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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)**

## DISCLOSABLE TRANSACTION
## DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY

**THE DISPOSAL**

The Board hereby announces that on 31 December 2025 (after trading hours), the Company and the Purchaser entered into the Agreement regarding the sale of the Sale Shares to the Purchaser at the consideration of RMB15 million.

Following the Completion, the Company will cease to have any interest in the Target Company, and the financial results, assets and liabilities of the Target Company will no longer be consolidated into the financial statements of the Company.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

As the highest applicable percentage ratio (as defined under Rule 19.07 of the GEM Listing Rules) in relation to the Disposal is more than 5% but less than 25%, the Disposal constitutes a disclosable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Board announces that on 31 December 2025 (after trading hours), the Company and the Purchaser entered into the Agreement regarding the sale of the Sale Shares to the Purchaser.

## THE AGREEMENT

The principal terms of the Agreement are set out as follows:

### Date

31 December 2025 (after trading hours)

### Parties

(i) the Company; and

(ii) the Purchaser.

### Assets to be disposed of

Subject to the terms and conditions of the Agreement, the Company has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares.

Immediately before Completion, the Company is the legal and beneficial owner of the Sale Shares.

### Consideration

The Consideration for the sale and purchase of the Sale Shares is RMB15 million, which shall be satisfied by the Purchaser at Completion by way of telegraphic transfer.

The Consideration was determined by the parties to the Agreement after arm's length negotiations with reference to the valuation of the Sale Shares (the "**Valuation**") as at 30 November 2025 (the "**Valuation Benchmark Date**") as appraised by the Valuer in accordance with International Valuation Standard.

### Conditions Precedent

Completion is conditional upon, *inter alia*:

(a) the compliance by the Company of all applicable requirements under the GEM Listing Rules and the applicable laws in respect of the Agreement and the transactions contemplated thereunder;

(b) the Target Company having passed the necessary directors' resolutions and shareholders' resolutions approving the Disposal;

(c) the representations and warranties as set out in the Agreement are true and correct in all material respects; and

(d) there is no material adverse change in the Target Company

(collectively, the "**Conditions**").

If any of the Conditions shall not have been fulfilled or waived by the Long Stop Date, then the Agreement shall be terminated and no party thereto shall have any claim under it against the other (without prejudice to the rights of any party in respect of any antecedent breaches).

**Completion**

Completion shall take place on the Completion Date.

**VALUATION**

According to the Valuation made by the Valuer in respect of the Sale Shares, the market value of the Sale Shares as at 30 November 2025 was RMB15,000,000.

**Valuation Methodology**

In preparing the Valuation, the cost approach and the market approach were not considered applicable due to the following:

(i) the cost approach was deemed inappropriate as the value of the Sale Shares is not derived from the company's underlying net assets value. The principal asset of the Target Company is a contractual right to a future payment from a profit guarantee agreement. This specific financial asset's value is not captured by a cost-based methodology; and

(ii) the market approach was not used due to a lack of sufficient, reliable public data on comparable companies or transactions involving similar financial guarantee arrangements for film projects.

Consequently, the income approach was considered the most appropriate methodology. This approach directly values the future contractual cash flows receivable by the Target Company by discounting them to their present value as of the Valuation Benchmark Date.

**Basis of value: the profit guarantee**

The value of the Sale Shares is principally based on a contractual profit guarantee. This guarantee was provided to the Target Company by Yeewo Pictures & Media Limited (a former 15% shareholder of the Target Company which sold the said shareholding to the Company). The guarantee secures a minimum profit of RMB 25,572,000 for the Target Company's 10% interest in a specific Film project, details of which are set out in the paragraph headed "Information on the Target Company".

Therefore, the valuation of the Sale Shares reflects the present value of this guaranteed future cash inflow, which is the company's primary source of value.

**Assumptions**

The assumptions of the Valuation included, but were not limited to the following:

- The Target Company's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the management of the Target Company, including but not limited to the occurrence of natural disasters, catastrophes, epidemics or serious accidents;

- There will be no major hindrance from regulatory or legal considerations for the holders of the Sales Shares in accordance with the stipulated terms of conditions;

- The Target Company will retain and have competent management, key personnel, and staff to support its ongoing operation;

- The Film will be released in the cinemas in the PRC;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Company operates or intends to operate has or would be officially obtained and renewable upon expiry;

- All information and representations provided by the Company and the Target Company, for which they are solely and wholly responsible are true, accurate and complete in all material respects;

- The public and statistical information we have obtained from sources are deemed to be reputable, accurate and reliable;

- There will be no major changes in the existing political, legal, fiscal, and economic conditions in the countries that the Target Company is operating; and

- There will be no substantial fluctuation in the economic outlook and specific industry outlook affecting the continuity of the businesses of the Target Company and the fair values of the Sale Shares.

**Valuation Summary**

When the Company acquired the Target Company in 2022, Yeewo Pictures, the seller of 15% equity interest in the Target Company at the material time, has given a profit guarantee to the Company, pursuant to which Yeewo Pictures provided a profit guarantee in the sum of RMB25,572,000 to the Company. If the income received by the Target Company is less than RMB25,572,000, the shortfall shall be payable by Yeewo Pictures to the Company by cash within 6 months after the release of the Film. Further, Mr. Xu Youjiang, the chairman and an executive Director, agreed to pay a penalty interest of 5% per annum to the Target Company based on the investment amount of RMB20,571,000 until the release date of the Film starting from 1 January 2023.

The profit guarantee of RMB25,572,000 is expected to be the basis of future value in the recoverable amount calculation and the detailed calculation is as follows:

| | |
|---|---|
| Expected date of the release of the Film in the cinemas in the PRC | 28 January 2028 |
| Expected receipt date of the profit guarantee distribution | 28 June 2028 |
| Discount period | 2.58 |
| Discount rate | 28.56% |
| Discount factor | 0.52 |
| Net present value of cash flow attributable to the investment | RMB13,386,876 |
| | |
| Expected receipt date of the penalty interest | 28 January 2028 |
| Discount period | 2.16 |
| Discount rate | 28.41% |
| Discount factor | 0.58 |
| Penalty interest at 5% per annum | RMB2,221,883 |
| Net present value of penalty interest | RMB1,294,309 |
| | |
| **Fair value of the Sale Shares (rounding)** | **RMB15,000,000** |

| | |
|---|---|
| Time to maturity: | 2.58 |
| Yield[(1)]: | 24.93% |
| Illiquidity spread[(2)]: | 3.63% |
| Adopted discount rate: | 28.56% |
| | |
| Time to maturity: | 2.16 |
| Yield[(1)]: | 24.79% |
| Illiquidity spread[(2)]: | 3.63% |
| Adopted discount rate: | 28.41% |

*Notes:*

1. The bond yield is derived from the yield for BB-rated corporate bonds as published by ChinaBond. This benchmark was selected because the identified comparable companies, which are primarily engaged in film production in China, have an average international credit rating of 'B'. In alignment with the mapping methodology outlined in S&P Global Ratings' "National And Regional Scale Mapping Tables," a domestic Chinese BB rating is considered a reasonable equivalent to an international 'B' rating, accounting for the typical uplift in scale used by domestic agencies.

2. Illiquidity Risk Premium: An additional premium is applied to reflect the higher liquidity risk inherent in this non-public, non-tradable investment relative to publicly traded securities. This adjustment is supported by empirical finance literature, including the study "Corporate Yield Spreads and Bond Liquidity" (Chen, Lesmond, & Wei).

## Views of the Board on the Valuation

The Board has reviewed and analyzed the assumptions and methodology of the Valuation and has made reasonable enquiries to the Valuer and the Company's management about the same, which included but not limited to the approach adopted, key specific assumption in arising at the Valuation and the calculation of the Valuation. The Board is satisfied that the methodology and assumptions made in the Valuation are appropriate. Therefore, the Board is of the view that the Valuation is a fair and reasonable reference to the Consideration.

## INFORMATION ON THE TARGET COMPANY

As at the date of this announcement, the Target Company is a company incorporated in the BVI and is principally engaged in investment holding, which in turn holds 10% interest in a Film project, with the tentative title "English (英格力士)".

As at the date of this announcement, the Company held 100% equity interest in the Target Company.

Set out below is the audited financial information of the Target Company for each of the two years ended 31 December 2024, based on information available to the Company in accordance with the Hong Kong Financial Reporting Standards.

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2023** |
| Profit before tax | RMB16,411 | RMB20,221 |
| Profit after tax | RMB16,411 | RMB20,221 |

The unaudited net assets of the Target Company as at 30 June 2025 amounted to approximately RMB20,338,000.

## FINANCIAL EFFECTS OF THE DISPOSAL

The Company is expected to recognise a loss of approximately RMB5,338,000 from the Disposal, which is calculated based on the Consideration of RMB15 million and unaudited net assets of the Target Company as at 30 June 2025. The actual gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Company as at Completion.

Following Completion, the Target Company will cease to be a subsidiary of the Company and the Group will cease to hold any equity interest in the Target Company, and accordingly, its financial results will no longer be consolidated into the consolidated financial statements of the Group.

## INFORMATION ON THE PARTIES

The Group is principally engaged in the design and development, manufacturing and sales of disposable plastic food storage containers and to a lesser extent, the development and operation of mobile app and e-commerce platform in the PRC.

The Purchaser is a company incorporated in the PRC, and is principally engaged in investment holding. The ultimate beneficial owner(s) of the Purchaser are 楊仲剛(Yang Zhonggang) and 徐小兵(Xu Xiaobing) who hold 99% and 1% of the shareholding in the Purchaser respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Company holds 10% interest in a Film project, with the tentative title "English (英格力士)", which is a commercial literary film. The Company acquired the entire issued share capital of the Target Company in 2022, which could share 10% of the investment and income of the Film. The filming has been completed and post production work was in progress at the material time. It was expected that the release approval from the PRC government would be obtained, and the post production work would be completed shortly thereafter. However, up to the date hereof, there was still no concrete timetable as to when the Film can be released and the Company continued to face substantial uncertainties and risks on its investment in the Film. Given the aforesaid and there is a willing buyer available, the Directors consider that it would be in the interest of the Company to dispose of the Sale Shares in order to put the proceeds to be received from the Disposal for the working capital of the Group.

In view of the above, the Directors consider that the Agreement and the terms thereof, including the Consideration, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS OF THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a disclosable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## DEFINITIONS

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

| | |
|---|---|
| "Agreement" | the sale and purchase agreement dated 31 December 2025 entered into between the Company and the Purchaser in relation to the Disposal |
| "Board" | the board of Directors |
| "Business Day" | any date (other than Saturdays, Sundays and public holidays in Hong Kong) on which the commercial banks in Hong Kong are open for general banking transactions during normal business hours |
| "BVI" | British Virgin Islands |
| "Company" | Yik Wo International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (Stock Code: 8659) |
| "Completion" | completion of the Disposal pursuant to the Agreement |
| "Completion Date" | the Business Day on which Completion shall take place, being a date falling within 5 Business Days after all the Conditions are satisfied or waived pursuant to the Agreement, or on such other date as may be agreed between the Company and the Purchaser in writing |
| "Consideration" | RMB15 million, being the consideration for the disposal of the Sale Shares |
| "Director(s)" | the director(s) of the Company |
| "Disposal" | the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Agreement |
| "Film" | a film with the tentative title "English (英格力士)", which is a commercial literary film |

| | |
|---|---|
| "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 |
| "Group" | the Company and its subsidiaries from time to time |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Independent Third Party(ies)" | person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) |
| "Long Stop Date" | 31 March 2026 or such other date as the parties thereto may agree in writing |
| "PRC" | the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan |
| "Purchaser" | 廈門榮登盛世國際貿易有限公司 (Xiamen Rongdeng Shengshi International Trading Co. Ltd.)*, A company incorporated in the PRC with limited liability |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Sale Shares" | 1,000 shares in the issued share capital of the Target Company, representing 100% equity interest in the Target Company |
| "Shareholder(s)" | holder(s) of shares of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |

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|---|---|
| "Target Company" | June Pictures & Media Limited (頤臻影視傳媒有限公司), a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement |
| "Valuer" | Masterpiece Valuation Advisory Ltd., an independent valuer |
| "Yeewo Pictures" | Yeewo Pictures & Media Limited (頤和影視傳媒有限公司), a company incorporated in BVI with limited liability, a former 15% shareholder of the Target Company before 2022, which sold the said shareholding to the Company |
| "%" | per cent |

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

Hong Kong, 31 December 2025

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xu Youjiang, Ms. Xu Liping, Mr. Zhang Yuansheng and Mr. Cheng Congyu; and three independent non-executive Directors, namely Mr. Chang Eric Jackson, Mr. Yang Jie and Mr. Zhang Hongbo.*

*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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) 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 Stock Exchange's website at www.hkexnews.hk for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.yikwo.cn.*

* *For identification purposes only*