



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

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

2020
FIRST 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 of the Stock Exchange 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 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.

FIRST QUARTERLY RESULTS ENDED 31 MARCH 2020

The Directors of the Company present herewith the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2020, together with the comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2020

		(Unaudited) Three months ended 31 March	
	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	2	10,356	21,637
Other income		—	—
Change in inventories		—	(1,055)
Purchase of goods		—	(1,665)
Professional fees		(5,715)	(671)
Employee benefits expenses		(6,207)	(16,494)
Depreciation and amortization		(447)	(458)
Other expenses		(2,639)	(5,745)
Loss before income tax		(4,652)	(4,451)
Income tax expense	4	(13)	(3)
Loss for the period		(4,665)	(4,454)
Other comprehensive income/(expense) for the period, net of tax		—	—
Total Comprehensive Loss for the period		(4,665)	(4,454)

		(Unaudited) Three months ended 31 March	
	Notes	2020 HK\$'000	2019 HK\$'000
(Loss)/Profit for the period attributable to:			
Owners of the Company		(4,674)	(4,436)
Non-controlling interests		<u>9</u>	<u>(18)</u>
		<u>(4,665)</u>	<u>(4,454)</u>
Total Comprehensive (Loss)/Profit attributable to:			
Owners of the Company		(4,674)	(4,436)
Non-controlling interests		<u>9</u>	<u>(18)</u>
		<u>(4,665)</u>	<u>(4,454)</u>
Loss per share for the Loss attributable to the owners of the Company during the period			
– Basic and diluted (in HK cents)	5	<u>(0.24) cents</u>	<u>(0.25) cents</u>

NOTES:

1. BASIS OF PREPARATION

The consolidated 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”).

The accounting policies used in the financial highlights for the three months ended 31 March 2020 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019.

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

2. REVENUE AND TURNOVER

Revenue from external customers from the Group's principal activities recognized during the period is as follows:

	Three months ended 31 March	
	2020 HK\$'000	2019 HK\$'000
Sales of gold and jewellery products	–	3,587
Enterprise software products	3,834	5,944
Professional services	6,522	12,106
Total revenue	10,356	21,637

3. FINANCE COSTS

	Three months ended 31 March	
	2020 HK\$'000	2019 HK\$'000
Interest charges on:		
Loan wholly repayable within five years	–	–
	–	–

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the 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	
	31 March	
	2020 HK\$'000	2019 HK\$'000
Current tax		
– Overseas Tax for the period	13	3
Total income tax expense	13	3

5. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the three months ended 31 March 2020 is based on the loss attributable to owners of the Company of HK\$4,674,000 (2019: loss of HK\$4,436,000) and the weighted average number of ordinary shares of 1,947,690,000 (2019: 1,782,690,000) in issue during the period.

Diluted loss per share for the three months ended 31 March 2020 and 2019 equates the basic loss per share as there is no potential dilutive ordinary share in existence during the period.

RESERVES

Movements in reserves for the periods ended 31 March 2020 and 2019 were as follows:–

	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Fair value reserve non- recycling <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2020	218,532	(7,054)	(262)	18,593	(306,306)	(76,497)
Loss for the period	–	–	–	–	(4,674)	(4,674)
Other comprehensive income/(expense)	–	–	–	–	–	–
Total Comprehensive Loss for the period	–	–	–	–	(4,674)	(4,674)
Balance at 31 March 2020	218,532	(7,054)	(262)	18,593	(310,980)	(81,171)
At 1 January 2019	217,968	(6,361)	(276)	11,926	(291,626)	(68,369)
Loss for the period	–	–	–	–	(4,436)	(4,436)
Other comprehensive income/(expense)	–	–	–	–	–	–
Total Comprehensive Loss for the period	–	–	–	–	(4,436)	(4,436)
Balance at 31 March 2019	217,968	(6,361)	(276)	11,926	(296,062)	(72,805)

INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2020 (2019: Nil).

FINANCIAL PERFORMANCE

The Group's loss attributable to owners of the Company for the three months ended 31 March 2020 was HK\$4,674,000, comparing with loss of HK\$4,436,000 in the same period of 2019.

During the period ended 31 March 2020, the Group recorded turnover of HK\$10,356,000, representing a decrease of 52% compared with HK\$21,637,000 for the same period of last year.

Income from IT Products and Services amounted to HK\$10,356,000 (2019: HK\$18,050,000) representing 100% of turnover of the period where sales of enterprise software products decreased by 35% to HK\$3,834,000 (2019: HK\$5,944,000) and professional services business decreased by 46% to HK\$6,522,000 (2019: HK\$12,106,000).

OPERATION REVIEW

Gold price per ounce started in 2020 at USD1,511, extended to its peak at USD1,674 and closed at USD1,583 at the end of the first quarter of 2020. Prices volatility followed the risk sentiment stemmed from reports on global spreading of the coronavirus.

During the quarter ended 31 March 2020, the operations of sales of gold and jewellery segment were suspended due to quarantine policies of China and no sales was recorded. On the other hand, the IT Products and Services Segment was less susceptible to the disruptions. The segment reported revenue of approximately HK\$10M which was about 57% of the amount for the same period of last year.

FUTURE PROSPECTS

The countrywide outbreak of coronavirus from the beginning of 2020 has hammered all luxury product markets in China and there is no exception for the gold and jewellery market.

While the epidemic in China has been under control, many other countries are still fighting against the infectious disease. China economy, which relies on manufacturing and exports, can be further impeded by wrecked international trade and consumer demand. The economy may take months to pickup but the Group remains optimistic of the recovery of domestic jewellery market towards the second half year. It is believed that more updates will be available in the next report.

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

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

At 31 March 2020, 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

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 31 March 2020.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2020, 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
Sino Eminent Limited	Note 1	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 1	Interest in a controlled corporation	804,157,697	41.29%
Ocean Expert Investments Limited	Note 1	Interest in a controlled corporation	804,157,697	41.29%
Ms. Li Xia	Note 1	Interest in a controlled corporation	804,157,697	41.29%
Mr. CHONG Yu Ping	Note 1	Interest in a controlled corporation & Beneficial owner	839,639,697	43.11%
Flourish Zone Limited	Note 2	Beneficial owner	149,455,740	7.67%
Mr. CHEN Yin	Note 2	Interest in a controlled corporation	149,455,740	7.67%
CK Hutchison Holdings Limited	Note 3	Interest in controlled corporations	143,233,151	7.35%

Notes:

- (1) 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. Besides, 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.

- (2) 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.
- (3) 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 31 March 2020.

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 as at 31 March 2020.

AUDIT COMMITTEE

The Company established an audit committee on 11 August 2000 with written terms of reference in accordance with Rules 5.05(2) and 5.28 to 5.29 and code C3 of the Code Provision 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 three months ended 31 March 2020 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.

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 three 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, 15 May 2020

The Board comprises of:

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. NA Xin (*Independent Non-executive Director*)
Ms. ZHAO Xiaxia (*Independent Non-executive Director*)