

友和集團控股有限公司

YOHO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2347

2022/23 Interim Report



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wu Faat Chi (*Chairman and Chief Executive Officer*)
Ms. Tsui Ka Wing (*Chief Operating Officer*)

NON-EXECUTIVE DIRECTORS

Mr. Man Lap
Mr. Hsieh Wing Hong Sammy
Mr. Adamczyk Alexis Thomas David

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Qian Sam Zhongshan
Mr. Chan Shun
Mr. Ho Yun Tat

AUDIT COMMITTEE

Mr. Ho Yun Tat (*Chairman*)
Mr. Chan Shun
Mr. Adamczyk Alexis Thomas David

NOMINATION COMMITTEE

Mr. Wu Faat Chi (*Chairman*)
Dr. Qian Sam Zhongshan
Mr. Chan Shun

REMUNERATION COMMITTEE

Mr. Chan Shun (*Chairman*)
Ms. Tsui Ka Wing
Mr. Ho Yun Tat

STRATEGY AND INVESTMENT COMMITTEE

Mr. Man Lap (*Chairman*)
Mr. Wu Faat Chi
Ms. Tsui Ka Wing
Mr. Hsieh Wing Hong Sammy

COMPANY SECRETARY

Mr. Lam Wai Chiu

AUTHORISED REPRESENTATIVES

Mr. Wu Faat Chi
Mr. Lam Wai Chiu

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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REGISTERED OFFICE

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INDEPENDENT AUDITOR

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Registered Public Interest Entity Auditor
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COMPLIANCE ADVISER

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG SHARE REGISTRAR

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17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

COMPANY WEBSITE

www.yohohongkong.com

STOCK CODE

2347

FINANCIAL HIGHLIGHTS

| | 1H22/23 ^(Note 1) (unaudited) | 1H21/22 (unaudited) |
|--|--|------------------------|
| Revenue (HK\$'000) | 448,200 | 344,700 |
| Gross profit (HK\$'000) | 67,841 | 49,937 |
| Gross profit margin | 15.1% | 14.5% |
| Profit (loss) for the period (HK\$'000) | 1,007 | (18,945) |
| Adjusted net profit ^(Note 2) (HK\$'000) | 15,751 | 6,802 |
| Adjusted net profit margin ^(Note 3) | 3.5% | 2.0% |

| | 1H22/23 (unaudited) | FY21/22 ^(Note 6) (audited) |
|---|------------------------|--|
| Net cash position (HK\$'000) | 211,598 | 126,256 |
| Total equity (HK\$'000) | 257,576 | 78,746 |
| Adjusted return on equity ^(Note 4) | 6.1% | 33.2% |
| Gearing ratio ^(Note 5) | N/A | N/A |

Notes:

- 1Hx/Y refers to the financial period six months ended 30 September of the year X. For example, "1H22/23" refers to the six months ended 30 September 2022.
- Adjusted net profit is defined as non-HKFRS measures as profit for the period adjusted by (i) fair value change in convertible redeemable preferred shares and (ii) expenses relating to our listing of our shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in June 2022 (the "Listing").
- Adjusted net profit margin is calculated as adjusted net profit divided by revenue.
- Adjusted return on equity is calculated as adjusted net profit divided by total equity as at period-ended/year-ended date for the respective financial period/year.
- Gearing ratio is calculated as interest-bearing gross debt (including bank overdraft) divided by total equity at the end of the period/year.
- FYX/Y refers to the financial year ended on 31 March of the year Y. For example, "FY21/22" refers to the year ended 31 March 2022.

OPERATIONAL HIGHLIGHTS

| | 1H22/23 (unaudited) | 1H21/22 (unaudited) |
|--|------------------------|------------------------|
| Gross merchandise value (the “GMV”) ^(Note 1) (HK\$ million) | 482.9 | 379.7 |
| Number of registered members ^(Note 2) | 876,000 | 655,000 |
| Number of orders intake ^(Note 3) | 257,000 | 215,000 |
| Basket value ^(Note 4) (HK\$) | 1,880 | 1,768 |

Notes:

- The “GMV” for a particular financial period is equivalent to the total gross sales dollar value of all relevant orders intake for products and services during that financial period, regardless of whether the products and services are delivered, returned or cancelled; before deductions for discounts offered by us and set-offs by virtue of conversion of membership points; and inclusive of shipping and handling charges, duty and taxes.
- An individual may enroll as a “registered member” through our e-commerce platform at www.yohohongkong.com (desktop version) or m.yohohongkong.com (mobile version) (the “Yoho E-commerce Platform”) (as a prerequisite to the placement of any order on the platform), or upon a purchase completed at any of our retail stores (as he/she wishes).
- The “number of orders intake” for a particular financial period consists of orders placed with us, orders made by our customers at our retail stores, and orders from consumers received via online redemption platform(s) of third-party reward scheme(s) and third-party online marketplaces during that financial period.
- The “basket value” for a particular financial period is calculated by dividing our GMV by the number of orders intake during that financial period.

CHAIRMAN'S STATEMENT

Dear Shareholders,

As Yoho Group announces its first Interim Results following the Listing on the Main Board of the Hong Kong Stock Exchange on 10 June 2022, please allow me to express my sincere gratitude to all stakeholders, including our consumers, suppliers, business partners, staff and shareholders of the Company (the "**Shareholder**"), for their unwavering support and trust all along. I hope this letter will facilitate a better understanding of the management analysis of the financial performance during the Reporting Period and the direction of the Group's future development.

Business Overview and Results Highlights

We operate our business on an online-merge-offline ("**OMO**") model (the "**Yoho OMO Business**") by harnessing our online and offline presence and the power of technology. Our customers enjoy a host of benefits brought by the seamless shopping experience created through the combination of online and offline retail channels. Through the Yoho OMO Business model, we recorded GMV of approximately HK\$482.9 million for 1H22/23, representing a period-on-period increase of approximately 27.2% as compared with approximately HK\$379.7 million of GMV for 1H21/22.

Crisis and Opportunities Over the Last Half Year

Changes in the post-pandemic consumer market: As COVID-19 pandemic continued to subside while governments worldwide adopted more open and inclusive policies, citizens showed stronger ability to cope with the virus and stronger eagerness for the reopening of borders. The pandemic has upended everyone's lifestyle and working pattern, with consumers' tastes being shifting along with such changes. We have aimed to timely adjust our product portfolio and market strategies to effectively capture the market's demand.

Changes in Hong Kong population: According to the statistics from the Government of the Hong Kong Special Administrative Region (the "**HKSAR Government**"), Hong Kong saw a population outflow over the past two years, and there was no sign of significant improvement during the past half year. The development of the retail market in Hong Kong will be impeded and the competition will be getting more fierce if the population outflow continues and the number of market players remains unchanged, accelerating the situation of "survival of the fittest". We shall keep technology as our core and maintain simple yet effective internal operating procedures, which, we believe, will amplify our strengths amid increasing competition.

Changes in interest rate: The interest rate in Hong Kong has been at a low level since the 2008 financial crisis. It clawed back gradually during the four-year period after 2016, before returning to a low level again after the outbreak of the pandemic in 2020. Over the past 14 years, citizens and companies in Hong Kong have been accustomed to the pace under the low interest rate, and made various decisions on investment and borrowing, forming the current economic landscape. However, the rapid changes in the interest rate environment during the past few months, particularly the nearly three percents increase within just five months, has caused a strong reaction from the market. The most direct impact on our Company was that the purchasing power of many individuals and business consumers who bear borrowings declined due to the interest rate hikes. You may refer to the statistics from the HKSAR Government relating to the average amounts and terms of mortgages which show that monthly instalment would increase significantly if the interest rate rises by three percents, resulting in lower disposable income and purchasing power. The negative impacts of the surging interest rate have led to weakened general economic dynamics and consumer sentiment. However, from another perspective, as the Company has kept an asset-light strategy as its core development strategy all the time, we have limited bank borrowings as compared with some participants in the market, hence rising interest rate not only exerts relatively less operating pressure on us but also offers us additional gain from our cash reserve.

CHAIRMAN'S STATEMENT

Changes in assets prices: Due to factors including rising interest rates, all kinds of assets recorded a decline in prices over the past half year. The drop in Hong Kong's stock market was particularly significant, among which, share prices of many blue-chip companies plunged, resulting in investment loss to citizens and in turn inevitably causing adverse impact on purchasing power. In addition, the index reflecting real estate prices has displayed a downward trend which will more or less dent the consumer sentiment of those who have invested in the property market. If a turnaround is not seen in the near future, negative equity may gradually emerge, further suppressing consumer sentiment in the market.

Changes in immigration policies and exchange rate: In September 2022, the HKSAR Government announced the latest immigration policies, which, we believe, could effectively facilitate all activities associated with immigration. Hong Kong citizens are passionate about travelling, thus it was expected that there would be a short period of travel upsurge upon the launch of these policies, which may create short term pressure to local consumption. Coincidentally, the exchange rates of other currencies against Hong Kong dollar have seen evident depreciation over the past half year. Combining these two factors, we believe that many Hong Kong citizens could spend more when they travel outbound, cutting the total spending in the Hong Kong market. If the exchange rate fluctuations and immigration measures return to normal, it would be beneficial for Hong Kong's retail market as well as the market participants in the mid- to long-term.

Changes in the global Technology, Media and Telecommunications (the "TMT") industry: The global TMT industry has been experiencing the low tide of recent decades, and needless to say, a number of industry giants adjusted their strategies considerably. We observed that investors preferred companies with rapid growth and even high burn rates in the past, whereas they now pay more attention to the profitability and the fundamentals of a company. Given our proven track record, our Company has struck a healthy balance between revenue growth and profit, which made us a rare e-commerce company with steady level of adjusted net profit for the past four years. Therefore, changes in the capital market could place us in a relatively favourable position.

During the past half year, in response to the above factors affecting purchasing power, we have adjusted our strategy by focusing on home appliances with stable demand including daily electronic appliances such as dehumidifier, sizable electronic appliances such as air conditioner, and necessity categories for most households such as computer.

Development of the E-commerce Industry in Hong Kong

In the past few months, large consortiums announced their exit from the e-commerce market in Hong Kong, which clearly illustrated the high threshold and operating difficulties of the industry in Hong Kong. Having developed for years, the e-commerce industry in Hong Kong has become competitive, in which the current major market participants are benefiting from the economies of scale, forming a rather high competition barrier. It has become more difficult for newcomers to enter into the market than in the past. We, as one of the major active market participants, believe that we will benefit from this situation accordingly.

The existing major players in the market have their own unique resources and strengths, and the situation is not likely to significantly change in the short term. However, as the e-commerce industry in Hong Kong is still in the trend of growth, the main difficulty faced by each market participant is to enhance the user experience. With the optimised user experience, the e-commerce market would further expand and consolidate, benefiting all participants' long-term development.

CHAIRMAN'S STATEMENT

The e-commerce market in Taiwan is well worth for us to make reference of, which has developed into a well-established market with numerous participants after years of development. E-commerce markets in Hong Kong and that in Taiwan share many things in common, and the only difference is that the market here started relatively late and is still in the stage of investment and growth with lots of space to be caught up in user experience. We hope to utilise the resource accessed after the Listing to accelerate the development of both the industry and our Company.

Outlook

Although there are uncertainties in the macro economy of the world and Hong Kong, our management remains optimistic towards the Company's development in the upcoming half year, and is actively contemplating how to capture new opportunities in the rapidly changing economic environment by utilising its strengths.

On the one hand, our Company has stable and reliable edges, profitability, sufficient cash reserve, healthy debt ratio and cash flow; on the other hand, we have huge potential for growth, a lower base level of performance, and a clear goal in the face of increasing demand for online shopping. In the future, we will continue to implement the development plan made upon the Listing: in respect of consumer electronics and home appliances and their direct-to-consumer platform (1P), as we have identified a huge market, we will strive for growth by organic growth including acquiring new customers and increasing the repurchase rate of customers, and by way of acquisitions. Meanwhile, the long-prepared platform, shop owner franchise model (3P), has soft launched in mid-November, with category and number of products diversified to gain traffic and increase GMV, and we believe it would be a robust growing point for our Company in the future.

Finally, I would like to express my sincere gratitude for the efforts and contributions made by the Board and all staff of the Group.

Wu Faat Chi

Chairman and Executive Director

24 November 2022

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Yoho Group Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results (the “**Interim Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2022 (the “**Reporting Period**”) together with the unaudited comparative figures for the corresponding period in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall performance

During the Reporting Period, Hong Kong’s retail market faced formidable challenges posed by economic headwinds from the volatile epidemic situation, geopolitical uncertainties, potential recession risks and other unfavourable macroeconomic factors. However, in every crisis lies the seed of opportunity. The pandemic upended lives and livelihoods across the globe, forcing consumers and businesses to adopt new digital behaviours. Various market studies have shown that online retail sales remain exuberant despite the fall in COVID-19 infections and the end of lockdown measures. The adoption of online shopping is expected to continue in the post-COVID era. As one of the leading market players in the business-to-customer (“**B2C**”) e-commerce industry in Hong Kong, we have managed to navigate the challenges and benefited from the e-commerce boom during the Reporting Period. We have achieved fruitful results in the Reporting Period by grasping the opportunities arising from the e-commerce acceleration fueled by the structural changes in consumer shopping behaviours amid the pandemic.

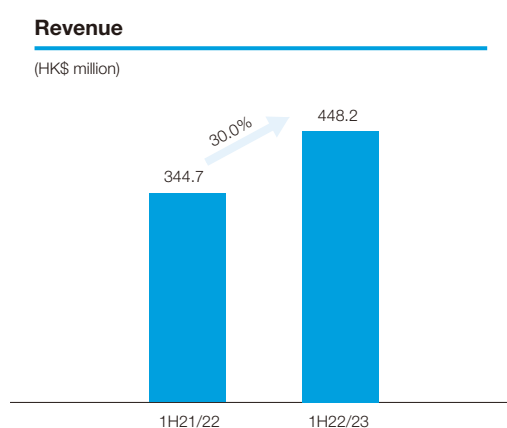
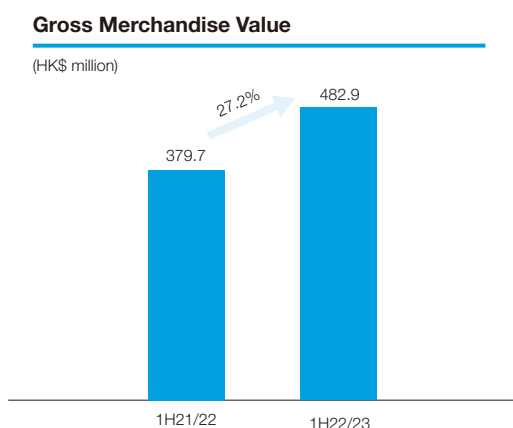
During the Reporting Period, the Group continued to outperform the overall Hong Kong retail market. Our GMV and revenue sustained robust growth momentum and grew at approximately 27.2% and approximately 30.0% respectively, while Hong Kong’s retail market recorded a modest growth of approximately 2.0%, according to the reports on the Monthly Survey of Retail Sales published by the Census and Statistics Department. Benefiting from the healthy growth of our GMV and effective cost control, our adjusted net profit reached approximately HK\$15.8 million for the Reporting Period, as compared with approximately HK\$6.8 million for the same period in last financial year. The remarkable results were mainly driven by (i) the robust and sustainable growth in revenue; (ii) the continuous growth in the number of registered members; (iii) the increase in both gross profit and gross profit margin driven by enhanced operational efficiency; and (iv) the effective cost control initiatives implemented by the Group.

To maximize the synergies of our OMO model and further optimize our seamless retail network, we have established our largest Yoho flagship store in Causeway Bay, Hong Kong Island and celebrated its grand opening on 7 October 2022. The store spanning 12,000 square feet on the 9th floor of Hang Lung Centre, Causeway Bay features a rich and diverse product portfolio with more than 24,000 active stock keeping units. With the addition of the flagship store in Causeway Bay, our offline retail network currently covers Kowloon East, Kowloon West and Hong Kong Island, offering existing and potential customers in various districts better shopping experiences.

MANAGEMENT DISCUSSION AND ANALYSIS

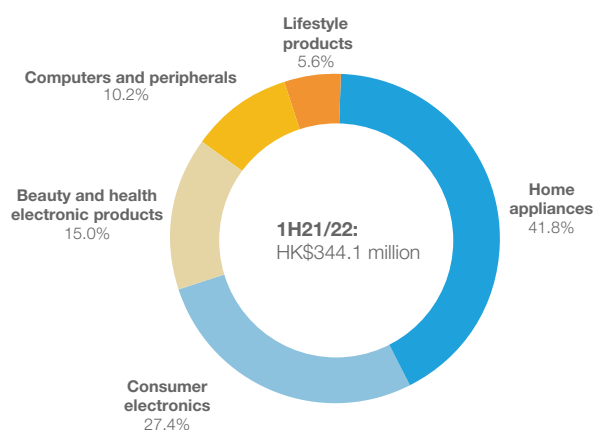
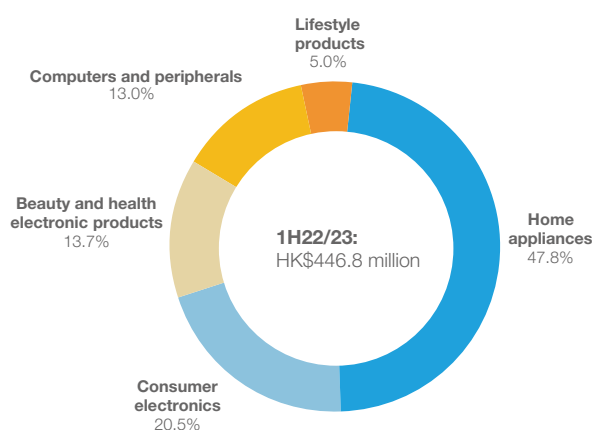
Business performance

We achieved a growth of approximately 27.2% and approximately 30.0% in the GMV and the total revenue, respectively, and continued to be one of the leading market players in the Hong Kong B2C e-commerce industry, riding on the rapid growth in Hong Kong's online retail sales by approximately 15.6% during 1H22/23, according to statistics from the HKSAR Government.



In terms of product category, the below graphs demonstrate the diversity in our product offering to satisfy customers' demand.

Revenue breakdown by product category ^(Note)



Note: Excluding revenue generated from the provision of advertising services.

MANAGEMENT DISCUSSION AND ANALYSIS

Business highlights

With established presence both online (via the Yoho E-commerce Platform) and offline (via our retail store network, which currently comprises our offline retail stores located in Kwun Tong, Cheung Sha Wan and Causeway Bay) and utilising the power of technologies, we are primed to run our retail business under the Yoho OMO Business. Our customers enjoy a host of benefits resulting from the synergies created through the combination of online and offline retail channels.

OMO business model

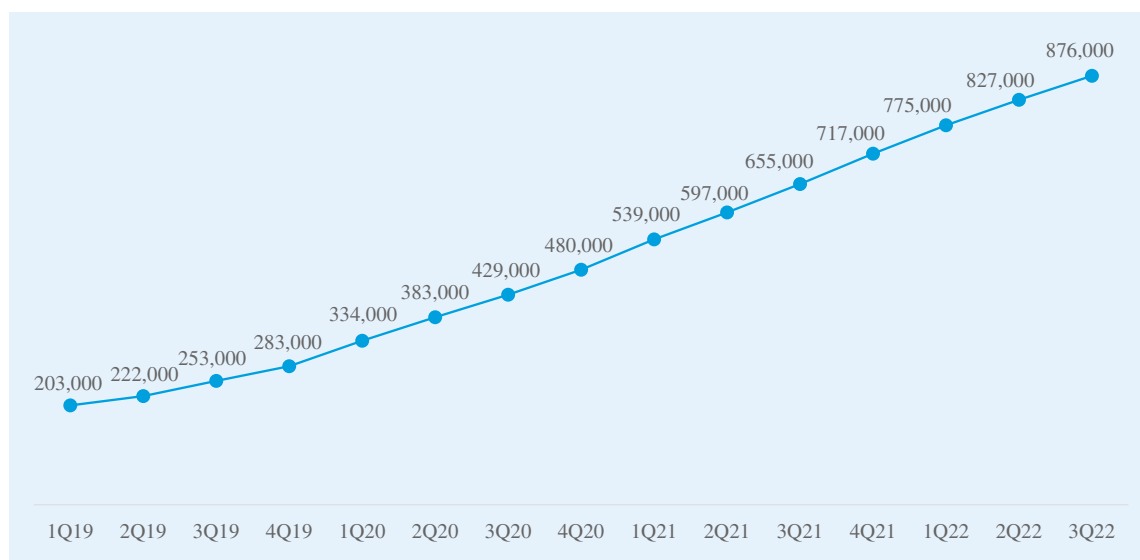
We believe our OMO business has enabled us to enhance customer experience, which helped drive the significant increase in our customer base and the scale of operation during the periods indicated below:

| | 1H22/23 (unaudited) | 1H21/22 (unaudited) | Movement |
|------------------------------|------------------------|------------------------|----------|
| GMV (HK\$ million) | 482.9 | 379.7 | +27.2% |
| Number of registered members | 876,000 | 655,000 | +33.7% |
| Number of orders intake | 257,000 | 215,000 | +19.6% |
| Basket value (HK\$) | 1,880 | 1,768 | +6.3% |

Growing customer base

The Yoho E-commerce Platform was one of the most-visited websites in Hong Kong, with over 1.8 million average monthly active users during 1H22/23. We have established a customer base comprising over 876,000 registered members as at 30 September 2022.

Number of Registered Members



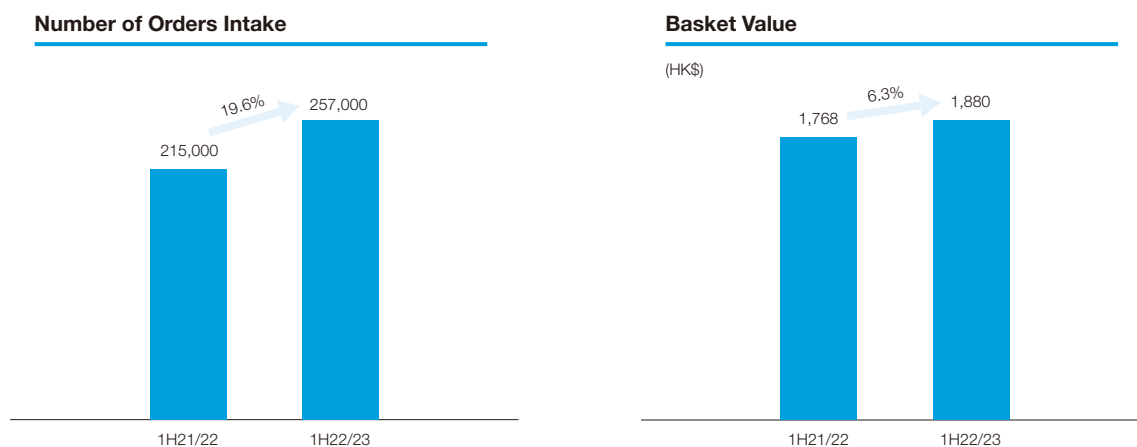
Source: Internal system.

MANAGEMENT DISCUSSION AND ANALYSIS

The above result was facilitated by our membership programme in strengthening customer loyalty and incentivising our customers to make repeated purchases. The growing customer base also echoed with our brand name which encapsulates our ideology to create a one-stop e-commerce platform to cater both online and offline retail markets under our OMO business model.

Meeting increased demand

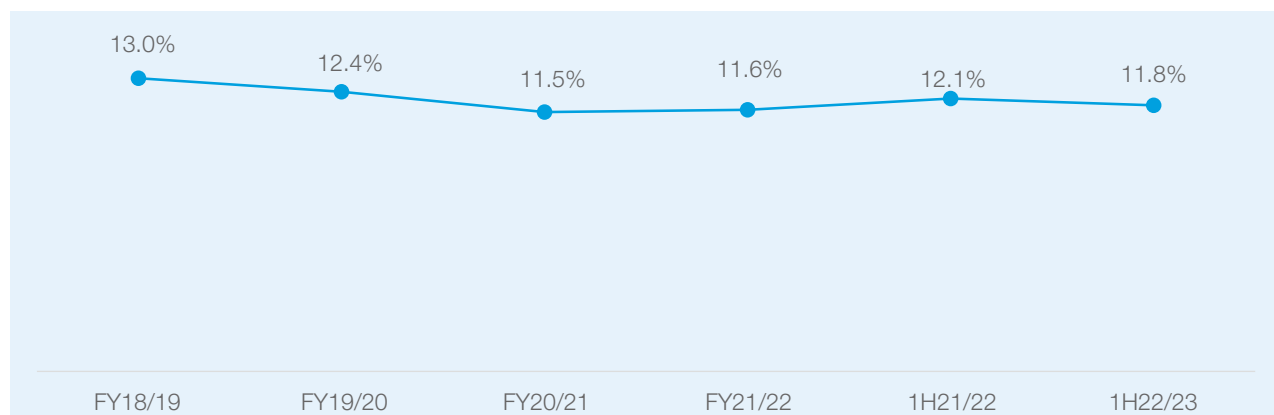
The increasing degree of customer loyalty can also be evidenced by our building up in terms of both the number of orders intake and the basket value of purchase by our customers, representing a period-on-period increase of approximately 19.6% and approximately 6.3% in 1H22/23, respectively.



Disciplined cost efficiency

We have implemented robust cost discipline while growing our business scale and revenue sustainably. We have managed to keep major cost items at a reasonable percentage to our revenue by achieving economies of scale. Total operating expenses, being the total sum of selling and distribution expenses and administrative expenses, for 1H21/22 and 1H22/23 remained relatively stable at approximately 12.1% and approximately 11.8% of our total revenue for the relevant period, respectively.

Total Operating Expenses (as % of total revenue)



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Our revenue increased from approximately HK\$344.7 million for 1H21/22 to approximately HK\$448.2 million for 1H22/23, representing an increase of approximately 30.0%. The increase in our revenue was primarily due to the increase in revenue through online sales and offline retail store sales in the Yoho OMO Business, as a result of (i) the increase in various operating data including our registered members, number of orders intake and basket value per order; (ii) our Group's continuing proactive market share acquisition strategy and its product portfolio expansion strategy resulting in the increase in brand diversity; (iii) increase in marketing campaigns resulting in the increase in brand awareness and customer bases of our Group; (iv) more and lengthened promotional campaigns launched in collaboration with several financial institutions; and (v) implementation of supportive government policies including the Consumption Voucher Scheme.

Cost of goods sold

Our cost of goods sold increased from approximately HK\$294.8 million for 1H21/22 to approximately HK\$380.4 million for 1H22/23, representing an increase of approximately 29.0%. The increase in our cost of goods sold was primarily in line with revenue growth for the same period.

Gross profit

Our gross profit increased from approximately HK\$49.9 million for 1H21/22 to approximately HK\$67.8 million for 1H22/23, representing an increase of approximately 35.9%, which was mainly due to our rapid development and revenue growth mentioned above. Furthermore, our gross profit margin increased from approximately 14.5% for 1H21/22 to approximately 15.1% for 1H22/23, the gross profit margin in our Group has largely stabilised for 1H22/23 driven by enhanced operational efficiency.

Other income

Our other income increased from approximately HK\$1,000 for 1H21/22 to approximately HK\$2.9 million for 1H22/23 primarily due to (i) the increase in government grants of approximately HK\$2.2 million, which consists of the wages subsidy under the Employment Support Scheme, an anti-epidemic fund launched by the HKSAR Government; and (ii) the increase in bank interest income from approximately HK\$1,000 for 1H21/22 to approximately HK\$658,000 for 1H22/23.

Other gains and losses

We recorded other losses of approximately HK\$10.9 million and approximately HK\$2.1 million for 1H21/22 and 1H22/23, respectively. The decrease in other losses was primarily due to the decrease in negative fair value change in convertible redeemable preferred shares from approximately HK\$10.9 million for 1H21/22 to approximately HK\$2.3 million for 1H22/23. Following the Listing, all of the convertible redeemable preferred shares were converted into ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Our selling and distribution expenses increased from approximately HK\$31.3 million for 1H21/22 to approximately HK\$36.8 million for 1H22/23, which was primarily due to (i) the increase in logistics and storage cost charged by the third party service providers due to the increase in number of orders intake of our Group of approximately 19.6% from 1H21/22 to 1H22/23; (ii) the increase in transaction cost charged by online payment services; and (iii) the increase in headcount due to the business growth and future expansion.

Administrative expenses

Our administrative expenses increased from approximately HK\$10.4 million for 1H21/22 to approximately HK\$15.9 million for 1H22/23, which was primarily due to (i) the increase in staff cost as a result of the increase in headcount from 86 as at 30 September 2021 to 108 as at 30 September 2022 due to the business growth and future expansion; and (ii) the increase in the professional fee of approximately HK\$1.0 million.

Finance costs

Our finance costs increased from approximately HK\$217,000 for 1H21/22 to approximately HK\$279,000 for 1H22/23, representing the increase in the interest on lease liabilities attributable to the increase of lease liabilities.

Income tax expense

Our income tax expense increased from approximately HK\$1.2 million for 1H21/22 to approximately HK\$2.2 million for 1H22/23 primarily due to the increase in profit before tax for the same period. Our effective tax rate was approximately -6.8% and approximately 68.7% for 1H21/22 and 1H22/23, respectively.

Nevertheless, we recorded a profit before tax of approximately HK\$3.2 million, the income tax expense of approximately HK\$2.2 million was recognised and hence we recorded effective tax rate of approximately 68.7% for 1H22/23. It is mainly due to the combined effect of (i) the recognition of negative fair value change in convertible redeemable preferred shares of approximately HK\$2.3 million and Listing expenses of approximately HK\$12.5 million which are not deductible for tax purpose; and (ii) the recognition of government grants of approximately HK\$2.2 million which are not taxable for tax purpose.

Profit (loss) for the period

As a result of the foregoing, we recorded a net profit of approximately HK\$1.0 million for 1H22/23 as compared with a net loss of approximately HK\$18.9 million for 1H21/22. We recorded a net loss for 1H21/22 and turnaround for 1H22/23 primarily attributable to (i) the robust and sustainable growth in revenue; (ii) the continuous growth in the number of registered members; (iii) the increase in both gross profit and gross profit margin driven by enhanced operational efficiency; (iv) the effective cost control initiatives implemented by the Group; (v) decrease in negative fair value change in convertible redeemable preferred shares; and (vi) decrease in expenses relating to our Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade receivables

Our trade receivables decreased from approximately HK\$7.7 million as at 31 March 2022 to approximately HK\$5.7 million as at 30 September 2022.

An ageing analysis of trade receivables, net of allowance for impairment losses, presented based on the invoice dates at the end of each reporting period is as follows:

| | As at 30 September 2022 HK\$'000 (unaudited) | As at 31 March 2022 HK\$'000 (audited) |
|----------------|--|--|
| Within 30 days | 3,493 | 6,688 |
| 31 to 60 days | 155 | 402 |
| 61 to 90 days | 624 | 419 |
| Over 90 days | 1,409 | 192 |
| | 5,681 | 7,701 |

Trade payables

Our trade payables increased slightly from approximately HK\$38.1 million as at 31 March 2022 to approximately HK\$38.4 million as at 30 September 2022.

The ageing analysis of trade payables of our Group presented based on the invoice dates at the end of each reporting period is as follows:

| | As at 30 September 2022 HK\$'000 (unaudited) | As at 31 March 2022 HK\$'000 (audited) |
|----------------|--|--|
| Within 30 days | 29,645 | 31,935 |
| 31 to 60 days | 5,575 | 2,681 |
| 61 to 90 days | 933 | 1,193 |
| Over 90 days | 2,250 | 2,285 |
| | 38,403 | 38,094 |

MANAGEMENT DISCUSSION AND ANALYSIS

Non-HKFRS measures

In order to supplement our condensed consolidated statements of profit or loss and other comprehensive income, which are presented in accordance with HKFRS, we also use adjusted net profit as non-HKFRS measures as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures help identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that we include in income from operations and net profit, and therefore provide useful information to investors and others in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that these non-HKFRS measures provide useful information about our operating results, enhance the overall understanding of our past performance and future prospects, and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted net profit as non-HKFRS measures as profit for the period adjusted by (i) fair value change in convertible redeemable preferred shares and (ii) Listing expenses. Given that (i) fair value change in convertible redeemable preferred shares was resulted from the conversion right to ordinary share granted to the holders of the series A preferred shares which has been exercised upon Listing and (ii) the Listing expenses were incurred for the purpose of the Listing, these items will no longer exist after the Listing. The use of adjusted net profit as non-HKFRS measures has material limitations as an analytical tool because they do not reflect all items of income and expenses that affect our operations. When assessing our operating and financial performance, you should not consider adjusted net profit as non-HKFRS measures in isolation from or as a substitute for our profit or loss for the period, gross profit or any other financial performance measure that is calculated in accordance with HKFRS. The term “adjusted net profit as non-HKFRS measures” is not defined under HKFRS, and such term may not be comparable to other similarly titled measures used by other companies.

The following table sets forth our adjusted net profit as non-HKFRS measures for the period indicated:

| | 1H22/23 HK\$'000 (unaudited) | 1H21/22 HK\$'000 (unaudited) |
|--|---|------------------------------------|
| Profit (loss) for the period | 1,007 | (18,945) |
| Adjusted for: | | |
| Fair value change in convertible redeemable preferred shares | 2,261 | 10,900 |
| Listing expenses | 12,483 | 14,847 |
| Adjusted net profit as non-HKFRS measures | 15,751 | 6,802 |

Pledge of assets

As at 30 September 2022, bank deposits of approximately HK\$1.3 million (31 March 2022: approximately HK\$1.0 million) had been pledged against the bank guarantee letter for a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The following table sets forth selected data from the condensed consolidated statement of cash flows for the periods indicated:

| | 1H22/23 HK\$'000 (unaudited) | 1H21/22 HK\$'000 (unaudited) |
|--|------------------------------------|------------------------------------|
| Net cash (used in) from operating activities | (17,257) | 4,182 |
| Net cash used in investing activities | (2,111) | (4,476) |
| Net cash from financing activities | 104,710 | 57,781 |
| Net increase in cash and cash equivalents | 85,342 | 57,487 |
| Cash and cash equivalents at beginning of the period | 126,256 | 37,561 |
| Cash and cash equivalents at end of the period | 211,598 | 95,048 |

Net cash used in operating activities

For 1H22/23, we had net cash used in operating activities of approximately HK\$17.3 million, mainly as a result of (i) profit before taxation of approximately HK\$3.2 million; (ii) adjusted mainly by negative fair value change in convertible redeemable preferred shares of approximately HK\$2.3 million, depreciation of property, plant and equipment of approximately HK\$1.1 million, depreciation of right-of-use assets of approximately HK\$4.1 million, decrease in trade receivables of approximately HK\$2.0 million, and increase in trade payables of approximately HK\$0.3 million; and (iii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly due to increase in inventory of approximately HK\$15.6 million, increase in other receivables, deposits and prepayments of approximately HK\$3.9 million, decrease in other payables and accruals of approximately HK\$3.4 million, decrease in contract liabilities of approximately HK\$5.4 million and income taxes paid of approximately HK\$1.7 million.

Net cash used in investing activities

For 1H22/23, we had net cash used in investing activities of approximately HK\$2.1 million, which primarily consists of purchases of property, plant and equipment of approximately HK\$1.5 million and placement of pledged bank deposits of approximately HK\$1.3 million partially offset by interest received of approximately HK\$0.7 million.

Net cash from financing activities

For 1H22/23, we had net cash from financing activities of approximately HK\$104.7 million, which primarily consists of proceeds from the initial public offering of approximately HK\$115.5 million, partially offset by share issue costs paid of approximately HK\$6.7 million and related finance cost of approximately HK\$4.1 million.

Gearing ratio

Gearing ratio (i.e. interest-bearing gross debt (including bank overdraft) divided by total equity) remained stable at nil as at 31 March 2022 and 30 September 2022, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Risks and Uncertainties

Our Group's financial condition, results of operations and business prospects may be affected by a number of principal risks and uncertainties directly or indirectly pertaining to our Group's business. The following list is a summary of certain principal risks and uncertainties faced by our Group which are not exhaustive and therefore other risks and uncertainties may also exist:

- we face significant competition in our business and our profitability and prospects for future growth depend on our ability to compete effectively with the other competitors;
- our business depends on our ability to maintain existing and attract new customers;
- incidents of counterfeit products could adversely affect the demand of our products, our brand, reputation and profitability;
- our business and results of operations may be materially and adversely affected if we are unable to maintain daily operations and security of the Yoho E-commerce Platform and systems;
- we are exposed to cybersecurity risks and may be liable for our users' privacy being compromised which may materially and adversely affect our reputation and business;
- the independent warehousing service provider and independent courier service providers engaged by us may increase their service charges and our net profit margin and results of operations may be affected as a result;
- we may not be able to provide electronic appliances to our customers in a timely manner or at all, which may subject us to refund of advances received in relation to the sales of electronic appliances; and
- our business, financial conditions and results of operations could be affected if we fail to attract and retain our key personnel, management team and our employees.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Direct-to-consumer platform (the “1P Business Model”)

Due to the worsening external economic situation arising from the recent interest rate hikes, the Hong Kong's economic outlook for the near future is expected to remain challenging. However, with the gradual reopening of international borders as the pandemic situation eases, we believe that the global market is returning to normality and our city will stage a stronger economic rebound in the coming quarters. Meanwhile, the structural changes in consumer behaviours driven by the pandemic have accelerated the penetration of e-commerce and increased the public acceptance of online purchases. Leveraging on our industry-leading market position and brand awareness, our Group is well-positioned to benefit from the recovery of economic activity and the e-commerce transition.

Going forward, we will strive to capture a larger market share through organic growth. Hong Kong's e-commerce market has tremendous business opportunities and development potential as the majority of the population is yet to use e-commerce. We will actively tap into the vast potential customer base by strengthening the breadth and depth of our inventory level while focusing on the consumer electronics and home appliances segment under our 1P Business Model. In terms of breadth, we target to introduce more popular brands in both local and overseas markets that offer products under our five sub-categories, namely consumer electronics, beauty and health electronic products, home appliances, computers and peripherals and lifestyle products, which are in line with the preference of Hong Kong consumers. In terms of depth, we intend to focus on strengthening our sourcing ability and our relationships with suppliers to maintain a more advantageous supply of products.

Meanwhile, to fully harness the synergies of our OMO model, we will continue to expand our offline retail network on top of our three existing retail stores. We plan to establish two large retail stores in New Territories East and New Territories West in 2023, subject to the rental market condition and the availability of suitable premises for lease, improve our offline retail presence and strengthen our logistics deployment to enhance the efficiency for last-mile delivery, thus meeting the rapid growth in the demand for “Quick Commerce”.

MANAGEMENT DISCUSSION AND ANALYSIS

Marketplace platform (the “3P Business Model”)

As one of the leading Hong Kong e-commerce platform operators, we have been proactively exploring ways to further monetize our significant website traffic and create catalysts for growth. Capitalizing on our well-developed Yoho E-commerce Platform and vast customer base, we have soft launched our marketplace platform in the middle of November 2022, where quality third-party merchants may sell their products to customers through our platform, to further diversify our product offerings and income streams and our sub-categories expanded from five to twelve. As a starting point, these third-party merchants are offering on our platform products beyond the categories we are offering under the 1P Business Model, to complement our existing product portfolio and maximise the synergies that could be created between our two different e-commerce models.

We expect the launch of our marketplace platform would have a positive impact on the following areas:

- Create synergy between 1P Business Model and 3P Business Model to drive overall growth

We believe that our 1P Business Model and 3P Business Model can create a dual growth engine, thereby achieving a synergistic effect in driving traffic between the two models. We have established a mature and well-developed 1P Business Model with significant website traffic and a large customer base comprising over 876,000 registered members as at 30 September 2022. These valuable operational resources would facilitate the third-party merchants to reach a large group of potential customers and widely promote their products at low cost, creating incentives for quality merchants to join us. In that case, our marketplace platform can enrich and complement the product categories available on our e-commerce platform in a swift and cost-efficient manner. The diversified and enhanced product portfolio would strengthen our capabilities of acquiring new customers and engaging our existing users more frequently. The introduction of our marketplace platform is expected to increase the number of orders intake and promote the overall growth of the Group.

- Diversify income streams to stimulate revenue growth

Under our 3P Business Model, we connect quality third-party merchants with our extensive customer network and facilitate the transactions between them. We charge commissions from merchants for every completed sale, thereby expanding our source of income. We also plan to expand our income stream by providing other value-added services in the future, including digital advertising services which are highly demanded by merchants. The effective marketing and advertising services would facilitate merchants to drive traffic and conversions in their product offerings. The commission income and service income generated from the 3P Business Model are expected to be new growth drivers of the Group.

- Improve overall gross profit margin and lower capital intensity

We believe that the launch of our marketplace platform will positively impact our overall gross profit margin and lower our capital intensity. By charging a commission from the sales of products or services between customers and third-party merchants, we can generate revenue without purchasing inventory and, by extension, without increasing the cost of goods sold. Such asset-light business model enables us to achieve higher efficiency and flexibility in capital deployment. We also intend to provide marketing and other value-added services to our merchants which are expected to have favourable gross profit margins, resulting in an overall enhancement of our gross profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS

Global Offering and Listing

On 26 May 2022, the Company offered 55,000,000 ordinary shares (the “**Shares**”) for subscription by public in the global offering. The offer price per Share was determined at HK\$2.10 and the Shares were successfully listed on the Main Board of the Stock Exchange on 10 June 2022. The net proceeds (after deduction of underwriting fees and commissions and other listing expense) from the global offering were approximately HK\$74.7 million. The net proceeds would be applied in manners described under the section headed “Future Plans and Use of Proceeds” to the prospectus of the Company dated 26 May 2022 (the “**Prospectus**”).

The Shares were only listed in June 2022. The Company raised new capital through the Global Offering in 2022, and details of the proposed use of proceeds are set out in the Prospectus.

Use of Net Proceeds from the Global Offering

An analysis of the utilisation of the net proceeds from the date of the Listing up to 30 September 2022 is set out below:

| | Percentage | Allocated use of proceeds (HK\$ million) | Used as of 30 September 2022 (HK\$ million) | Unused balance as of 30 September 2022 (HK\$ million) | Proposed timetable for the use of unutilised net proceeds |
|---|------------|--|--|---|---|
| Capturing a larger market share through organic growth | 20.4% | 15.2 | 4.0 | 11.2 | On or before 31 March 2025 |
| Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations | 7.1% | 5.3 | 0.2 | 5.1 | On or before 31 March 2026 |
| Expanding our services to customers in the PRC and, in particular, the Greater Bay Area | 8.6% | 6.4 | – | 6.4 | On or before 31 March 2026 |
| Strengthening our supply chain capabilities | 9.2% | 6.9 | – | 6.9 | On or before 31 March 2026 |

MANAGEMENT DISCUSSION AND ANALYSIS

| | Percentage | Allocated use of proceeds (HK\$ million) | Used as of 30 September 2022 (HK\$ million) | Unused balance as of 30 September 2022 (HK\$ million) | Proposed timetable for the use of unutilised net proceeds |
|---|------------|--|--|---|---|
| Further investing in brand management and marketing to increase mass awareness of our group and the effectiveness of our marketing activities | 11.8% | 8.8 | 0.5 | 8.3 | On or before 31 March 2024 |
| Expanding our teams of staff in support of our business strategies | 19.2% | 14.4 | 1.0 | 13.4 | On or before 31 March 2026 |
| Acquiring companies in e-commerce-related industries | 13.7% | 10.2 | – | 10.2 | On or before 31 March 2024 |
| General working capital | 10.0% | 7.5 | 0.8 | 6.7 | On or before 31 March 2026 |
| | 100.0% | 74.7 | 6.5 | 68.2 | |

As at 30 September 2022, the amount of unutilised net proceeds amounted to approximately HK\$68.2 million. The unutilised net proceeds were placed in interest-bearing deposits with authorized financial institutions or licensed banks in Hong Kong.

Up to 30 September 2022, the utilised net proceeds were applied in accordance with the planned use as previously disclosed in the Prospectus and the remaining net proceeds are expected to be used as planned.

Talent remuneration

Including the Directors, as at 30 September 2022, our Group had 108 permanent full-time employees as compared with 95 as at 31 March 2022. Our Group provides remuneration package consisting of basic salary, bonus, and other benefits to them. Bonus payments are discretionary and dependent on both our Group's and individual performances. Our Group also provides comprehensive medical and life insurance coverage, competitive retirement benefits schemes, and staff training programs and operates a share option scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditure

During 1H22/23, our Group acquired items of property, plant and equipment of approximately HK\$1.5 million (1H21/22: approximately HK\$4.5 million).

Contingent liabilities

Our Group had no material contingent liabilities as at 31 March 2022 and 30 September 2022, respectively.

Foreign exchange exposure

Substantially all of our Group's monetary assets and liabilities are primarily denominated in Hong Kong dollars ("**HK\$**"), United States dollars ("**US\$**") and Japanese yen ("**JPY**"). Given the pegged exchange rate between HK\$ and US\$, the exposure of entities that use HK\$ as their respective functional currencies to the fluctuations in US\$ is minimal. However, exchange rate fluctuations between HK\$ and JPY could affect our Group's performance and asset value. Our Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging arrangements for significant foreign currency exposure should the need arise.

Significant investments and material acquisitions and disposals

Save as disclosed in this report, during the Reporting Period, the Group did not have any significant investments, material acquisitions and/or disposals of subsidiaries, associates or joint ventures.

Interim dividend

The Board does not recommend any payment of interim dividend for the Reporting Period.

Events after the Reporting Period

There were no other significant events that may affect our Group since the end of the Reporting Period and up to the date of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

To the Board of Directors of Yoho Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Yoho Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 24 to 39, which comprise the condensed consolidated statement of financial position as of 30 September 2022, and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 September 2021 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 November 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

| | Notes | Six months ended 30 September 2022 HK\$'000 (unaudited) | Six months ended 30 September 2021 HK\$'000 (unaudited) |
|--|-------|--|--|
| Revenue | 3 | 448,200 | 344,700 |
| Cost of goods sold | | (380,359) | (294,763) |
| | | 67,841 | 49,937 |
| Other income | | 2,902 | 1 |
| Other gains and losses | | (2,081) | (10,940) |
| Selling and distribution expenses | | (36,799) | (31,317) |
| Administrative expenses | | (15,884) | (10,364) |
| Listing expenses | | (12,483) | (14,847) |
| Finance costs | | (279) | (217) |
| Profit (loss) before taxation | | 3,217 | (17,747) |
| Income tax expense | 4 | (2,210) | (1,198) |
| Profit (loss) and total comprehensive income (expense) for the period | | 1,007 | (18,945) |
| Earnings (loss) per share – | | | |
| Basic (HK cents) | 7 | 0.27 | (10.40) |
| Diluted (HK cents) | | 0.27 | (10.40) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

| | Notes | As at 30 September 2022 HK\$'000 (unaudited) | As at 31 March 2022 HK\$'000 (audited) |
|--|-------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 8 | 6,134 | 5,807 |
| Right-of-use assets | 8 | 29,251 | 18,438 |
| Deposits | | 8,800 | 4,309 |
| | | 44,185 | 28,554 |
| Current assets | | | |
| Inventories | | 81,716 | 66,282 |
| Trade receivables | 9 | 5,681 | 7,701 |
| Other receivables, deposits and prepayments | | 8,333 | 11,494 |
| Pledged bank deposits | | 1,306 | – |
| Bank balances and cash | | 211,598 | 126,256 |
| | | 308,634 | 211,733 |
| Current liabilities | | | |
| Trade payables | 10 | 38,403 | 38,094 |
| Other payables and accruals | | 13,960 | 17,657 |
| Contract liabilities | | 9,536 | 14,972 |
| Convertible redeemable preferred shares | 11 | – | 68,787 |
| Income tax payable | | 1,975 | 1,487 |
| Lease liabilities | | 9,655 | 7,584 |
| | | 73,529 | 148,581 |
| Net current assets | | 235,105 | 63,152 |
| Total assets less current liabilities | | 279,290 | 91,706 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

| | Note | As at 30 September 2022 HK\$'000 (unaudited) | As at 31 March 2022 HK\$'000 (audited) |
|--------------------------------|------|--|--|
| Non-current liabilities | | | |
| Other payable | | – | 90 |
| Lease liabilities | | 21,565 | 12,721 |
| Deferred tax liabilities | | 149 | 149 |
| | | 21,714 | 12,960 |
| Net assets | | | |
| | | 257,576 | 78,746 |
| Capital and reserves | | | |
| Share capital | 12 | 390 | 142 |
| Reserves | | 257,186 | 78,604 |
| Total equity | | | |
| | | 257,576 | 78,746 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

| | Attributable to owners of the Company | | | | Total HK\$'000 |
|--|---------------------------------------|------------------------------|--|---------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserve HK\$'000 (Note) | Retained profits HK\$'000 | |
| At 1 April 2021 (audited) | 50,000 | (599) | – | 29,570 | 78,971 |
| Loss and total comprehensive expense for the period | – | – | – | (18,945) | (18,945) |
| Transfer upon group reorganisation | (49,858) | 599 | 49,259 | – | – |
| At 30 September 2021 (unaudited) | 142 | – | 49,259 | 10,625 | 60,026 |
| At 1 April 2022 (audited) | 142 | – | 49,259 | 29,345 | 78,746 |
| Profit and total comprehensive income for the period | – | – | – | 1,007 | 1,007 |
| Conversion of convertible redeemable preferred shares (note 11) | 12 | 71,036 | – | – | 71,048 |
| Capitalisation issue (note 12) | 193 | (193) | – | – | – |
| Issue of shares under the initial public offerings (the “ IPO ”) (note 12) | 43 | 115,457 | – | – | 115,500 |
| Transaction costs attributable to the IPO | – | (8,725) | – | – | (8,725) |
| At 30 September 2022 (unaudited) | 390 | 177,575 | 49,259 | 30,352 | 257,576 |

Note: Other reserve represents the difference between the aggregate amount of share capital issued by the Company and the net asset values of the Group's subsidiary Yoho Holdings (BVI) Limited (“**Yoho BVI**”) in connection with the group reorganisation on 20 May 2021.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

| | Six months ended 30 September 2022 HK\$'000 (unaudited) | Six months ended 30 September 2021 HK\$'000 (unaudited) |
|--|--|--|
| OPERATING ACTIVITIES | | |
| Profit (loss) before taxation | 3,217 | (17,747) |
| Adjustments for: | | |
| Finance costs | 279 | 217 |
| Bank interest income | (658) | (1) |
| Depreciation of property, plant and equipment | 1,136 | 684 |
| Depreciation of right-of-use assets | 4,065 | 3,649 |
| Provision of impairment loss on inventories | 84 | 344 |
| Fair value change in convertible redeemable preferred shares | 2,261 | 10,900 |
| Convertible redeemable preferred shares issue cost | – | 400 |
| Operating cash flows before movements in working capital | 10,384 | (1,554) |
| Decrease (increase) in trade receivables | 2,020 | (818) |
| (Increase) decrease in other receivables, deposits and prepayments | (3,862) | 1,140 |
| Increase in inventories | (15,518) | (2,946) |
| Increase (decrease) in trade payables | 309 | (720) |
| (Decrease) increase in other payables and accruals | (3,432) | 7,360 |
| (Decrease) increase in contract liabilities | (5,436) | 1,274 |
| Cash (used in) generated from operations | (15,535) | 3,736 |
| Income taxes (paid) refund | (1,722) | 446 |
| NET CASH (USED IN) FROM OPERATING ACTIVITIES | (17,257) | 4,182 |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (1,463) | (4,477) |
| Placement of pledged bank deposits | (1,306) | – |
| Interest received | 658 | 1 |
| NET CASH USED IN INVESTING ACTIVITIES | (2,111) | (4,476) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

| | Six months ended 30 September 2022 HK\$'000 (unaudited) | Six months ended 30 September 2021 HK\$'000 (unaudited) |
|--|--|--|
| FINANCING ACTIVITIES | | |
| Proceeds from the initial public offering | 115,500 | – |
| Repayments of leases liabilities and related finance cost | (4,092) | (2,862) |
| Share issue costs paid | (6,698) | (3,060) |
| Convertible redeemable preferred shares issue cost paid | – | (400) |
| Proceeds from issue of convertible redeemable preferred shares | – | 64,103 |
| NET CASH FROM FINANCING ACTIVITIES | 104,710 | 57,781 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 85,342 | 57,487 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 126,256 | 37,561 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | | |
| Represented by bank balances and cash | 211,598 | 95,048 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1a. BASIS OF PREPARATION

The condensed consolidated financial statements of Yoho Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

Pursuant to the Reorganisation detailed in the Note 2 to the consolidated financial statement of the Group in the 2021/22 Annual Report of the Company, the Company has become the holding company of the companies now comprising the Group on 21 May 2021. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the condensed consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the six months period ended 30 September 2021 include the results, changes in equity and cash flows of the companies now comprising the Group, as if the Company had always been the holding company of the Group and the current group structure has been in existence throughout the six months period ended 30 September 2021, or since their respective dates of the incorporation or establishment, where there is a shorter period.

1b. SIGNIFICANT EVENTS IN THE CURRENT INTERIM PERIOD

The Company has listed its shares on Main Board of the Stock Exchange on 10 June 2022 (the “**Listing Date**”).

The convertible redeemable preferred shares issued by the Company were converted into 15,031,101 ordinary shares of the Company on the Listing Date. For details, please refer to note 11 and note 12.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|-----------------------|--|
| 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 HKFRSs 2018-2020 |

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

| | Six months ended 30 September 2022 HK\$'000 (unaudited) | Six months ended 30 September 2021 HK\$'000 (unaudited) |
|---|--|--|
| Sales of products | | |
| – Consumer electronics | 91,800 | 94,288 |
| – Beauty and health electronic products | 61,183 | 51,672 |
| – Home appliances | 213,514 | 143,945 |
| – Computers and peripherals | 58,039 | 34,961 |
| – Lifestyle products | 22,230 | 19,253 |
| Revenue from sales of products | 446,766 | 344,119 |
| Provision of advertising services | 1,434 | 581 |
| Total | 448,200 | 344,700 |
| Geographical markets: | | |
| – Hong Kong | 437,217 | 335,837 |
| – The People's Republic of China (other than Hong Kong) | 6,455 | 5,622 |
| – Others | 4,528 | 3,241 |
| | 448,200 | 344,700 |
| Timing of revenue recognition: | | |
| – A point in time | 446,766 | 344,119 |
| – Over time | 1,434 | 581 |
| | 448,200 | 344,700 |

Segment information

For the purposes of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole. Accordingly, only entity-wide disclosures and geographic information are presented.

Geographical information

The geographical information of the Group's revenue based on the location of the goods delivered and services rendered is disclosed above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. INCOME TAX EXPENSE

| | Six months ended 30 September 2022 HK\$'000 (unaudited) | Six months ended 30 September 2021 HK\$'000 (unaudited) |
|-------------------------|--|--|
| Current tax: | | |
| – Hong Kong Profits Tax | 2,210 | 1,198 |
| Income tax expense | 2,210 | 1,198 |

Hong Kong Profits Tax for both periods is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Group and at 16.5% on the estimated assessable profits above HK\$2,000,000. The profits of other subsidiaries not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

5. PROFIT (LOSS) FOR THE PERIOD

| | Six months ended 30 September 2022 HK\$'000 (unaudited) | Six months ended 30 September 2021 HK\$'000 (unaudited) |
|---|--|--|
| Profit (loss) for the period has been arrived at after charging (crediting): | | |
| Staff costs (including the directors' remuneration) | | |
| – Salaries, allowances and other benefits | 16,335 | 12,627 |
| – Retirement benefits schemes contributions | 675 | 528 |
| Total staff costs | 17,010 | 13,155 |
| Depreciation of property, plant and equipment | 1,136 | 684 |
| Depreciation of right-of-use assets | 4,065 | 3,649 |
| Cost of inventories recognised as an expense (including allowance for provision of impairment loss on inventories of HK\$84,000 (six months ended 30 September 2021: HK\$344,000)) | 380,359 | 294,763 |
| Government grants (Note) | (2,244) | – |

Note: During the six months ended 30 September 2022, the Group recognised government grants of HK\$2,244,000 (six months ended 30 September 2021: nil), in respect of the Employment Support Scheme launched by the Hong Kong Government.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

6. DIVIDENDS

No dividends were paid, declared or proposed during both periods. Subsequent to the end of the current interim period, the directors have determined that no dividend will be paid in respect of the interim period.

7. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the following data:

| | Six months ended 30 September 2022 HK\$'000 (unaudited) | Six months ended 30 September 2021 HK\$'000 (unaudited) |
|--|--|--|
| Earnings (loss) for the purpose of basic earnings (loss) per share: | | |
| Profit (loss) for the period attributable to owners of the Company | 1,007 | (18,945) |
| Number of Shares: | | |
| Weighted average number of shares for the purpose of basic earnings (loss) per share | 378,435,293 | 182,195,122 |

The weighted average number of ordinary shares for the purpose of basic earnings (loss) per share has been adjusted for initial public offering that took place on 10 June 2022.

During the six months period ended 30 September 2022, the Company had two category of potential ordinary shares – convertible redeemable preferred shares and the over-allotment option. The potential ordinary shares of convertible redeemable preferred shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. The computation of earnings per share did not assume the exercise of the over-allotment option because the exercise price of over-allotment option outstanding were higher than average market price of the shares.

During the six months period ended 30 September 2021, the Company had one category of potential ordinary shares – convertible redeemable preferred shares. These potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, total additions to property, plant and equipment were HK\$1,463,000 (six months ended 30 September 2021: HK\$4,477,000), which mainly included additions to leasehold improvements of HK\$1,157,000 (six months ended 30 September 2021: HK\$2,029,000), additions to office furniture and equipment of HK\$186,000 (six months ended 30 September 2021: HK\$2,336,000) and additions to computer equipment of HK\$120,000 (six months ended 30 September 2021: HK\$112,000).

During the current interim period, the Group renewed one lease agreement and entered into one new lease agreement with lease terms ranged from one to five years (six months ended 30 September 2021: two to five years). On lease commencement, the Group recognised lease liabilities of HK\$14,728,000 (six months ended 30 September 2021: approximately HK\$9,252,000) and total additions to right-of-use assets were HK\$14,878,000 (six months ended 30 September 2021: HK\$9,472,000).

9. TRADE RECEIVABLES

| | 30 September 2022 HK\$'000 (unaudited) | 31 March 2022 HK\$'000 (audited) |
|-------------------|---|---|
| Trade receivables | 5,681 | 7,701 |

The Group generally grants credit terms of 30 days to its wholesale customers from the date of invoices. Sales made through retail stores or internet are settled by cash or credit cards through payment gateways, which will generally settle the amounts with the Group within 2 days after the sales made. An ageing analysis of the trade receivables, net of allowance for impairment losses, presented based on the invoice dates at the end of each reporting period is as follows:

| | 30 September 2022 HK\$'000 (unaudited) | 31 March 2022 HK\$'000 (audited) |
|----------------|---|---|
| Within 30 days | 3,493 | 6,688 |
| 31 to 60 days | 155 | 402 |
| 61 to 90 days | 624 | 419 |
| Over 90 days | 1,409 | 192 |
| | 5,681 | 7,701 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

10. TRADE PAYABLES

The credit period granted by suppliers ranged from 0 to 30 days. The ageing analysis of the trade payables of the Group presented based on the invoice dates at the end of each reporting period is as follows:

| | 30 September 2022 HK\$'000 (unaudited) | 31 March 2022 HK\$'000 (audited) |
|----------------|---|---|
| Within 30 days | 29,645 | 31,935 |
| 31 to 60 days | 5,575 | 2,681 |
| 61 to 90 days | 933 | 1,193 |
| Over 90 days | 2,250 | 2,285 |
| | 38,403 | 38,094 |

11. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The movement of the fair value of the convertible redeemable preferred shares is set out as below:

| | HK\$'000 |
|--|----------|
| At 1 April 2022 (audited) | 68,787 |
| Fair value change | 2,261 |
| Converted into ordinary shares during the period | (71,048) |
| At 30 September 2022 (unaudited) | - |

Following the successful listing of the shares of the Company on Main Board of the Stock Exchange on 10 June 2022, all of the convertible redeemable preferred shares were converted into 15,031,101 ordinary shares of the Company.

The convertible redeemable preferred shares issued by the Company were measured at fair value at 10 June 2022 by Kroll (HK) Limited (formerly known as D&P China (HK) Limited), an independent qualified professional valuer engaged by the Company with the registered address as 3/F, Three Pacific Place, 1 Queen's Road East, Hong Kong based on Black-Scholes Option Pricing Model ("**Black-Scholes**").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

12. SHARE CAPITAL

Authorised:

| | Number of shares | Nominal value of ordinary shares US\$'000 |
|---------------------------------------|---------------------|---|
| At 1 April 2022 and 30 September 2022 | 500,000,000 | 50 |

Issued:

| | Number of ordinary shares | Number of series A preferred shares | Equivalent nominal value of ordinary shares US\$'000 | Equivalent nominal value of ordinary shares HK\$'000 |
|---|------------------------------------|--|---|---|
| At 1 April 2022 (audited) | 146,000,000 | 36,195,122 | 18 | 142 |
| Conversion of series A preferred shares (Note) | 36,195,122 | (36,195,122) | – | – |
| Conversion of convertible redeemable preferred shares (Note) | 15,031,101 | – | 2 | 12 |
| Capitalisation issue (Note) | 247,773,777 | – | 24 | 193 |
| Issuance of shares under the initial public offerings (Note) | 55,000,000 | – | 6 | 43 |
| At 30 September 2022 (unaudited) | 500,000,000 | – | 50 | 390 |

Note:

On the Listing Date, the 36,195,122 series A preferred shares and the 15,031,101 convertible redeemable preferred shares, were converted into 36,195,122 and 15,031,101 ordinary shares, respectively. On the same date, 247,773,777 new shares of the Company of US\$0.0001 each were issued through capitalisation of HK\$193,264 and such amount is credited to share premium. Also, 55,000,000 new shares of the Company of par value US\$0.0001 each were issued at an offer price of HK\$2.1 per share. The difference of HK\$115,457,100 between offer price and the par value of the shares have been credited to share premium.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. RELATED PARTY DISCLOSURES

| | Six months ended 30 September 2022 HK\$'000 (unaudited) | Six months ended 30 September 2021 HK\$'000 (unaudited) |
|---|--|--|
| Sales to Mr. Wu Faat Chi (“ Mr. Wu ”) | – | 26 |
| Sales to Ms. Tsui Ka Wing (“ Ms. Tsui ”) | – | 11 |
| | – | 37 |

Compensation of key management personnel

The remuneration of key management was as follows:

| | 2022 HK\$'000 | 2021 HK\$'000 |
|--------------------------|------------------|------------------|
| Short-term benefits | 2,162 | 1,418 |
| Post-employment benefits | 44 | 33 |
| | 2,206 | 1,451 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The management of the Group determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis

| | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key input(s) |
|---|--|--|----------------------|---|
| | 30 September 2022 HK\$'000 (unaudited) | 31 March 2022 HK\$'000 (audited) | | |
| Convertible redeemable preferred shares | – | 68,787 | Level 3 | Black-Scholes and discounted cash flow method |

For detailed measurement of the fair value of the convertible redeemable preferred shares, please refer to note 11.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

BORROWINGS

The Group had no outstanding borrowings as at 31 March 2022 and 30 September 2022, respectively.

LOAN AND GUARANTEE

During the Reporting Period, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling Shareholders or their respective connected persons.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this interim report, based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Ch. 571 of the laws of Hong Kong) (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

| Name of Director/chief executive of the Company | Nature of interest | Number of Shares | Approximate percentage of shareholding |
|---|--|--------------------------------|--|
| Mr. Wu Faat Chi ^(Notes 1,3) | Interest in a controlled corporation, Beneficial Interest and interest of spouse | 314,559,390 (Long position) | 62.9% |
| Ms. Tsui Ka Wing ^(Notes 2,3) | Interest in a controlled corporation and interest of spouse | 314,559,390 (Long position) | 62.9% |
| Mr. Man Lap ("Mr. Man") ^(Note 4) | Beneficial Interest | 3,894,160 (Long position) | 0.8% |
| Mr. Hsieh Wing Hong Sammy ("Mr. Hsieh") ^(Note 5) | Interest in controlled corporation | 2,877,598 (Long position) | 0.6% |
| Mr. Adamczyk Alexis Thomas David | Beneficial Interest | 1,027,714 (Long position) | 0.2% |

OTHER INFORMATION

Notes:

1. The Mearas Venture Limited ("**The Mearas Venture**"), which is wholly-owned by Mr. Wu, is interested in 168,003,522 Shares. Under the SFO, Mr. Wu is deemed to be interested in the 168,003,522 Shares held by The Mearas Venture. In addition, Mr. Wu has direct interests in 3,014,000 Shares.
2. The Wings Venture Limited ("**The Wings Venture**"), which is wholly-owned by Ms. Tsui, is interested in 140,938,186 Shares. Under the SFO, Ms. Tsui is deemed to be interested in the 140,938,186 Shares held by The Wings Venture. Yo Cheers (BVI), which is wholly-owned by Ms. Tsui, is interested in 2,603,682 Shares, and under the SFO, Ms. Tsui is deemed to be interested in the 2,603,682 Shares held by Yo Cheers (BVI).
3. As Mr. Wu is the spouse of Ms. Tsui, Ms. Tsui is deemed to be interested in the 168,003,522 Shares in which Mr. Wu is interested via The Mearas Venture and direct interests in 3,014,000 Shares, and Mr. Wu is deemed to be interested in the 143,541,868 Shares in which Ms. Tsui is interested via The Wings Venture (as to 140,938,186 Shares) and Yo Cheers (BVI) (as to 2,603,682 Shares). As a result, each of Mr. Wu and Ms. Tsui is deemed to be interested in a total of 314,559,390 Shares, representing approximately 62.9% interest of the total issued share capital of our Company.
4. In addition to his direct interests in our Company, Mr. Man is indirectly interested in the issued share capital of our Company via Biz Cloud Investments Limited ("**Beyond Ventures Vehicle**"), which is interested in 35,676,935 Shares. 3 Musketeers Limited, which is owned by Mr. Man and his spouse, Ms. Ma Siu Yan Sandra, as to 50% and 50%, respectively, is (i) one of the shareholders of Beyond I Capital Limited (being the general partner of Beyond Ventures) as to approximately 14.3%, (ii) one of the limited partners and strategic partners of Beyond Ventures which directly owned a total of approximately 8.34% partnership interest (comprising approximately 3.69% partnership interest as limited partner and approximately 4.65% partnership interest as strategic partner, among which approximately 2.18% strategic partnership interest was in respect of our Group and approximately 2.47% strategic partnership interest was in respect of other investment projects invested by Beyond Ventures), and (iii) one of the shareholders of Beyond I Special Capital Limited (being a limited partner of Beyond Ventures which owned approximately 5.35% of limited partnership interest of Beyond Ventures) as to 14.29%. For further details, please see the section headed "History, Reorganisation and Corporate Structure – Pre-IPO Investment – Public Float" in the Prospectus.
5. Triple Gold Enterprise Limited, which is ultimately and wholly beneficially owned by Mr. Hsieh, is interested in 2,877,598 Shares. Under the SFO, Mr. Hsieh is deemed to be interested in the 2,877,598 Shares held by Triple Gold Enterprise Limited.

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

To the best knowledge and information of the Directors after having made all reasonable enquiries, as at 30 September 2022, the following persons (other than the Directors and chief executives of the Company) had interests in 5% or more of the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

| Name of substantial Shareholder | Nature of interest | Number of Shares | Approximate percentage of shareholding |
|--|------------------------------------|--------------------------------|--|
| The Mearas Venture | Beneficial Interest | 168,003,522 (Long position) | 33.6% |
| The Wings Venture | Beneficial Interest | 140,938,186 (Long position) | 28.2% |
| Beyond Ventures Vehicle ^(Note 1) | Beneficial Interest | 35,676,935 (Long position) | 7.1% |
| Beyond Ventures I Fund L.P. ("Beyond Ventures") ^(Note 1) | Interest in controlled corporation | 35,676,935 (Long position) | 7.1% |
| Beyond I Capital Limited ^(Note 1) | Interest in controlled corporation | 35,676,935 (Long position) | 7.1% |

Note:

- Beyond Ventures Vehicle is wholly-owned by Beyond Ventures, which is an exempted limited partnership registered in the Cayman Islands with (i) Beyond I Capital Limited as its general partner, which is in turn owned by Expand Ocean Limited as to approximately 28.6%, Mr. Fang Yan Zau Alexander as to approximately 28.6%, 3 Musketeers Limited as to approximately 14.3%, Billion Eggs Limited as to approximately 14.2% and Decent Global Limited as to approximately 14.3%, and (ii) various high net worth individuals and institutional and corporate investors as its limited partners and strategic partners. No limited partner or strategic partner has contributed more than one third of the capital to Beyond Ventures. Under the SFO, Beyond Ventures (as the sole shareholder of Beyond Ventures Vehicle) and Beyond I Capital Limited (as the general partner of Beyond Ventures) are deemed to be interested in the 35,676,935 Shares held by Beyond Ventures Vehicle.

Save as disclosed above, as at 30 September 2022, the Directors and chief executives of the Company were not aware of any other persons (other than the Directors and chief executives of the Company) who had interests in 5% or more of the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

On 20 May 2022, the Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) and the Share Option Scheme became unconditional on the Listing Date and shall be valid and effective for a period of ten years commencing therefrom, subject to the early termination provisions contained in the Share Option Scheme. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme. The details of the Share Option Scheme are set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV of the Prospectus. Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the Reporting Period and up to the date of this report and there was no outstanding option as at 30 September 2022 and as at the date of this report.

COMPETING AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling Shareholder nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the Reporting Period.

None of the Directors, the controlling Shareholders or substantial Shareholders or any of its respective close associates had engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, or had any other conflict of interests with the Group during the Reporting Period, and none of them was engaged in any business which directly or indirectly, competes or is likely to compete with the business of the Company and any of its subsidiaries or has interest in such business.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

Throughout the Reporting Period, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 of the Listing Rules except for code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

The positions of chairman and chief executive officer are held by Mr. Wu. While this will constitute a deviation from code provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decisions to be made by the Board require approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of eight Directors, and the Company believe there is sufficient check and balance on the Board; (ii) Mr. Wu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of the Company and will make decisions of our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Group.

OTHER INFORMATION

Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both the Board and senior management levels.

Finally, as Mr. Wu is one of the founders of the Yoho OMO Business, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own securities dealing code regarding the code of conduct of Directors and employees (who are likely to be in possession of inside information of the Company) on dealings in the Company's securities (the "**Securities Handling Policy**") on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry with the Directors, all of them have confirmed that they had fully complied with the required standard set out in the Model Code and the Securities Handling Policy throughout the Reporting Period.

CHANGES OF DIRECTORS' INFORMATION

There is no change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

REVIEW BY THE AUDIT COMMITTEE AND EXTERNAL AUDITOR

The Interim Results and the unaudited condensed consolidated interim financial information of the Group for the Reporting Period have been reviewed by the audit committee of the Company. The unaudited condensed consolidated interim financial information has also been reviewed by Deloitte Touche Tohmatsu, the Company's external auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certificated Public Accountants.

On behalf of the Board

Wu Faat Chi

Chairman and Executive Director

Hong Kong,
24 November 2022