

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



2020

THIRD QUARTERLY REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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This report, for which the directors (the "Directors") of Yik Wo International Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company's website at www.yikwo.cn.

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

For the three and nine months ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	4	64,454	57,562	170,543	156,193
Cost of sales		(44,743)	(41,400)	(119,558)	(111,257)
Gross profit		19,711	16,162	50,985	44,936
Other income		38	17	88	40
Selling expenses		(3,018)	(2,833)	(8,232)	(7,957)
Administrative and other operating expense		(10,768)	(3,901)	(22,090)	(16,341)
Profit from operations		5,963	9,445	20,751	20,678
Finance costs		(9)	(57)	(111)	(172)
Profit before income tax	5	5,954	9,388	20,640	20,506
Income tax expense	6	(1,512)	(2,458)	(6,310)	(6,160)
Profit for the period		4,442	6,930	14,330	14,346
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation recognised		1,376	(138)	1,384	(147)
Total comprehensive income for the period		5,818	6,792	15,714	14,199
Profit for the period attributable to:					
Equity holders of the Company		4,442	6,930	14,330	14,082
Non-controlling interests		—	—	—	264
		4,442	6,930	14,330	14,346
Total comprehensive income for the period attributable to:					
Equity holders of the Company		5,818	6,792	15,714	13,935
Non-controlling interests		—	—	—	264
		5,818	6,792	15,714	14,199
Earnings per share attributable to equity holders of the Company					
– Basic and diluted (RMB cents)	8	0.74	1.51	2.39	3.13

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	Attributable to equity holders of the Company							
	Share capital RMB'000	Share premium* RMB'000	Statutory reserve* RMB'000	Translation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total RMB'000
At 1 January 2019	20,001	—	7,812	—	49,217	77,030	4,054	81,084
Profit for the period	—	—	—	—	14,082	14,082	264	14,346
Other comprehensive income								
– Exchange differences on translation of foreign operation recognised	—	—	—	(147)	—	(147)	—	(147)
Total comprehensive income for the period	—	—	—	(147)	14,082	13,935	264	14,199
Transaction with owner								
– Dividend declared	—	—	—	—	(21,755)	(21,755)	(1,145)	(22,900)
– Issue of share capital	—*	20,000	—	—	—	20,000	—	20,000
– Acquisition of Hengsheng Animation Diffusion Co., Ltd. (“Hengsheng Animation”)*	(20,000)	—	—	—	3,173	(16,827)	(3,173)	(20,000)
As at 30 September 2019	1	20,000	7,812	(147)	44,717	72,383	—	72,383
As at 1 January 2020	1	20,000	9,829	(96)	49,119	78,853	—	78,853
Profit and total comprehensive income for the period	—	—	—	—	14,330	14,330	—	14,330
Other comprehensive income								
– Exchange difference on translation of foreign operation recognised	—	—	—	1,384	—	1,384	—	1,384
Total comprehensive income for the period	—	—	—	1,384	14,330	15,714	—	15,714
Transaction with owner								
– Dividend declared	—	—	—	—	(7,522)	(7,522)	—	(7,522)
– Issuance of ordinary shares pursuant to share offer	1,354	36,411	—	—	—	37,765	—	37,765
– Issuance of ordinary shares pursuant to capitalisation issue	4,063	(4,063)	—	—	—	—	—	—
As at 30 September 2020	5,418	52,348	9,829	1,288	55,927	124,810	—	124,810

* Represented amount of less than RMB1,000.

* The reserves accounts comprise the Group’s reserve of RMB124,810,000 in the condensed consolidated statement of financial position as at 30 September 2020 (as at 30 September 2019: RMB72,382,000).

* Hengsheng Animation is a wholly foreign-owned enterprise established in the PRC on 13 April 2011 and an indirect wholly-owned subsidiary of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION

The Quarterly Financial Statements for the nine months ended 30 September 2020 has been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and the accounting principles generally accepted in Hong Kong which include the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The Quarterly Financial Statements does not include all of the information required in the annual consolidated financial statements and should be read in conjunction with the accountant’s report of the Group for the year ended 31 December 2019 included in the Company’s prospectus dated 30 June 2020 (the “Prospectus”).

The Quarterly Financial Statements is unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES

The Quarterly Financial Statements for the nine months ended 30 September 2020 have been prepared in accordance with the accounting policies adopted in the Group’s accountant’s report for the year ended 31 December 2019, except for the adoption of the following new and amended Hong Kong Financial Report Standards (“HKFRSs”) issued by the HKICPA effective for the annual period beginning on 1 January 2020.

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 2020 and are relevant to the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material

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 2020

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	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Brand:				
Products under "JAZZIT" brand	57,288	52,624	151,948	139,822
Non-branded products	7,166	4,938	18,595	16,371
	64,454	57,562	170,543	156,193
Nature:				
Regular products	37,708	46,487	107,189	124,083
Customised products	26,454	10,753	61,624	30,419
Others	292	322	1,730	1,691
	64,454	57,562	170,543	156,193

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Three months ended 30 September		Nine months ended 30 September	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Depreciation				
– Owned used	1,715	1,418	4,753	4,172
– Held under leases	166	166	498	498
Amortisation of intangible assets included in administrative and other operating expenses	500	500	1,500	1,500
Short-term lease charges in respect of – Premises	19	19	57	55
Cost of inventories recognised as an expense	37,082	36,731	103,209	98,370
Research and development cost (including staff costs)	1,420	1,801	4,287	6,006
Loss on disposals of property, plant and equipment	—	57	—	150
Listing expenses	7,525	219	11,658	4,536
Staff costs (including Directors' emoluments)				
– Salaries, allowances and other benefits	3,345	3,109	9,495	8,997
– Contributions to defined contribution retirement plans	24	122	72	371

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

6. INCOME TAX EXPENSE

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

No provision for profits tax has been provided by the Company as the Company had no assessable profits subject to taxation in any jurisdiction. No provision for Hong Kong profits tax has been provided as the Group had no assessable profits arising from Hong Kong during the nine months ended 30 September 2020 and 2019.

The provision for PRC enterprise income tax has been provided at the applicable tax rate of 25% (2019: 25%) on the assessable profits of the PRC subsidiaries.

	Three months ended 30 September		Nine months ended 30 September	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Current tax				
– Provision for PRC enterprise income tax	1,512	2,458	6,310	5,450
– Underprovision in prior year	—	—	—	710
	1,512	2,458	6,310	6,160

7. DIVIDEND

On 2 July 2020, the Company declared and paid a dividend in favour of one of the ordinary shareholders of the Company, Prize Investment Limited, in an aggregate amount of RMB7,522,185 to offset the amount due from the ultimate holding company and amount due from a shareholder (nine months ended 30 September 2019: RMB22,900,000). Save as disclosed, no dividend was paid, declared or proposed for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

8. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profits for the period attributable to equity holders of the Company and the number of ordinary shares outstanding during the period on the assumption of that the Reorganisation and the Capitalisation Issue as defined and set out in the Prospectus had been effective on 1 January 2019.

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Earnings:				
Profit for the period attributable to equity holder of the Company	4,442	6,930	14,330	14,082
Number of shares:				
Number of ordinary shares (in thousands)	600,000	450,000	600,000	450,000

Diluted earnings per share for both periods were the same as 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.

The number of ordinary shares for the purpose of calculating basic and diluted earnings per share for both periods has been determined on the assumption that the capitalisation issue had been effective on 1 January 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the design and development, manufacturing and sales of disposable plastic food storage containers 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.

The revenue of the Group recorded an increase by approximately 9.2% from approximately RMB156.2 million for the nine months ended 30 September 2019 to approximately RMB170.5 million for the nine months ended 30 September 2020 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.

FINANCIAL REVIEW

Revenue

The revenue increased from approximately RMB156.2 million for the nine months ended 30 September 2019 to approximately RMB170.5 million for the nine months ended 30 September 2020, representing an increase of approximately RMB14.4 million or approximately 9.2%. Such increase was mainly due to the increase in demands for take-away food by the general public since the outbreak of COVID-19.

Cost of sales

The cost of sales increased from approximately RMB111.3 million for the nine months ended 30 September 2019 to approximately RMB119.6 million for the nine months ended 30 September 2020, representing an increase of approximately RMB8.3 million or approximately 7.5%. Such increase was mainly attributable to the increase in expenses, such as salary and raw material purchased, incurred during the period.

Gross Profit

Gross profit of the Group increased by approximately RMB6.0 million or approximately 13.5% from approximately RMB44.9 million for the nine months ended 30 September 2019 to approximately RMB51.0 million for the nine months ended 30 September 2020. The increase was mainly driven by the increase in gross profit margin for the nine months ended 30 September 2020. The overall gross profit margin increased from approximately 28.8% for the nine months ended 30 September 2019 to approximately 29.9% for the nine months ended 30 September 2020 due to the increase in selling price of the Group's products with a higher demand for the Group's products in the market.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group increased by approximately RMB5.7 million or approximately 35.2% from approximately RMB16.3 million for the nine months ended 30 September 2019 to approximately RMB22.1 million for the nine months ended 30 September 2020.

Administrative and other operating expenses primarily consist of staff costs, amortisation expense in intangible assets, travelling expenses, utilisation expenses and entitlement expenses, depreciation, transportation and motor vehicle expenses, professional service fees and other costs incurred for the Group's daily operation. The increase was mainly attributable to a re-allocation of materials in research and development to construction in progress and increase in professional service fees following the Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

Listing Expenses

During the nine months ended 30 September 2020 and 2019, the Group recognised non-recurring listing expenses of approximately RMB11.7 million and RMB4.5 million respectively in connection with the Listing.

Finance Costs

Finance costs for the Group decreased by approximately RMB0.1 million or approximately 35.5% from approximately RMB0.2 million for the nine months ended 30 September 2019 to approximately RMB0.1 million for the nine months ended 30 September 2020. It was mainly due to the lease arrangement in respect of the machinery and equipment at the end of lease term.

Income Tax Expense

Income tax expense for the Group increased by approximately RMB0.2 million or approximately 2.4% from approximately RMB6.2 million for the nine months ended 30 September 2019 to approximately RMB6.3 million for the nine months ended 30 September 2020. Apart from increase in non-tax deductible listing expenses incurred in the holding company, the increase in taxation was mainly attributable to the increase in profit before taxation from approximately RMB20.5 million for the nine months ended 30 September 2019 to approximately RMB20.6 million for the nine months ended 30 September 2020.

Profit for the Period

Profit for the period was stable and maintained at approximately RMB14.3 million for the nine months ended 30 September 2019 and 2020. This was primarily attributable to the net effect of the increase in gross profit, selling expenses, income tax expense and administrative and other operating expenses.

Listing on GEM

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

DISCLOSURE OF INTERESTS

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

As at the date of this report, 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 Position in the Company's Shares

Name of Director	Capacity	Number and class of securities ^(Note 1)	Long/short position	Approximate percentage of shareholding in the Company
Mr. Xu	Interest of a controlled corporation ^(Note 1)	301,500,000 ordinary shares	Long	50.25%
Ms. Xu Liping	Interest of spouse ^(Note 2)	301,500,000 ordinary shares	Long	50.25%

Notes:

1. M. Xu holds the entire issued share capital of Prize Investment Limited. Accordingly, Mr. Xu is deemed to be interested in the Shares held by Prize Investment Limited 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 the date of this report, 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	50.25%
Merit Winner Limited ("Merit Winner")	Beneficial owner	67,500,000 ordinary shares	Long	11.25%
Mr. Hui Man Kit ("Mr. Hui")	Interest of a controlled corporation <i>(Note 1)</i>	67,500,000 ordinary shares	Long	11.25%
Ms. Hui Mei Nga	Interest of spouse <i>(Note 2)</i>	67,500,000 ordinary shares	Long	11.25%
Sun Kong Investments (BVI) Limited ("Sun Kong")	Beneficial owner	54,000,000 ordinary shares	Long	9.00%
Mr. Wong Hing Nam ("Mr. Wong")	Interest of a controlled corporation <i>(Note 3)</i>	54,000,000 ordinary shares	Long	9.00%
Ms. Chan Lai Yin	Interest of spouse <i>(Note 4)</i>	54,000,000 ordinary shares	Long	9.00%

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 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.
- 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 and substantial shareholders of the Company and other persons whose interests are set out in the section "A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "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 positions 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 Section 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 2020.

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Grand Moore Capital Limited ("Grand Moore"), as at 30 September 2020, 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 2020.

CORPORATE GOVERNANCE CODE

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

As at 30 September 2020, 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.

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 2020.

DIVIDEND

On 2 July 2020, the Company declared and paid a dividend in favour of one of the ordinary shareholders of the Company, Prize Investment Limited, in an aggregate amount of RMB7,522,185 to offset the amount due from the ultimate holding company and amount due from a shareholder (nine months ended 30 September 2019: RMB22,900,000). Save as disclosed, no dividend was paid, declared or proposed for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 our Group; (ii) to oversee internal control procedures and corporate governance of our Group; (iii) to supervise internal control systems of our Group; and (iv) to monitor any continuing connected transactions. The Audit Committee consists of three members, namely Mr. Li Danny Fui Lung, Mr. Liu Dajin and Mr. Deng Zhihuang, all being independent non-executive Directors of the Company. Mr. Li Danny Fui Lung 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 2020. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group comply with applicable accounting standards and the GEM Listing Rules.

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

Hong Kong, 13 November 2020

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. Li Danny Fui Lung, Mr. Liu Dajin, and Mr. Deng Zhihuang.