



YU TAK INTERNATIONAL HOLDINGS LIMITED

御德國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8048)

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

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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 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, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FIRST QUARTERLY RESULTS ENDED 31 MARCH 2021

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 2021, together with the comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2021

		(Unaudited)	
		Three months ended	
		31 March	
		2021	2020
	Notes	HK\$'000	HK\$'000
Revenue	3	7,566	10,356
Other income		12	–
Change in inventories		(918)	–
Purchase of goods		(770)	–
Professional fees		(3,051)	(5,715)
Employee benefits expenses		(3,809)	(6,207)
Depreciation and amortization		(220)	(447)
Other expenses		<u>(1,167)</u>	<u>(2,639)</u>
Loss before income tax		(2,357)	(4,652)
Income tax expense	5	<u>–</u>	<u>(13)</u>
Loss for the period		(2,357)	(4,665)
Other comprehensive income/(expense) for the period, net of tax		<u>–</u>	<u>–</u>
Total Comprehensive Loss for the period		<u>(2,357)</u>	<u>(4,665)</u>

(Unaudited)
Three months ended
31 March

	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to:		
Owners of the Company	(2,357)	(4,674)
Non-controlling interests	<u> –</u>	<u> 9</u>
	<u>(2,357)</u>	<u>(4,665)</u>
 Total Comprehensive Loss attributable to:		
Owners of the Company	(2,357)	(4,674)
Non-controlling interests	<u> –</u>	<u> 9</u>
	<u>(2,357)</u>	<u>(4,665)</u>
 Loss per share for the Loss		
attributable to the owners of the Company		
during the period		
– Basic and diluted (in HK cents)	6	(0.12) cents
		<u>(0.24) cents</u>

Notes:

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Hong Kong. The Company's shares are listed on GEM of the Stock Exchange.

The Group is principally engaged in the development, sale and implementation of enterprise software, provision of systems integration and professional services, design and sales of gold and jewellery products and investment holding. The Group's operations are based in Hong Kong and the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Hong Kong dollars ("HK\$").

2. 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 financial statements also comply with the applicable disclosure requirements of the Hong Kong Company Ordinance and include the applicable disclosure requirements of the GEM Listing Rules.

The consolidated financial statements have been prepared on the historical cost basis, except for financial asset at FVOCI which are stated at fair value.

The accounting policies used in the condensed consolidated financial statements for the three months ended 31 March 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020 except for the changes mentioned below.

New and amended HKFRSs that are effective for annual periods beginning on 1 January 2021

The Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform (Phase 2)
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The adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

3. 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	
	2021	2020
	HK\$'000	HK\$'000
Sales of gold and jewellery products	2,007	–
Enterprise software products	3,449	3,834
Professional services	2,110	6,522
	<u>7,566</u>	<u>10,356</u>
Total revenue	<u>7,566</u>	<u>10,356</u>

4. FINANCE COSTS

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Interest charges on:		
Loan wholly repayable within five years	–	–
	<u>–</u>	<u>–</u>

5. 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	
	2021	2020
	HK\$'000	HK\$'000
Current tax		
– Overseas Tax for the period	–	13
	<u>–</u>	<u>13</u>
Total income tax expense	<u>–</u>	<u>13</u>

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the three months ended 31 March 2021 is based on the loss attributable to owners of the Company of HK\$2,357,000 (2020: loss of HK\$4,674,000) and the weighted average number of ordinary shares of 1,947,690,000 (2020: 1,947,690,000) in issue during the period.

Diluted loss per share for the three months ended 31 March 2021 and 2020 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 2021 and 2020 were as follows:–

	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Fair value reserve non- recycling HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2021	218,532	(3,671)	(262)	23,102	(315,023)	(77,322)
Loss for the period	-	-	-	-	(2,357)	(2,357)
Other comprehensive income/(expense)	-	-	-	-	-	-
Total Comprehensive Loss for the period	-	-	-	-	(2,357)	(2,357)
Balance at 31 March 2021	218,532	(3,671)	(262)	23,102	(312,666)	(79,679)
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)

INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2021 (2020: Nil).

FINANCIAL PERFORMANCE

The Group's loss attributable to owners of the Company for the three months ended 31 March 2021 was HK\$2,357,000, comparing with the loss of HK\$4,674,000 for the same period of 2020, there was an improvement of 50%.

During the period ended 31 March 2021, the Group reported total turnover of HK\$7,566,000, representing a decrease of 27% compared with HK\$10,356,000 for the same period of last year.

Revenue from sales of gold and jewellery products amounted to HK\$2,007,000 (2020: HK\$Nil). Income from IT Products and Services amounted to HK\$5,559,000 (2020: HK\$10,356,000) where sales of enterprise software products decreased by 10% to HK\$3,449,000 (2020: HK\$3,834,000) and professional services business decreased by 68% to HK\$2,110,000 (2020: HK\$6,522,000).

OPERATION REVIEW

Gold price per ounce started in 2021 at US\$1,943 and closed by 13% lower at US\$1,684 in Q1 2021. It recorded the weakest quarterly performance since Q4 2016, and was 18% below the peak of US\$2,067 attained in August 2020. Signs of recovery in global economies and hiking long term interest rates were the main reasons for the drop in gold prices.

According to the Ministry of Commerce, sales of jewellery products during the Chinese New Year holiday surged by 161% in value compared with last year. Most gold jewellery retailers believed that the easing local gold prices, improved market sentiment and continued shutdown policies of most countries for Chinese tourists contributed to the encouraging local retail sales during the season.

While the first quarter of a year was normally a slack season for the wholesalers and growth in consumer demand of Q1 had been substantially reflected in the wholesales market during the last quarter of 2020, the Group's revenue from sales of gold and jewelry amounted to approximately HK\$2 million in the reporting period.

For the IT Products and Services segment, decrease in revenue basically reflected a reduced scale of operations compared with the same period of 2020.

FUTURE PROSPECTS

From the start of 2020, the optimism of global economic recovery has exerted considerable downward pressure on gold prices. However, when inflation expectation, continuing low real interest rates and increasing investment risks are factoring in, it is believed that gold prices will be well supported in the remaining of the year.

Given the positive link between economic growth and demand, gold jewellery demand of China may continue to improve in 2021. China's economy will maintain its strength and consumer disposable income will grow even faster in the rest of the year. While Chinese policy makers have already positioned domestic consumption as a priority in coming years, market participants are generally optimistic and keen on raising their inventory.

In terms of product segments, the heritage gold jewellery products which has performed strongly in 2020 among high-end consumers will continue to dominate the market. Younger buyers with lower budget gravitate towards lighter, more affordable and trendier, lightweight gold jewellery in modern designs.

The Group is optimistic of the gold jewellery market of China. Aside from the traditional businesses, the Group is exploring different on-line sales models. The Group has started allied with certain emerging on-line jewellery retailers of major platforms in China and these new businesses may make some good contributions to the sales revenue of 2021. Since effectiveness of these attempts still needs to be observed, the Group will be tracking the market carefully and develop new distribution channels for boosting sales.

For the IT Products and Services segment, the Group will keep looking for 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 2021, 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 GEM Listing Rules of the Stock Exchange, 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 31 March 2021.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2021, 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	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 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 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 31 March 2021.

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 2021.

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 2021 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, 14 May 2021

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*)

This announcement will remain on the latest "Listed Company Information" page of the GEM website for at least seven days from the date of its posting and on the website of the Company at www.hkjewelry.net.