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**YU TAK INTERNATIONAL HOLDINGS LIMITED**  
**御德國際控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 08048)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**IN RELATION TO THE ANNUAL REPORT OF THE COMPANY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the annual report of Yu Tak International Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) for the year ended 31 December 2019 published by the Company on 12 May 2020 (the “**Annual Report**”). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Annual Report.

Further to the information disclosed in the Annual Report, the Company wishes to provide the shareholders of the Company and the potential investors with the supplemental information regarding details of the funds raised by issues of ordinary shares in 2018 and 2019 and their utilization and also the breakdowns of the item “Other expenses” on the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the Annual Report.

**FUNDS FROM ISSUES OF ORDINARY SHARES IN 2018 AND 2019 AND UTILIZATION**

The Company had issued 594,230,000 ordinary shares by Rights Issue on 29 March 2018. The funds of approximately HK\$57 Million raised were to support the Group’s development of the sales of gold and jewellery products businesses in Mainland China in order to strengthen its income stream and maximize return to the Shareholders. According to the plan formulated early 2018 when the demand of gold and jewellery in China was climbing, the Group intended to use the net proceeds on the following items:

- 1) approximately HK\$15 million for staff recruitment;
- 2) approximately HK\$20 million for strengthening gold and jewellery product design and brand marketing;

- 3) approximately HK\$5 million for launching an e-commerce sales platform to increase the sales channel of gold and jewellery products;
- 4) approximately HK\$4 million for establishing new representative office in Shanghai to facilitate marketing of gold and jewellery products and business development; and,
- 5) the remaining proceeds of approximately HK\$13 million for upgrading the Group's supply chain management system and other working capital purposes.

Subsequent to an observable reverse of sentiment of the retail market brought by US-China trade tension and surging gold prices, the Group had invested approximately HK\$30 Million in building up the inventories at relatively lower prices in second half year of 2018 and focuses were shifted to wholesales businesses which were less dependent on sales talent and its own distribution channels but with thinner gross margin. The adjustment was proved successful as wholesale businesses contributed to doubling the revenue from sales of gold and jewellery in 2019.

The Company had issued 165,000,000 ordinary shares by placement on 21 May 2019. Approximately HK\$17 million were raised for general working capital where HK\$ 7 million were would be used for meeting the operating and administration expenses of the Company. The funds were fully utilized according to the purposes of the placement.

	Uses of net proceeds from issues of ordinary shares						
	Total <i>HK\$ million</i>	Staff recruitment <i>HK\$ million</i>	Gold and jewellery product design and brand marketing <i>HK\$ million</i>	e-Commerce sales platform <i>HK\$ million</i>	Establish Shanghai representative office <i>HK\$ million</i>	Upgrade supply chain management system and other working capital (including inventories) <i>HK\$ million</i>	Operating and administration expenses of the Company <i>HK\$ million</i>
Net proceeds from issues of ordinary shares by rights issue on 29 March 2018 and intended uses	57.0	15.0	20.0	5.0	4.0	13.0	-
Reallocation of uses of net proceeds	-	(10.0)	(9.8)	-	-	19.8	-
Amounts utilized during 2018	<u>(33.8)</u>	<u>(0.1)</u>	<u>(0.9)</u>	<u>-</u>	<u>-</u>	<u>(32.8)</u>	<u>-</u>

Uses of net proceeds from issues of ordinary shares

	Total <i>HK\$ million</i>	Staff recruitment <i>HK\$ million</i>	Gold and jewellery product design and brand marketing <i>HK\$ million</i>	e-Commerce sales platform <i>HK\$ million</i>	Establish Shanghai representative office <i>HK\$ million</i>	Upgrade supply chain management system and other working capital (including inventories) <i>HK\$ million</i>	Operating and administration expenses of the Company <i>HK\$ million</i>
Balances of unutilized net proceeds as at 31 December 2018 and 1 January 2019	23.2	4.9	9.3	5.0	4.0	-	-
Reallocation of uses of net proceeds	-	-	-	-	(2.0)	2.0	-
Net proceeds from issues of ordinary shares by placement on 21 May 2019 and intended uses	17.1	-	-	-	-	10.1	7.0
Amounts utilized during 2019	<u>(25.1)</u>	<u>(2.0)</u>	<u>(3.0)</u>	<u>-</u>	<u>(1.0)</u>	<u>(12.1)</u>	<u>(7.0)</u>
Balances of unutilized net proceeds as at 31 December 2019	<u>15.2</u>	<u>2.9</u>	<u>6.3</u>	<u>5.0</u>	<u>1.0</u>	<u>-</u>	<u>-</u>

Economic activities in Mainland China had been severely disrupted by COVID-19 pandemics, the associated quarantine policies, floods in cities along the Yangtze River. The Group believed that luxury product markets including the gold and jewellery market in Mainland China would take a longer time to recover. The original agenda for the funds from rights issue would be either slowed down or suspended until there was a clearer picture of the market. The unutilized funds of HK\$15.2 million as at 31 December 2019 might be further reallocated as working capital for supporting operations.

## OTHER EXPENSES

“Other expenses” on the Consolidated Statement of Profit or Loss and Other Comprehensive Income on Page 55 of the Annual Report of 2019 are detailed as follows:

	<b>2019</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration	835	1,087
Marketing and advertisement	2,569	255
ECL allowance on other receivables	9	126
Lease charges	3,091	6,088
Legal and professional fees	2,966	2,713
Net foreign exchange loss	683	2,015
Net loss on written off/disposal of property, plant and equipment	596	10
Travelling expenses	980	1,327
Written off of contract assets	525	–
Other overheads	<u>5,844</u>	<u>7,794</u>
Total	<u><u>18,098</u></u>	<u><u>21,415</u></u>

The above additional information does not affect other information contained in the Annual Report, and save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

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

Hong Kong, 16 July 2020

*As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chong Yu Ping, Ms. Li Xia and Mr. Chen Yin and three independent non-executive Directors, namely, Mr. Lam Tin Faat, Ms. Na Xin and Ms. Zhao Xiaxia.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; and (2) there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least seven days from the date of its publication and the Company’s website at [www.hkjewelry.net](http://www.hkjewelry.net).*

*\* English name of such entity is the transliteration of its Chinese name for reference only.*