



Yu Tak International Holdings Limited
御德國際控股有限公司

(Incorporated in Bermuda with limited liability)
Stock Code : 8048

2019
INTERIM REPORT

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

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This report, for which the directors (the “Directors”) of Yu Tak 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.

INTERIM RESULTS

The Directors present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2019 (“Financial Statements”), together with the comparative figures for the corresponding periods in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2019

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	2	23,028	25,488	44,665	48,947
Other income		35	18	35	36
Change in inventories		304	32,826	(751)	33,974
Purchase of goods		(7,446)	(37,007)	(9,111)	(41,847)
Professional fees		(3,046)	(1,612)	(3,717)	(3,178)
Employee benefits expenses		(11,469)	(17,007)	(27,963)	(34,287)
Depreciation and amortisation		(496)	(318)	(954)	(453)
Other expenses		(7,012)	(2,408)	(12,757)	(8,468)
Share of post-tax result of an associate		–	–	–	175
Loss on deemed disposal of an associate		–	–	–	(6,837)
Loss before income tax	4	(6,102)	(20)	(10,553)	(11,938)
Income tax expense	5	(4)	(3)	(7)	(3)
Loss for the period		(6,106)	(23)	(10,560)	(11,941)
Other comprehensive income for the period, net of tax		–	1,680	–	1,680
Total comprehensive (expense)/ income for the period		(6,106)	1,657	(10,560)	(10,261)

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to:					
Owners of the Company		(6,081)	(22)	(10,517)	(11,929)
Non-controlling interests		(25)	(1)	(43)	(12)
		<u>(6,106)</u>	<u>(23)</u>	<u>(10,560)</u>	<u>(11,941)</u>
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(6,081)	1,658	(10,517)	(10,249)
Non-controlling interests		(25)	(1)	(43)	(12)
		<u>(6,106)</u>	<u>1,657</u>	<u>(10,560)</u>	<u>(10,261)</u>
Loss per share					
– Basic and diluted (in HK cents)	7	<u>(0.33)</u>	<u>0.00</u>	<u>(0.58)</u>	<u>(0.80)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		(Unaudited) 30 June 2019 HK\$'000	(Audited) 31 December 2018 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	3,822	4,218
Financial assets		11,926	11,926
		15,748	16,144
Current assets			
Inventories		64,172	64,923
Contract assets		13,219	9,456
Trade receivables	9	4,002	6,524
Other receivables, deposits and prepayments		23,485	26,655
Cash and bank balances		32,836	27,131
		137,714	134,689

		(Unaudited) 30 June 2019 HK\$'000	(Audited) 31 December 2018 HK\$'000
	Notes		
Current liabilities			
Trade payables	10	1,025	572
Other payables and accrued charges		10,156	11,566
Contract liabilities		6,735	9,285
Amounts due to directors		20,558	20,785
Tax payable		–	47
		38,474	42,255
Net current assets		99,240	92,434
Total assets less current liabilities		114,988	108,578
Net assets		114,988	108,578
EQUITY			
Share capital	11	194,769	178,269
Reserves		(78,416)	(68,369)
Equity attributable to owners of the Company		116,353	109,900
Non-controlling interests		(1,365)	(1,322)
Total equity		114,988	108,578

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Capital reserve	Fair value reserve (non-recycling)	Accumulated losses		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	178,269	217,968	(6,361)	(276)	11,926	(291,626)	109,900	108,578
Issue of ordinary shares	16,500	470	-	-	-	-	16,970	16,970
Loss for the period	-	-	-	-	-	(10,517)	(43)	(10,560)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(10,517)	(43)	(10,560)
At 30 June 2019	194,769	218,438	(6,361)	(276)	11,926	(302,143)	116,353	114,988
At 1 January 2018	118,846	220,438	(2,592)	(276)	-	(268,138)	68,278	66,539
Issue of ordinary shares on right issue	59,423	(2,470)	-	-	-	-	56,953	56,953
Loss for the period	-	-	-	-	-	(11,929)	(12)	(11,941)
Other comprehensive income	-	-	1,680	-	-	-	-	1,680
Total comprehensive loss for the period	-	-	1,680	-	-	(11,929)	(12)	(10,261)
At 30 June 2018	178,269	217,968	(912)	(276)	-	(280,067)	114,982	113,231

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	(Unaudited)	
	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Cash flows from operating activities		
Loss before income tax	(10,553)	(11,938)
Adjustments:		
– Share of post-tax result of an associate	–	(175)
– Loss on deemed disposal of an associate	–	6,837
– Other non-cash items and net changes in working capital	(682)	(40,406)
Net cash flows used in operating activities	(11,235)	(45,682)
Cash flows from investing activities		
Purchase of property, plant and equipment	(30)	(1,628)
Net cash used in investing activities	(30)	(1,628)
Cash flows from financing activities		
Net proceed from issue of ordinary shares	16,970	56,953
Net cash flows from financing activities	16,970	56,953
Net increase in cash and cash equivalents	5,705	9,643
Cash and cash equivalents at the beginning of the period	27,131	25,675
Cash and cash equivalents at the end of the period	32,836	35,318

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Company Ordinance and include the applicable disclosure requirements of Rules Governing the Listing of securities on the GEM of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

Except as described below, the accounting policies used in the financial highlights for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair values.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations.

Under HKFRS 16, distinctions of operating leases and finance leases are removed for lease accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

As allowed by HKFRS 16, the Group has elected the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases, and has applied the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application, 1 January 2019. The Group has opted the modified retrospective approach for the adoption of HKFRS 16 on 1 January 2019 and recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information will not be restated.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the new accounting model to short-term leases and leases of low-value assets, not to perform a full review of existing leases and apply HKFRS 16 only to new contracts and to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

The following table summarizes the impacts of applying HKFRS 16 on the Group's condensed consolidated statement of profit or loss and other comprehensive income.

Impacts on condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019

	Six months ended 30 June 2019 (unaudited)		
	As reported	Results with	(Increase)/
	HK\$'000	application of HKFRS 16	decrease in loss
	HK\$'000	HK\$'000	for the period
			HK\$'000
Revenue	44,665	44,665	-
Depreciation and amortization	(954)	(1,391)	(437)
Finance costs	-	(24)	(24)
Others	(54,271)	(53,810)	461
Loss for the period	(10,560)	(10,560)	-
Total comprehensive loss for the period	(10,560)	(10,560)	-

2. REVENUE

The Group's revenue recognized during the period is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of gold and jewellery products	6,234	5,628	9,821	10,554
Enterprise software products	6,675	7,300	12,619	13,304
Professional services	8,151	12,560	20,257	25,089
Systems integration	1,968	-	1,968	-
Total revenue	23,028	25,488	44,665	48,947

3. SEGMENT INFORMATION

The executive Directors, being the chief operating decision makers, have identified the Group's two products and service lines as operating segments. Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Six months ended 30 June 2019		
	Jewellery Products HK\$'000	IT Products and Services HK\$'000	Total HK\$'000
Revenue			
– From external customers	9,821	34,844	44,665
Reportable segment revenue	9,821	34,844	44,665
Reportable segment (loss)/profit before income tax	(10,570)	10	(10,560)
Depreciation	902	52	954
Reportable segment assets	320,135	58,280	378,415
Additions to non-current segment assets (other than financial assets) during the period	–	30	30
Reportable segment liabilities	27,222	236,205	263,427

	Six months ended 30 June 2018		
	Jewellery Products HK\$'000	IT Products and Services HK\$'000	Total HK\$'000
Revenue			
– From external customers	10,554	38,393	48,947
Reportable segment revenue	10,554	38,393	48,947
Reportable segment loss before income tax	(5,041)	(6,897)	(11,938)
Depreciation	(397)	(56)	(453)
Share of post-tax result of an associate	–	175	175
Reportable segment assets	326,800	49,524	376,324
Additions to non-current segment assets (other than financial assets) during the period	1,628	–	1,628
Reportable segment liabilities	25,711	237,382	263,093

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the condensed consolidated financial statements as follows:

	30 June 2019 HK\$'000	30 June 2018 HK\$'000
Reportable segment assets	378,415	376,324
Elimination of inter-segment receivables	(224,953)	(224,953)
Group assets	153,462	151,371
	30 June 2019 HK\$'000	30 June 2018 HK\$'000
Reportable segment liabilities	263,427	263,093
Elimination of inter-segment payables	(224,953)	(224,953)
Group liabilities	38,474	38,140

The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	Six months ended			
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	3,209	3,250	2,920	2,342
PRC and Taiwan	39,677	41,964	12,815	577
South East Asia	1,779	3,733	13	22
	44,665	48,947	15,748	2,941

4. LOSS BEFORE INCOME TAX

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

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	496	318	954	453
Interest income	(2)	(1)	(2)	(2)

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's entities either incurred tax losses for the respective periods or their estimated assessable profits for the respective periods were wholly absorbed by unrelieved tax losses brought forward from previous years.

Taxation on overseas profits has been calculated on the estimated assessable profits for the respective periods at the rates prevailing in the countries in which the Group operates.

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Overseas				
Tax for the period	<u>4</u>	<u>3</u>	<u>7</u>	<u>3</u>
Total income tax expense	<u>4</u>	<u>3</u>	<u>7</u>	<u>3</u>

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2019 is based on the loss attributable to owners of the Company of HK\$10,517,000 (2018: loss of HK\$11,929,000) and the weighted average number of ordinary shares of 1,820,065,691 (2018: 1,493,783,000) in issue during the period.

Diluted loss per share for the six months ended 30 June 2019 and 2018 is the same as the basic loss per share as there is no potential dilutive ordinary share in issue during the periods.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group spent HK\$30,000 (six months ended 30 June 2018: HK\$1,628,000) on acquisition of property, plant and equipment.

9. TRADE RECEIVABLES

	30 June 2019 HK\$'000	30 June 2018 HK\$'000
Trade receivables	4,021	10,457
Less: allowance for doubtful debts	(19)	(20)
	4,002	10,437

Trade receivables from third parties for IT products and Services are due within 14 days to 60 days from the date of billing. Debtors with balances that are more than 90 days overdue are requested to settle all outstanding balances before any further credit is granted.

The Group's sales of gold and jewellery products comprise mainly cash sales and credit card sales to retail customers and credit sales to franchisees with 0 – 60 days credit terms.

During the reporting period, the Group kept assessing the expected credit loss of all receivables and established a provision of doubtful debts. The provision for doubtful debts is recorded using a provision account unless the Group is satisfied that recovery is remote, in which case the expected credit loss is written off against trade receivables and the provision for doubtful debts directly.

The directors of the Group considered that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods at their inception.

Based on the invoice dates (or date of revenue recognition if earlier), the ageing analysis of the trade receivables, net of provision for impairment was as follows:

	30 June 2019 HK\$'000	30 June 2018 HK\$'000
0 – 30 days	3,319	8,193
31 – 60 days	99	1,702
61 – 90 days	523	298
Over 90 days	61	244
	4,002	10,437

10. TRADE PAYABLES

The Group was granted by its third parties suppliers credit periods ranging from 30 – 60 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	30 June 2019 HK\$'000	30 June 2018 HK\$'000
0 – 30 days	1	845
Over 90 days	1,024	194
	1,025	1,039

All amounts are short term and hence the carrying values of trade payables are considered to be a reasonable approximation of its fair value.

11. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2019	1,782,690,000	178,269
Placement of new shares (Note)	165,000,000	16,500
At 30 June 2019	1,947,690,000	194,769
At 1 January 2018	1,188,460,000	118,846
Rights issue	594,230,000	59,423
At 30 June 2018	1,782,690,000	178,269

Note:

On 21 May 2019, the Company completed the placement of 165,000,000 new ordinary shares at the price of HK\$0.105 per share under the general mandate granted at the annual general meeting of the Company of 4 June 2018.

Expenses include placing agent fees, lawyers' fees and other related costs associated with the placement of approximately HK\$355,000 was treated as a deduction against the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's loss attributable to owners of the Company for the six months ended 30 June 2019 was HK\$10,517,000, comparing with a loss of HK\$11,929,000 in the same period of 2018.

During the six months ended 30 June 2019, the Group recorded a turnover of HK\$44,665,000, representing a decrease of approximately 9% compared with a turnover of HK\$48,947,000 in the same period of last year.

The sales of gold and jewellery products amounted to HK\$9,821,000 (2018: HK\$10,554,000). For the IT products and Services segment, sales of enterprise software products decreased by approximately 5% to HK\$12,619,000 (2018: HK\$13,304,000). Professional service business decreased by approximately 19% to HK\$20,257,000 (2018: HK\$25,089,000). System Integration reported sales of HK\$1,968,000 (2018: Nil).

Liquidity and Financial Resources

As of 30 June 2019, the Group was in a financial position with cash and cash equivalents of HK\$32,836,000 (31 December 2018: HK\$27,131,000).

The Group monitors its capital structure using the gearing ratio which is net debt divided by total equity. For this purpose, the Group defines net debt as debt, which comprises long-term and short-term borrowings, less cash and cash equivalents. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. As of 30 June 2019 and 31 December 2018, cash and cash equivalents exceeded debt, therefore the gearing ratio of the Group was zero.

Capital Structure

On 21 May 2019, the Company completed the placement of 165,000,000 new ordinary shares at the price of HK\$0.105 per share under the general mandate granted in the annual general meeting of 4 June 2018. After the placement, issued ordinary shares of the Company increased to 1,947,690,000 as at 30 June 2019.

Segmental Performances

For the six months ended 30 June 2019, the Jewellery Products business's turnover was HK\$9,821,000, decreased by 7% as compared with the same period of last year (2018: HK\$10,554,000). The IT Products and Services business's turnover was HK\$34,844,000, decreased by approximately 9% as compared with the same period of last year (2018: HK\$38,393,000).

Employees

The total number of employees as of 30 June 2019 was 130 (Beginning of 2019: 276). Reduction was mainly due to further rationalization of the operations of the IT Products and Services segment.

Outlook for the Second Half of 2019

According to The National Bureau of Statistics of China, the economy of China grew 6.3% in the first half of 2019 compared with 6.8% of the same period of 2018 amid ongoing trade tensions with the US and slowing global demand.

China gold jewellery demand weakened in the second quarter of 2019 from the first quarter's 184.1 tonnes to 137.7 tonnes that a 3% drop was recorded for the six-month period compared with the same period of 2018. On the other hand, gold prices started in 2019 at USD1,282, and rallied in June through US\$1,400 for the first time since 2013 due to expectations of lower interest rates, and political uncertainties. Further price gains and therefore new consumer demand for gold jewellery may be supported by resumed interest rate cut in the second half of 2019.

China jewellery market has been evolving over the last few years. Rather than relying on pure gold products, retailers and manufacturers strive to prosper in a competitive industry by appealing consumers with new, innovative and higher margin products with cutting edge designs, targeted at younger consumers.

In terms of geographical segmentation, gold jewellery has faced stiff competition from other items of jewellery and luxury goods in Tier 1 and Tier 2 cities. Competition is however not as fierce in Tier 3 and Tier 4 cities where consumers in these regions prefer high carat gold jewellery for wealth preservation purposes. The Group will continue to source and develop innovative and exclusive products, in pure gold or gold with other jewellery materials, to meet the changing consumer demand and also strategically extend distribution of gold products in Tier 3 and Tier 4 cities.

For the IT Products and Services segment, the Group remains interested in other business opportunities including IT and online businesses. The Group will aggressively look for business opportunities which have synergies with its core businesses.

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

At 30 June 2019, the interests and short positions of the Directors and the Chief Executive Officer of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), were as follows:

Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of Director	Number of ordinary shares held			Total	Percentage of the issued share capital of the Company
	Beneficial Owner	Held by family	Held by controlled corporation		
Mr. CHONG Yu Ping	35,481,000	–	804,157,697 (Note 1)	839,639,697	43.11%
Ms. LI Xia	–	–	804,157,697 (Note 1)	804,157,697	41.29%
Mr. CHEN Yin	–	–	149,455,740 (Note 2)	149,455,740	7.67%

Notes:

- (1) These shares were held by Sino Eminent Limited. Sino Eminent Limited, a company incorporated in the British Virgin Islands, is owned as to 25% by Ocean Expert Investments Limited and 75% by Shenzhen Yihua Jewelry Co., Ltd ("Shenzhen Yihua"), a company incorporated in the PRC which is held as to approximately 75% by Mr. Chong Yu Ping. Accordingly, Mr. Chong Yu Ping is deemed to be interested in 804,157,697 shares held by Sino Eminent Limited by virtue of Sino Eminent Limited being controlled by Mr. Chong Yu Ping through his shareholding in Shenzhen Yihua. Ocean Expert Investments Limited is a limited company incorporated in the British Virgin Islands which is wholly owned by Ms. Li Xia. Ms. Li Xia is deemed to be interested in 804,157,697 shares held by Sino Eminent Limited by virtue of Sino Eminent Limited being controlled by Ms. Li Xia through her shareholding in Ocean Expert Investments Limited and through her acting as the sole director of Sino Eminent Limited.
- (2) These shares were held by Flourish Zone Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Chen Yin.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2019.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name of party	Notes	Capacity in which interests are held	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
China Yinsheng Finance Limited	Note 1	Security interest	909,502,801	46.70%
Sino Eminent Limited	Note 2	Beneficial owner	804,157,697	41.29%
深圳市藝華珠寶首飾股份有限公司 (Shenzhen Yihua Jewelry Co., Ltd)	Note 2	Interest in a controlled corporation	804,157,697	41.29%
Ocean Expert Investments Limited	Note 2	Interest in a controlled corporation	804,157,697	41.29%
Ms. Li Xia	Note 2	Interest in a controlled corporation	804,157,697	41.29%
Mr. CHONG Yu Ping	Note 2	Interest in a controlled corporation & Beneficial owner	839,639,697	43.11%
Flourish Zone Limited	Note 3	Beneficial owner	149,455,740	7.67%
Mr. CHEN Yin	Note 3	Interest in a controlled corporation	149,455,740	7.67%
CK Hutchison Holdings Limited	Note 4	Interest in controlled corporations	143,233,151	7.35%

Notes:

- (1) On 26 March 2018, (i) Sino Eminent Limited; (ii) Ms. Zhuang Rushan; and (iii) Flourish Zone Limited, pledged 304,815,204, 50,136,000 and 63,000,000 shares of the Company respectively in favour of China Yinsheng Finance Limited as security for a loan facility provided by China Yinsheng Finance Limited to Sino Eminent Limited (the "Loan"). Sino Eminent Limited further pledged 491,551,597 shares of the Company, which was obtained by it after the completion of the Rights Issue, in favour of China Yinsheng Finance Limited as security for the Loan. Accordingly, China Yinsheng Finance Limited had security interest in 909,502,801 shares of the Company. **Subsequent to 30 June 2019, Sino Eminent Limited had fully repaid the Loan and China Yinsheng Finance Limited had released the Shares pledged on 10 July 2019. Since then and at the date of this report, China Yinsheng Finance Limited did not have any interest in the Company.**

- (2) Sino Eminent Limited is a company incorporated in the British Virgin Islands, is owned as to 25% by Ocean Expert Investments Limited and 75% by Shenzhen Yihua Jewelry Co., Ltd ("Shenzhen Yihua"), a company incorporated in the PRC which is held as to approximately 75% by Mr. Chong Yu Ping.

Accordingly, Mr. Chong Yu Ping is deemed to be interested in 804,157,697 shares held by Sino Eminent Limited by virtue of Sino Eminent Limited being controlled by Mr. Chong Yu Ping through his shareholding in Shenzhen Yihua. In addition Mr. Chong Yu Ping has beneficial interest in another 35,482,000 Shares.

Ocean Expert Investments Limited is a limited company incorporated in the British Virgin Islands which is wholly owned by Ms. Li Xia. Ms. Li Xia is deemed to be interested in 804,157,697 shares held by Sino Eminent Limited by virtue of Sino Eminent Limited being controlled by Ms. Li Xia through her shareholding in Ocean Expert Investments Limited and through her acting as the sole director of Sino Eminent Limited.

- (3) Flourish Zone Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chen Yin. Accordingly, Mr. Chen Yin is deemed to be interested in the 149,455,740 shares interested by Flourish Zone Limited.
- (4) CK Hutchison is deemed to be interested in a total of 143,233,151 shares of the Company through its controlled companies.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 30 June 2019.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to the establishment of good corporate governance practices and procedures. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Company and for safeguarding the shareholders' interests and the Company's assets. The Company's code of corporate governance practices was adopted with reference to the code provisions of the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner. The Company has complied with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules during the period ended 30 June 2019.

AUDIT COMMITTEE

The audit committee was established on 11 August 2000 with terms of reference in accordance with Rules 5.05(2) and 5.28 to 5.29 and Code C of the Code Provisions of the GEM Listing Rules. The audit committee currently comprises three members – Mr. Lam Tin Faat, Ms. Zhao Xiaxia and Ms. Na Xin, all of whom are independent non-executive Directors. Mr. Lam Tin Faat is the chairman of the audit committee. The audit committee's principal duties, amongst other things, are to review and supervise the financial reporting process, internal control procedures and risk management systems of the Group.

The unaudited consolidated results of the Group for the six months ended 30 June 2019 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee was established on 10 May 2005.

The Company adopts that a remuneration committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference follow the requirement of Code Provisions B.1.2 of the GEM Listing Rules.

The remuneration committee currently comprises Mr. Lam Tin Faat and Ms. Na Xin, both are independent non-executive Directors, and Ms. Li Xia who is executive Director. Mr. Lam Tin Faat is the chairman of the remuneration committee.

NOMINATION COMMITTEE

The nomination committee was established on 21 March 2012.

The Company adopts that a nomination committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference will follow the requirement of Code Provisions A.5.2 of the GEM Listing Rules.

The nomination committee currently comprises Mr. Lam Tin Faat and Ms. Na Xin, both are independent non-executive Directors, and Ms. Li Xia who is an executive Director. Mr. Lam Tin Faat is the chairman of the nomination committee.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company adopts a code of conduct regarding securities transactions by directors on terms from the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirm that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the six months ended 30 June 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors, the management shareholders or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
Yu Tak International Holdings Limited
CHONG Yu Ping
Chairman

Hong Kong, 14 August 2019

As at the date of this report, the Board comprises:

Mr. CHONG Yu Ping (*Executive Director*)
Ms. LI Xia (*Executive Director*)
Mr. CHEN Yin (*Executive Director*)
Mr. LAM Tin Faat (*Independent Non-executive Director*)
Ms. ZHAO Xiaxia (*Independent Non-executive Director*)
Ms. NA Xin (*Independent Non-executive Director*)