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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)

MEMORANDUM OF UNDERSTANDING
IN RELATION TO A PROPOSED ACQUISITION

This announcement is made by Yu Tak International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 16 June 2017 (after trading hours), the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with a potential vendor (the “**Potential Vendor**”). Pursuant to the MOU, the Company intends to acquire, and the Potential Vendor intends to dispose of part of the issued share capital in a company (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”) (the “**Proposed Acquisition**”). As at the date of the MOU, the Potential Vendor holds 90% of entire issued share capital of the Target Company. The Target Group is principally engaged in plastic recycling business in Thailand.

PRINCIPAL TERMS OF THE MOU

Date

16 June 2017 (after trading hours).

Parties

- (i) The Company; and
- (ii) the Potential Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Potential Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Consideration

The consideration for the Proposed Acquisition and the manner of payment shall be further negotiated between the Company and the Potential Vendor and be determined in the Formal Agreement (as defined below). The consideration for the Proposed Acquisition will be funded by the Group's internal resources and/or other possible fund raising alternatives available to the Group as the Directors may deem appropriate. The Company will make further announcement(s) in respect of any possible fund raising activity as and when appropriate in accordance with the GEM Listing Rules.

Due diligence review

Pursuant to the MOU, the Company may conduct due diligence review on, including without limitation, the assets, liabilities, finance, business, operations and subsisting status of the Target Group upon signing of the MOU. The Potential Vendor shall use its best endeavours to procure the Target Group and its agent to provide such assistance and information as is necessary for the Company to complete its due diligence review on the Target Group.

Exclusivity

On or before 30 September 2017 (or such other date as agreed between the Company and the Potential Vendor in writing) (the "**Exclusivity Period**"), the Company shall have exclusive right to negotiate with the Potential Vendor in relation to the terms of the Proposed Acquisition. During the Exclusivity Period, the Potential Vendor shall not directly or indirectly negotiate or agree with any other party with respect to the disposal of the Target Group or any of its businesses.

Formal Agreement

The Company and the Potential Vendor shall use their best endeavours to procure a legally binding formal agreement in relation to the Proposed Acquisition ("**Formal Agreement**") within the Exclusivity Period. The Company has the right to nominate one of its subsidiaries as the purchaser to enter into the Formal Agreement.

Termination

The MOU will be terminated at the earlier of:

- (i) the expiry of the Exclusivity Period; or
- (ii) the date of execution of the Formal Agreement.

Binding effect

Save for the provisions relating to due diligence review, exclusivity, confidentiality, termination, notices, binding effect, governing law and jurisdiction, the MOU does not constitute a legally binding agreement on the parties to the MOU.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

In order to maximise return to the Company and the shareholders of the Company in the long run, the Directors consider that it is in the interest of the Company to enter into the MOU to explore the possibility of diversification of the business of the Group. The Proposed Acquisition, should it materialise, will enhance the corporate development of the Group which will be in the best interests of the Company and its shareholders as a whole.

GENERAL

As at the date of this announcement, the terms and conditions of the Proposed Acquisition are still being negotiated and no legally binding agreement has been entered into. The Proposed Acquisition, if materialised, may constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.

As the Proposed Acquisition may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 16 June 2017

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

Chong Yu Ping (*Executive Director*)

Li Xia (*Executive Director*)

Chen Yin (*Executive Director*)

Lam Tin Faat (*Independent Non-executive Director*)

Lu Haina (*Independent Non-executive Director*)

Na Xin (*Independent Non-executive Director*)

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 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.

This announcement will remain on the “Latest Company Announcements” 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.