

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

Third Quarterly Report

2022



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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (the “**Director(s)**”) of Yik Wo International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 Group. 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.*

CONTENTS

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Unaudited Condensed Consolidated Statement of Changes in Equity	3
Notes to the Unaudited Condensed Consolidated Financial Statements	4
Management Discussion and Analysis	11



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

For the three and nine months ended 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	4	73,909	71,267	202,943	190,785
Cost of sales		(52,422)	(50,554)	(144,186)	(135,701)
Gross profit		21,487	20,713	58,757	55,084
Other income		81	69	257	191
Selling expenses		(3,293)	(3,179)	(9,901)	(9,231)
Administrative and other operating expenses		(5,518)	(4,012)	(14,545)	(11,222)
Profit from operations		12,757	13,591	34,568	34,822
Finance costs		(54)	(49)	(164)	(152)
Share of losses of an associate	10	(127)	-	(127)	-
Profit before income tax	5	12,576	13,542	34,277	34,670
Income tax expense	6	(3,489)	(3,499)	(9,729)	(9,019)
Profit for the period		9,087	10,043	24,548	25,651
Other comprehensive income/(expenses), net of tax:					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation recognised		195	40	(124)	48
Total comprehensive income for the period		9,282	10,083	24,424	25,699
Earnings per share attributable to equity holders of the Company					
- Basic and diluted	8	RMB 1.21 cents	RMB 1.67 cents	RMB 3.63 cents	RMB 4.28 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Share capital RMB'000 (unaudited)	Share premium* RMB'000 (unaudited)	Statutory reserve* RMB'000 (unaudited)	Translation reserve* RMB'000 (unaudited)	Retained profits* RMB'000 (unaudited)	Total RMB'000 (unaudited)
As at 1 January 2021	5,418	52,086	13,076	388	59,110	130,078
Profit for the period	-	-	-	-	25,651	25,651
Other comprehensive income:						
- Exchange differences on translation of foreign operation recognised	-	-	-	48	-	48
Total comprehensive income for the period	-	-	-	48	25,651	25,699
As at 30 September 2021 (unaudited)	5,418	52,086	13,076	436	84,761	155,777
As at 1 January 2022	5,418	52,086	16,867	518	90,550	165,439
Profit for the period	-	-	-	-	24,548	24,548
Other comprehensive expenses:						
- Exchange differences on translation of foreign operation recognised	-	-	-	(124)	-	(124)
Total comprehensive (expenses)/income for the period	-	-	-	(124)	24,548	24,424
Transaction with owner						
Issuance of ordinary shares pursuant to the acquisition of June Pictures & Media Limited (note 9(ii))	621	14,920	-	-	-	15,541
Issuance of ordinary shares pursuant to the acquisition of Youpinhui Enterprise Limited (note 9(iii))	628	16,342	-	-	-	16,970
As at 30 September 2022 (unaudited)	6,667	83,348	16,867	394	115,098	222,374

* The reserves accounts comprise the Group's reserves of RMB215,707,000 in the condensed consolidated statement of financial position as at 30 September 2022 (as at 30 September 2021: RMB150,359,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2022

1. CORPORATE INFORMATION

Yik Wo International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was incorporated as an exempted company in the Cayman Islands on 13 December 2018 with limited liability. The addresses of the Company’s registered office and principal place of business are at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and Wukeng Industrial Zone, Longhu Town, Jinjiang City, Fujian Province, People’s Republic of China (the “**PRC**”), respectively.

The Company is an investment holding company and its subsidiaries are 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.

The Company’s immediate and ultimate holding company is Prize Investment Limited (“**Prize Investment**”), a company incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling party of the Group is Mr. Xu Youjiang (“**Mr. Xu**”).

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

The Quarterly Financial Statements for the nine months ended 30 September 2022 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (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 2021.

The Quarterly Financial Statements for the nine-month period ended 30 September 2022 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 nine months ended 30 September 2022

3. SIGNIFICANT ACCOUNTING POLICIES

The Quarterly Financial Statements for the nine months ended 30 September 2022 have been prepared in accordance with the accounting policies adopted in the Group's consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following new and amended HKFRSs issued by the HKICPA effective for the annual period beginning on 1 January 2022 and new accounting policies as a result of acquisitions of a film project and subsidiaries.

Adoption of new and amended HKFRSs

The Group has adopted the following new and amended HKFRSs that have become effective for accounting period beginning on 1 January 2022 and are relevant to the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not applied any new standards, interpretations or amendments to standards and interpretations that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2022

4. REVENUE

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Brand:				
Products under "JAZZIT" brand	67,905	64,861	183,342	171,587
Non-branded products	6,004	6,406	19,601	19,198
	73,909	71,267	202,943	190,785
Nature:				
Regular products	45,047	41,351	133,308	120,720
Customised products	28,478	29,739	67,477	68,376
Others	384	177	2,158	1,689
	73,909	71,267	202,943	190,785

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2022

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Depreciation				
- Owned used	1,944	2,308	6,867	6,632
- Held under leases	271	249	813	745
Amortisation of intangible assets included in administrative and other operating expenses	660	500	1,704	1,500
Cost of inventories recognised as an expense	68,444	43,543	147,106	116,521
Research and development cost (including staff costs)	2,316	1,786	5,311	4,344
Loss on disposals of property, plant and equipment	26	-	196	154
Staff costs (including Directors' emoluments)				
- Salaries, allowances and other benefits	3,696	4,055	11,670	11,595
- Contributions to defined contribution retirement plans	130	154	453	451

6. INCOME TAX EXPENSE

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 nine months ended 30 September 2022 and 2021.

The provision for PRC enterprise income tax has been provided at the applicable tax rate of 25% (2021: 25%) on the assessable profits of the PRC subsidiaries.

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Current tax				
Provision for PRC enterprise income tax	3,489	3,499	9,729	9,019

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2022

7. DIVIDENDS

The directors of the Company (the “**Director(s)**”) do not recommend the payment of a dividend for the nine months ended 30 September 2022 (30 September 2021: Nil).

8. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit for the period attributable to equity holders of the Company and the weighted average number of ordinary shares.

	Three months ended 30 September		Nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Earnings:				
Profit for the period attributable to equity holders of the Company for purpose of basic earnings per share (RMB'000)	9,087	10,043	24,548	25,651
Number of shares:				
Number of ordinary shares for purpose of basic earnings per share (in thousand)	748,483	600,000	675,631	600,000

The diluted earnings per share equal to basic earnings per share. No adjustment has been made to the basic earnings per share amounts presented for both periods as there was no potential ordinary share in issue.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2022

9. SHARE CAPITAL

	No. of ordinary shares	RMB'000
Authorised:		
As at 31 December 2021 (audited) and 30 September 2022 (unaudited)	5,000,000,000	45,147

	No. of ordinary shares	RMB'000
Issued and fully paid:		
As at 31 December 2021 (audited)	600,000,000	5,418
Issue of ordinary shares pursuant to the acquisition of June Pictures & Media Limited (" June Pictures ") (note (ii))	74,482,760	621
Issue of ordinary shares pursuant to the acquisition of Youpinhui Enterprise Limited (" Youpinhui Enterprise ") (note (iii))	74,000,000	628
As at 30 September 2022 (unaudited)	748,482,760	6,667

Note:

- (i) The ordinary shares of the Company has a par value of HK\$0.01 each.
- (ii) On 27 April 2022, 74,482,760 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.25 per share in respect of the Company's acquisition of June Pictures. The proceeds of HK\$744,000 (equivalent to RMB621,000) representing the par value of these ordinary shares, were credited to the Company's share capital account. The remaining proceeds amounted to HK\$17,877,000 (equivalent to RMB14,920,000) were credited to the Company's share premium account.
- (iii) On 1 June 2022, 74,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.27 per share in respect of the Company's acquisition of Youpinhui Enterprise. The proceeds of HK\$740,000 (equivalent to RMB628,000) representing the par value of these ordinary shares, were credited to the Company's share capital account. The remaining proceeds amounted to HK\$19,240,000 (equivalent to RMB16,342,000) were credited to the Company's share premium account.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2022

10. INVESTMENT IN AN ASSOCIATE

	30 September 2022 RMB'000 (unaudited)
Investment in an associate, included in non-current assets:	
Cost of unlisted investment	4,900
Share of losses	(127)
Interest in an associate	4,773
Due to an associate, included in current liabilities (note (i))	(4,900)

Note:

- (i) The balance is unsecured, interest-free and are repayable on demand.
- (ii) Pursuant to the announcement of the Company dated 26 July 2022, Beijing Youpinhui Trading Co., Ltd.* (北京優拼匯商貿有限公司) (“**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**”), of which 49% of its share capital is held by Beijing Youpinhui and 51% of its share capital is held by Mr. Xie Zunli (謝遵立), an independent third party of the Group. As at 30 September 2022, Beijing Yihe was recognised as investment in an associate of the Group due to the shareholding.

* For identification purposes

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK AND PROSPECTS

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, including the design and production of moulds, which are mainly sold to customers in the PRC, with a small portion of the sales to customers in overseas countries, including the United States, Australia, Saudi Arabia and the Republic of Trinidad and Tobago.

For the nine months ended 30 September 2022, the revenue of the Group recorded an increase primarily due to the demands for the Group's disposable plastic food storage containers having increased and remaining at a high level.

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 Group's business plans through utilisation of the net proceeds from the listing of the Company's shares (the "**Shares**") on GEM of the Stock Exchange (the "**Listing**") on 13 July 2020.

In view of the rapidly growing trend over the past few years of the film industry and enhancement of regulatory environment and favorable policies in the PRC, the Directors believe that the investment in film projects at this moment will enable it to leverage the opportunities that the 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 (the "**Supplemental Agreements**") dated 20 January 2022, to acquire 100% equity interest of June Pictures with total consideration RMB20,571,430. This acquisition was completed on 27 April 2022. The Directors believe that this investment will bring considerable 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 through acquisition of 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 namely Youpinhui* (優拼匯), enabling its users to purchase daily necessities and agricultural products via the mobile app with around 40,000 daily active users. In July 2022, the Group further launched a new e-commerce APP platform Yihe Tianxia* (易和天下), which is an online shopping platform covering daily necessities, beauty and skin care, household appliances, domestic special agricultural products and others, and provides innovative and interesting group purchase methods to meet customers' consumption needs.

* For identification purposes

MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of this report, Beijing Yihe is in the process of applying the licences of Internet Content Provider and Electronic Data Interchange in the PRC, which have foreign ownership restriction. The “variable interest entity” (the “VIE”) structure will be arranged to control 100% beneficial interest of Beijing Yihe due to foreign ownership restrictions in the PRC, and Beijing Yihe will be accounted for as a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company. The Company will, where applicable, comply with all relevant requirements of the Rules Governing the Listing of Securities on GEM upon the implementation of the VIE and further announcement(s) may be made by the Company in this regard as and when necessary.

The Group will continue to develop commercial business, continuously optimise customer experience, broaden its revenue stream and ultimately maximise shareholder returns.

FINANCIAL REVIEW

Revenue

The revenue increased from approximately RMB190.8 million for the nine months ended 30 September 2021 to approximately RMB202.9 million for the nine months ended 30 September 2022, representing an increase of approximately RMB12.1 million or approximately 6.4%. Such increase was mainly due to the increase in demands for take-away food by the general public due to the outbreak of COVID-19 and the increase in production capacity in line with increased orders.

Cost of sales

The cost of sales increased from approximately RMB135.7 million for the nine months ended 30 September 2021 to approximately RMB144.2 million for the nine months ended 30 September 2022, representing an increase of approximately RMB8.5 million or approximately 6.3%. Such increase was in line with the increase in revenue.

Gross Profit

Gross profit of the Group increased by approximately RMB3.7 million or approximately 6.7% from approximately RMB55.1 million for the nine months ended 30 September 2021 to approximately RMB58.8 million for the nine months ended 30 September 2022. The overall gross profit margin slightly increases from approximately 28.9% for the nine months ended 30 September 2021 to approximately 29.0% for the nine months ended 30 September 2022.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group increased by approximately RMB3.3 million or approximately 29.6% from approximately RMB11.2 million for the nine months ended 30 September 2021 to approximately RMB14.5 million for the nine months ended 30 September 2022.

Administrative and other operating expenses primarily consist of staff costs, research and development cost, amortisation expense in intangible assets, travelling and accommodation expenses, utilisation expenses, depreciation, transportation and motor vehicle expenses, legal and professional service fees and other costs incurred for the Group’s daily operation. The increase in administrative and other operating expenses was primarily due to the increase in (i) staff costs, (ii) research and development cost; and (iii) legal and professional expenses due to acquisitions during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

During the nine months ended 30 September 2022, finance costs for the Group was approximately RMB164,000 (30 September 2021: approximately RMB152,000). It was mainly due to the lease arrangement in respect of the machinery and equipment at the end of lease term.

Share of losses of an associate

During the nine months ended 30 September 2022, the Group's share of losses of an associate, which was established on 26 July 2022, was approximately RMB127,000 (30 September 2021: Nil).

Income Tax Expense

Income tax expense for the Group increased by approximately RMB0.7 million or approximately 7.9% from approximately RMB9.0 million for the nine months ended 30 September 2021 to approximately RMB9.7 million for the nine months ended 30 September 2022. Apart from (i) non-tax deductible legal and professional expenses of approximately RMB3.2 million incurred in the holding company during the period; and (ii) share of losses of an associate of approximately RMB127,000, the increase in taxation was mainly attributable to the increase in profit before taxation (excluding items (i) and (ii)) from approximately RMB34.7 million for the nine months ended 30 September 2021 to approximately RMB37.6 million for the nine months ended 30 September 2022.

Profit for the Period

Profit for the period decreased by approximately RMB1.1 million or approximately 4.3% from approximately RMB25.7 million for the nine months ended 30 September 2021 to approximately RMB24.5 million for the nine months ended 30 September 2022. Such decrease was primarily attributable to the net effect of the increase in (i) gross profit; (ii) other income; (iii) selling expenses; (iv) administrative and other operating expenses; (v) finance costs; (vi) share of losses of an associate; and (vii) income tax expense.

MANAGEMENT DISCUSSION AND ANALYSIS

DISCLOSURE OF INTERESTS

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

As at 30 September 2022, 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 ^(Note 1) 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 ^(Note 2)	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 30 September 2022, 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 ^[Note 1]	67,500,000 ordinary shares	Long	9.02%
Ms. Hui Mei Nga	Interest of spouse ^[Note 2]	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 ^[Note 3]	64,000,000 ordinary shares	Long	8.55%
Sun Kong Investments (BVI) Limited ("Sun Kong")	Beneficial owner	54,000,000 ordinary shares	Long	7.21%
Mr. Wong Hing Nam ("Mr. Wong")	Interest of a controlled corporation ^[Note 4]	54,000,000 ordinary shares	Long	7.21%
Ms. Chan Lai Yin	Interest of spouse ^[Note 5]	54,000,000 ordinary shares	Long	7.21%

Notes:

- 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.
- 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.
- 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.

MANAGEMENT DISCUSSION AND ANALYSIS

4. The entire issued share capital of Sun Kong was held by Mr. Wong. Accordingly, Mr. Wong is deemed to be interested in the Shares held by Sun Kong under the SFO.
5. Ms. Chan Lai Yin is the spouse of Mr. Wong and is therefore deemed to be interested in the Shares in which Mr. Wong is interested 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 shareholder 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 nine months ended 30 September 2022.

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Grand Moore Capital Limited ("**Grand Moore**"), as at 30 September 2022, save for the compliance adviser agreement dated 12 June 2019 entered into between the Company and Grand Moore, neither Grand Moore, its directors, employees and close associates (as defined under the GEM Listing Rules) had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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 nine months ended 30 September 2022.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 10 September 2021, the Company entered into the equity sale and purchase agreements with Mr. Xu, Yeewo Pictures & Media Limited ("**Yeewo Pictures**") and Mr. Gong Zongfan ("**Mr. Gong**"), pursuant to which, the Company has conditionally agreed to acquire, and Mr. Xu, Yeewo Pictures and Mr. Gong have conditionally agreed to collectively sell 100% of the issued share capital of June Pictures, at a consideration of RMB72,000,000 (equivalent to HK\$86,400,000). The Consideration shall be satisfied by the Company by way of: (i) issue and allotment of 336,000,000 new shares of the Company to Mr. Xu; (ii) issue and allotment of 72,000,000 new shares of the Company to Yeewo Pictures; and (iii) issue and allotment of 72,000,000 new shares of the Company to Mr. Gong, at an issue price of HK\$0.18 per new share, resulting in the total value of HK\$86,400,000 (equivalent to approximately RMB72,000,000).

MANAGEMENT DISCUSSION AND ANALYSIS

On 20 January 2022, the Company, Mr. Xu, Yeewo Pictures and Mr. Gong entered into the Supplemental Agreements to adjust certain terms of the acquisition of June Pictures, given that the interest of film project held by June Pictures 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 June Pictures and the financial statements of June Pictures will be consolidated into the consolidated financial statements of the Group. This 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 and 27 April 2022 and the circular of the Company dated 16 March 2022.

On 29 April 2022, the Company entered into the sale and purchase agreement with Youpinhui Investment Holdings Limited ("**Youpinhui Investment**"), pursuant to which, the Company has conditionally agreed to acquire, and Youpinhui Investment has conditionally agreed to sell the entire issued share capital of Youpinhui Enterprise, at a consideration of HK\$18,500,000. The consideration shall be satisfied by the allotment and issue of 74,000,000 ordinary shares of the Company to Youpinhui Investment. This acquisition was completed on 1 June 2022. Details of the transaction were set out in the announcement of the Company dated 29 April 2022 and supplemental announcement of the Company dated 19 May 2022.

Save as disclosed above, during the nine months ended 30 September 2022, the Group did not make any other significant investments, acquisitions or disposal during the period ended 30 September 2022 which would constitute a discloseable transaction under GEM Listing Rules.

* *For identification purposes*

CORPORATE GOVERNANCE CODE

Ms. Xu 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 nine months ended 30 September 2022, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of 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 nine months ended 30 September 2022.

DIVIDEND

The board (the "Board") of Directors does not recommend the payment of a dividend for the nine months ended 30 September 2022 (30 September 2021: Nil).

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 nine months ended 30 September 2022 before the results were submitted to the Board for approval.

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

Hong Kong, 14 November 2022

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.