements, the total consideration of RMB20,571,430 shall be satisfied by the Company by way of: (i) issue and allotment of 74,482,760 new shares of the Company to Mr. Xu; (ii) issue of a debt instrument in the sum of RMB3,085,714 to Yeewo Pictures; and (iii) issue of a debt instrument in the sum of RMB3,085,714 to Mr. Gong. The completion of the transaction is conditional upon fulfilment or waiver (as the case may be) of certain conditions. Upon the completion, the Company will hold 100% equity interest in the Target Company and the financial statements of the Target Company will be consolidated into the consolidated financial statements of the Group. This acquisition was completed on 27 April 2022.

The above acquisition was completed on 27 April 2022. Details of the above transaction were set out in the announcements of the Company dated 10 September 2021, 20 January 2022, 1 April 2022 and 27 April 2022 and the circular of the Company dated 16 March 2022.

Save as disclosed above, the Group did not make any other significant investments, acquisitions or disposal during the three months ended 31 March 2023 and 2022 which would constitute a discloseable transaction under GEM Listing Rules.

### CORPORATE GOVERNANCE CODE

Ms. Xu Liping is the chief executive officer of the Group, while Mr. Xu is the chairman. The roles of the chairman and chief executive officer are separated and performed by different individuals.

During the three months ended 31 March 2023, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules.



## MANAGEMENT DISCUSSION AND ANALYSIS

### DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the three months ended 31 March 2023.

### AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") with its written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are mainly (i) to review and supervise the financial reporting process and to oversee the audit process of the Group; (ii) to oversee internal control procedures and corporate governance of the Group; (iii) to supervise internal control systems of the Group; and (iv) to monitor any continuing connected transactions. The Audit Committee consists of three members, namely Mr. Chang Eric Jackson, Mr. Liu Dajin and Mr. Deng Zhihuang, all being independent non-executive Directors of the Company. Mr. Chang Eric Jackson currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 before the results were submitted to the Board for approval.

### EVENTS AFTER THE REPORTING PERIOD

The Group did not make any other subsequent events occurred after 31 March 2023, which may have a significant effect, on the assets and liabilities or future operation of the Group.

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

Hong Kong, 15 May 2023

*As at the date of this report, the executive Directors are Mr. Xu Youjiang, Ms. Xu Liping and Mr. Zhang Yuansheng, and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Liu Dajin and Mr. Deng Zhihuang.*