



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8048)

**THIRD QUARTERLY RESULTS FOR THE
NINE MONTHS ENDED 30 SEPTEMBER 2020**

Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 announcement, 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 the 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 announcement is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this announcement misleading.

THIRD QUARTERLY RESULTS ENDED 30 SEPTEMBER 2020

The Directors of the Company present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2020 (“Financial Statements”), together with the comparative figures for the corresponding periods in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020

	<i>Notes</i>	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	2	10,035	30,336	31,387	75,001
Other income		583	29	1,251	64
Change in inventories		2,847	(12,670)	2,847	(13,421)
Purchase of goods		(2,847)	(689)	(2,847)	(9,800)
Professional fee		(5,323)	(4,095)	(16,826)	(7,812)
Employee benefits expenses		(4,796)	(6,973)	(17,940)	(34,936)
Depreciation and amortisation		(235)	(429)	(1,074)	(1,383)
Other expenses		(3,232)	(9,108)	(7,313)	(21,865)
Loss before income tax	3	(2,968)	(3,599)	(10,515)	(14,152)
Income tax expense	4	(39)	(17)	(52)	(24)
Loss for the period		(3,007)	(3,616)	(10,567)	(14,176)
Other comprehensive income/(expense) for the period, net of tax					
Exchange gain/(loss) on translation of financial statements of foreign operations		107	(265)	107	(265)
Total comprehensive expense for the period		(2,900)	(3,881)	(10,460)	(14,441)

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period				
attributable to:				
Owners of the Company	(3,024)	(3,636)	(10,601)	(14,153)
Non-controlling interests	<u>17</u>	<u>20</u>	<u>34</u>	<u>(23)</u>
	<u>(3,007)</u>	<u>(3,616)</u>	<u>(10,567)</u>	<u>(14,176)</u>
Total comprehensive expense				
attributable to:				
Owners of the Company	(2,917)	(3,901)	(10,494)	(14,418)
Non-controlling interests	<u>17</u>	<u>20</u>	<u>34</u>	<u>(23)</u>
	<u>(2,900)</u>	<u>(3,881)</u>	<u>(10,460)</u>	<u>(14,441)</u>
Loss per share				
– Basic and diluted (in HK cents)	<u>(0.16) cents</u>	<u>(0.19) cents</u>	<u>(0.54) cents</u>	<u>(0.76) cents</u>
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Notes:

1. BASIS OF PREPARATION

The condensed 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 (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. The condensed consolidated 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 condensed consolidated financial statements for the nine months ended 30 September 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 except for the changes mentioned below.

With effect from 1 January 2020, the Group has adopted the below amendments which are relevant to the Group’s condensed consolidated financial statements:–

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The Group has assessed the impact of the adoption of the above amendments and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

2. REVENUE

Revenue recognized during the period is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of gold and jewellery products	–	17,350	–	27,171
Enterprise software products	3,159	7,054	9,771	19,673
Professional services	6,876	5,932	21,616	26,189
Systems integration	–	–	–	1,968
	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,968</u>
Total revenue	<u>10,035</u>	<u>30,336</u>	<u>31,387</u>	<u>75,001</u>

3. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	235	429	1,074	1,383
	<u>235</u>	<u>429</u>	<u>1,074</u>	<u>1,383</u>

4. 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.

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Overseas				
Tax for the period	<u>(39)</u>	<u>(17)</u>	<u>(52)</u>	<u>(24)</u>
Total income tax expense	<u>(39)</u>	<u>(17)</u>	<u>(52)</u>	<u>(24)</u>

5. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the nine months ended 30 September 2020 is based on the loss attributable to owners of the Company of HK\$10,601,000 (2019: loss of HK\$14,153,000) and the weighted average number of ordinary shares of 1,947,690,000 (2019: 1,863,074,615) in issue during the period.

Diluted loss per share for the nine months ended 30 September 2020 and 2019 is the same as the basic loss per share as there is no potential dilutive ordinary share in existence during the period.

RESERVES

Movements in reserves (unaudited) for the period ended 30 September 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>
At 1 January 2020	218,532	(7,054)	(262)	18,593	(306,306)	(76,497)
Loss for the period	-	-	-	-	(10,601)	(10,601)
Other comprehensive income						
Exchange gain on translation of financial statements of foreign operations	-	107	-	-	-	107
Total comprehensive income/ (loss) for the period	-	107	-	-	(10,601)	(10,494)
At 30 September 2020	218,532	(6,947)	(262)	18,593	(316,907)	(86,991)
At 1 January 2019	217,968	(6,361)	(276)	11,926	(291,626)	(68,369)
Issue of ordinary shares	470	-	-	-	-	470
Loss for the period	-	-	-	-	(14,153)	(14,153)
Other comprehensive expense						
Exchange loss on translation of financial statements of foreign operations	-	(265)	-	-	-	(265)
Total comprehensive loss for the period	-	(265)	-	-	(14,153)	(14,418)
At 30 September 2019	218,438	(6,626)	(276)	11,926	(305,779)	(82,317)

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: nil).

Business Review

The Group's loss attributable to owners of the Company for the nine months ended 30 September 2020 was HK\$10,601,000 (2019: loss of HK\$14,153,000).

During the nine months ended 30 September 2020, the Group recorded a turnover of HK\$31,387,000 representing a decrease of 58% compared with a turnover of HK\$75,001,000 in the same period of last year.

Income from IT products and Services segment represented 100% of turnover of the period where sales of enterprise software products decreased by 50% to HK\$9,771,000 (2019: HK\$19,673,000) and professional service business decreased by 17% to HK\$21,616,000 (2019: HK\$26,189,000) respectively. Systems Integration had no turnover for the period (2019: 1,968,000)

Future prospects

The countrywide outbreak of Covid-19 from the beginning of 2020 had hammered all luxury product markets in China and there was no exception for the gold and jewellery market. Following a decline of 52% in the first half year, demand of gold jewellery surged by 29% in the third quarter with the virus being contained.

Gold price per ounce started in 2020 at USD1,511, extended to US\$1,781 at 30 June 2020 and further closed at US\$1,887 at 30 September 2020 that a gain of 25% was recorded amid risks brought by US-China tensions and numerous cases of infections overseas. At the same moment, growing unemployment rates are observed in major cities of China and customers tend to limit their expenditures on non-necessities in general in expectation of challenging economic circumstances in near future. Sustainability of the recovery in demand of gold jewellery needs further confirmation.

The Group remains cautiously optimistic of the recovery of domestic jewellery market. Wholesale businesses will be the focuses of the Group for the rest of the year. In respect of market trend, shifting demand from traditional 24K jewellery towards fashionable products with less gold content but higher margins to retailers continues to drive the structural change in the jewellery market. The Group will keep tracking the market carefully and make adjustments to its business strategies where necessary.

For the IT Products and Services segment, the Group will keep looking 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 30 September 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

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	36,726,000	–	804,157,697 <i>(Note 1)</i>	840,883,697	43.17%
Ms. LI Xia	–	–	804,157,697 <i>(Note 1)</i>	804,157,697	41.29%
Mr. CHEN Yin	–	–	149,455,740 <i>(Note 2)</i>	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 September 2020.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 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%
Shenzhen Yihua	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	840,883,697	43.17%
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, 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 36,726,000 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 30 September 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 during the period ended 30 September 2020.

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 nine months ended 30 September 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.

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 nine months ended 30 September 2020.

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 nine 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, 13 November 2020

As at the date of this announcement, 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*)

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.