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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)

- (1) PROPOSED RIGHTS ISSUE OF 594,230,000 RIGHTS SHARES AT HK\$0.10 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY 2 EXISTING SHARES HELD ON THE RECORD DATE**
(2) APPLICATION FOR WHITEWASH WAIVER
(3) CLOSURE OF REGISTER OF MEMBERS
AND
(4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Underwriter to the Rights Issue

SINO EMINENT LIMITED

Independent Financial Adviser to the Independent Board Committee



紅日資本有限公司

RED SUN CAPITAL LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of not less than approximately HK\$59 million before expenses by way of a rights issue of 594,230,000 Rights Shares at a price of HK\$0.10 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted one (1) Rights Share in nil-paid form for every two (2) existing Shares held on the Record Date.

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to the Company or its nominee/agent, and the Company or its nominee/agent will use reasonable endeavours to sell or procure the sale of those aggregated nil-paid Rights Shares in the market for the benefit of the Company if a premium (net of expenses) can be obtained.

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue, the aggregate number of Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represents 50% of the Company's total number of issued Shares as at the date of this announcement and will represent approximately 33.33% of the Company's total number of issued Shares as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue.

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, Sino Eminent has undertaken to the Company that it will fully underwrite the subscription of the Underwritten Shares on and subject to the terms and conditions of the Underwriting Agreement.

The obligations of the Underwriter to underwrite the Underwritten Shares are conditional on (i) the satisfaction of the conditions referred to in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" under the section headed "Underwriting Arrangements" in this announcement, which cannot be waived in whole or part, and (ii) the Underwriting Agreement not being terminated by the Underwriter in accordance with its terms. If the conditions are not fulfilled or the Underwriting Agreement is terminated pursuant to its terms, the Rights Issue will not proceed.

REASONS FOR THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

The Directors are considering to implement a growth strategy to develop sales of gold and jewellery products business in the PRC in order to strengthen the Group's income stream and maximise return to the Shareholders.

The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser appointed by the Independent Board Committee) consider that the Rights Issue offers all Qualifying Shareholders the opportunity to participate and

grasp the benefit of the future development of the Group. The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser appointed by the Independent Board Committee) are of the view that the Rights Issue not only provides greater financial flexibility for the Company, but also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company. The net proceeds from the Rights Issue will be used as funds for staff recruitment, designing and marketing new products, launching e-commerce platform, establishing new representative office, upgrading supply chain management system and as the general working capital of the Group. The Group also intends to continue to focus on the development of the existing jewellery business, and look for other potential good investment opportunities in the existing business fields of the Group to achieve sustainable growth and create value for its Shareholders. As at the date of this announcement, the Company has not identified any suitable acquisition targets.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Concert Group is interested in 362,742,140 Shares, representing approximately 30.52% of the entire issued Shares of the Company.

Pursuant to the Underwriting Agreement, Sino Eminent has undertaken to the Company that it will fully underwrite the Underwritten Shares.

Assuming no acceptance by the Qualifying Shareholders under the Rights Issue, Sino Eminent will be required to take up the Underwritten Shares and the total shareholding of the Concert Group upon completion of the Rights Issue would amount to approximately 53.68% of the then issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Under such circumstance, Sino Eminent would be required to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Sino Eminent will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder by Independent Shareholders at the SGM by way of poll. If the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder are not granted or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. As at the date of this announcement, the Company does not believe that the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transaction contemplated thereunder give rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this announcement, the

Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue and the transaction contemplated thereunder does not comply with other applicable rules and regulations.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Sino Eminent is interested in 312,606,140 Shares of the Company, representing approximately 26.30% of the entire issued Shares of the Company. Therefore, Sino Eminent is a substantial shareholder and a connected person of the Company as defined under the GEM Listing Rules. Accordingly, the transactions between the Company and Sino Eminent as contemplated under the Underwriting Agreement constitute a connected transaction of the Company. Pursuant to Rule 20.90(2)(b) of the GEM Listing Rules, as arrangements have been made in relation to excess applications in compliance with Rule 10.31 of the GEM Listing Rules and given that no underwriting commission is payable to Sino Eminent, the Underwriting Agreement is exempted from all reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

As the Rights Issue would increase the market capitalisation of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the SGM by poll in accordance with the requirements of Rule 10.29(1) of the GEM Listing Rules and any controlling Shareholder and their respective associates or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Rights Issue.

As at the date of this announcement, since there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting at the SGM in respect of the resolutions to approve the Rights Issue the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

As Mr. Chen Yin, being an executive Director of the Company, through Flourish Zone Limited, is interested in 110,303,827 Shares, he is required to abstain from voting on the resolutions to be proposed at the SGM in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder.

TRADING ARRANGEMENTS

The last day for dealing in the Shares on a cum-rights basis is expected to be Tuesday, 13 February 2018. The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 14 February 2018. The Rights Shares are expected to be dealt with in their nil-paid form from Friday, 2 March 2018 to Friday, 9 March 2018 (both days inclusive).

To qualify for the Rights Issue, a Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be Tuesday, 27 February 2018 and such Shareholder must not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the share registrar of the Company for registration by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Wednesday, 21 February 2018 to Tuesday, 27 February 2018, both days inclusive.

The Latest Time for Acceptance is expected to be 4:00 p.m. on the Final Acceptance Date. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Please refer to the section headed "Expected Timetable" in this announcement for further details.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned and to advise the Independent Shareholders on how to vote at the SGM. With the approval of the Independent Board Committee, Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

Under the Takeovers Code, the Whitewash Waiver is conditional on, among other matters, the approval of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder by the Independent Shareholders at the SGM. The resolutions proposed to be voted at the SGM will be conducted by way of poll.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Concert Group is interested in the Whitewash Waiver, it is required to abstain from voting on the resolutions to be proposed at the SGM in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder. Save for the Concert Group, no Shareholder is involved in or interested in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver and the underlying transactions contemplated thereunder which requires him/her/it to abstain from voting on the relevant resolution at the SGM.

A circular containing, among other matters, further details of (i) the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in

relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder; and (iv) a notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Takeovers Code.

Upon the approval by the Independent Shareholders of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder at the SGM having obtained and the granting of the Whitewash Waiver by the Executive, the Rights Issue Documents will be despatched to the Qualifying Shareholders as soon as practicable. The Prospectus, without the PAL and the EAF, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. Please refer to the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” under the section headed “Underwriting Arrangements” in this announcement for further details. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate their obligations on the occurrence of certain events including force majeure. Please refer to the paragraph headed “Termination of the Underwriting Agreement” under the section headed “Underwriting Arrangements” in this announcement for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Any Shareholder or other person dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Friday, 2 March 2018 to Friday, 9 March 2018 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders, and other persons contemplating dealing in securities of the Company and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

PROPOSED RIGHTS ISSUE

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.10 per Rights Share

Number of existing Shares in issue as at the date of this announcement	:	1,188,460,000 Shares
Number of Rights Shares	:	594,230,000 Rights Shares
Amount to be raised before expenses	:	approximately HK\$59 million before expenses (based on the number of existing Shares in issue as at the date of this announcement, and assuming no other Shares have been allotted and issued on or before the Record Date)
Underwriter	:	Sino Eminent
Total number of Shares in issue as enlarged by the Rights Shares upon completion of the Rights Issue	:	1,782,690,000 Shares
Aggregate nominal value of the Rights Shares to be issued	:	HK\$59,423,000

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue, the aggregate number of Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represents 50% of the Company's total number of issued Shares as at the date of this announcement and will represent approximately 33.33% of the Company's total number of issued Shares as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue.

As at the date of this announcement, the Company had no outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing Shares. As at the date of this announcement, the Company had not received any information or irrevocable undertakings from its substantial Shareholders of their intention whether or not to take up their entitlements under the Rights Issue.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be Tuesday, 27 February 2018 and such Shareholder must not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the share registrar of the Company for registration by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Wednesday, 21 February 2018 to Tuesday, 27 February 2018, both days inclusive.

The share registrar of the Company is Computershare Hong Kong Investor Services Limited of Rooms 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong. The last day of dealings in the Shares on a cum-rights basis is Tuesday, 13 February 2018. The Shares will be dealt with on an ex-rights basis from Wednesday, 14 February 2018.

The Latest Time for Acceptance is expected to be 4:00 p.m. on the Final Acceptance Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

The Company expects to send the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date. Subject to the advice of the Company’s legal advisers in the relevant jurisdiction(s) and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL or EAF to them. A copy of the Prospectus will also be made available on the respective websites of the Company (<http://www.hkjewelry.net/>) and the Stock Exchange (www.hkexnews.hk).

Closure of Register of Members

For the purpose of determining entitlements to the Rights Issue, the register of members of the Company will be closed from Wednesday, 21 February 2018 to Tuesday, 27 February 2018, both days inclusive. No transfer of Shares will be registered during this period.

Non-Qualifying Shareholders

The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdictions other than Hong Kong.

The Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company notes the requirements specified in Rule 17.41(1) of the GEM Listing Rules and will only exclude from the Rights Issue the Overseas Shareholders whom the Directors, after making enquiries, consider it necessary or expedient to exclude on account of either the legal restrictions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company’s legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective shareholdings on the Record Date) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to Rule 17.41(1) of the GEM Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

Odd Lot Arrangement

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Friday, 23 March 2018 to Tuesday, 17 April 2018 (both dates inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the odd lot arrangement will be provided in the Prospectus.

TERMS OF THE RIGHTS ISSUE

Subscription Price

The Subscription Price of HK\$0.10 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a premium of approximately 5.26% to the Last Closing Price;

- (ii) a premium of approximately 13.12%, 21.07%, 25.47%, 23.94% and 13.36% to the average of the closing prices of approximately HK\$0.0884, HK\$0.0826, HK\$0.0797, HK\$0.0807 and HK\$0.0882 per Share as quoted on the Stock Exchange for the 5, 10, 30, 60 and 90 consecutive trading days ending on and including the Last Trading Day respectively;
- (iii) a premium of approximately 3.45% to the theoretical ex-right price of approximately HK\$0.0967 per Share, based on the Last Closing Price; and
- (iv) a premium of approximately 57.48% to the audited consolidated net asset value per Share attributable to equity holders of the Company of approximately HK\$0.0635 as at 31 December 2016.

Each Rights Share has a par value of HK\$0.10. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming no new Shares are allotted and issued on or before completion of the Rights Issue) will be approximately HK\$0.0958.

The Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day, and the prevailing market conditions. After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and Use of Proceeds” below, the Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser appointed by the Independent Board Committee) consider the terms of the Rights Issue, including the Subscription Price and in the context of the Company’s long-term business strategy, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of Provisional Allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the share registrar of the Company on or before the Latest Time for Acceptance.

Fractional Entitlements to the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to the Company or its nominee/agent, and the Company or its nominee/agent will use reasonable endeavours to sell or procure the sale of those aggregated nil-paid Rights Shares in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

Application for Excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for:

- (i) any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholders had they been Qualifying Shareholders;
- (ii) any unsold Rights Shares created by adding together fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Applications for excess Rights Shares can be made only by Qualifying Shareholders and only by completing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares (if any) at their discretion on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to the Rights Shares subscribed through applications by a PAL or the existing number of Shares held by Qualifying Shareholders. No preference will be given to top up odd lots to whole board lots.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) whose name appears on the register of members of the Company (“**Registered Nominee**”) as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to 4:30 p.m. on the Last Day for Transfer.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the share registrar of the Company for completion of the relevant registration by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Wednesday, 21 February 2018 to Tuesday, 27 February 2018, both dates inclusive.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the share registrar of the Company on or before the Latest Time for Acceptance.

Share Certificates and Refund Cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on or before Thursday, 22 March 2018. Each Shareholder will receive one share certificate for all allotted Rights Shares. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on or before Thursday, 22 March 2018.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the issuer is listed, or dealt in, or for which listing or permission to deal is being or is proposed to be sought, on any other stock exchange. Nil-paid Rights Shares are expected to be traded in board lots of 2,000 (as the Shares are currently traded on the Stock Exchange in board lots of 2,000).

Rights Shares will be Eligible for Admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day after the date of the transaction. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

STAMP DUTY AND OTHER APPLICABLE FEES AND CHARGES

Dealings in the Rights Shares (in both nil-paid and fully-paid forms), which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, the SFC transaction levy and other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENTS

Principal Terms of the Underwriting Agreement

Date	:	20 December 2017
Issuer	:	The Company
Underwriter	:	Sino Eminent, a substantial shareholder of the Company, is principally engaged in investment holding
Total number of Underwritten Shares	:	594,230,000 Rights Shares
Commission	:	No underwriting commission is payable to the Underwriter

As at the date of this announcement, Sino Eminent is interested in 312,606,140 Shares of the Company. Shenzhen Yihua and OEIL hold 40 shares and 13 shares in Sino Eminent, representing approximately 75% and 25% of the shares in Sino Eminent respectively. OEIL is wholly owned by Ms. Li Xia. As at the date of this announcement, Mr. Chong Yu Ping, directly or indirectly through his controlled corporation (being Shenzhen Guojin Investment Development Company Limited*, which is held by Mr. Chong Yu Ping and Mr. Zhuang Weizhong as to 90% and 10% respectively as at the date of this announcement) controls approximately 74.34% of the shares in Shenzhen Yihua. Ms. Li Xia owns approximately 0.04% of the shares in Shenzhen Yihua. The relatives of Mr. Chong Yu Ping, being Ms. Zhuang Rushan, Mr. Zhuang Yuyi, Mr. Zhuang Yuxiao, Ms. Zhuang Ruling, Mr. Zhuang Wei and Mr. Zhuang Jian respectively hold approximately 0.09%, 0.93%, 0.09%, 0.71%, 1.66% and 1.69% of the shares in Shenzhen Yihua. Shenzhen Huaji Tai Investment Development Company Limited* which is owned as to 10% and 90% by Mr. Chong Yu Ping and his brother, Mr. Zhuang Yuyi holds approximately 11.50% of the shares in Shenzhen Yihua. The remaining shareholders, being Shenzhen Yihua Investment Development Company Limited*, Liu Deying, Zhang Mingyang, Chen Jianming, Dou Guizhen, Zheng Zhenying, Zhao Jiangrong, Huang Qiuping, Li Yanmin, Wang Xizhong, Huang Lihong, Chen Xiaojun, Zhuang Weizhong, Huang Shixuan, Shi Jingang, Yang Yingxuan, Huang Hai, Zhang Shangfeng and Tan Guohui respectively hold approximately 3%, 1.77%, 0.89%, 0.71%, 0.44%, 0.44%, 0.44%, 0.27%, 0.27%, 0.27%, 0.18%, 0.09%, 0.05%, 0.05%, 0.03%, 0.03%, 0.02%, 0.02% and 0.01% of the shares in Shenzhen Yihua. To the best knowledge of the Directors having made all reasonable enquiries, Shenzhen Yihua Investment Development Company Limited* is owned as to owns approximately 90.31% by Xi Tai

Industrial Company Limited*, through its wholly-owned subsidiary, Xi Taida Corporate Management Advisory (Shenzhen) Company Limited*, and as to approximately 9.69% by Shenzhen Yixin Jewellery Company Limited*. Shenzhen Yixin Jewellery Company Limited* is owned as to 5% by Li Yanmin and 95% by Tong Gangda Corporate Management Advisory (Shenzhen) Company Limited*, which in turn is wholly owned by Qu Haiping through Kong Shum Toys Limited. Therefore, Sino Eminent is a substantial shareholder and a connected person of the Company as defined under the GEM Listing Rules. Accordingly, the transactions between the Company and Sino Eminent as contemplated under the Underwriting Agreement constitute a connected transaction of the Company. Pursuant to Rule 20.90(2)(b) of the GEM Listing Rules, as arrangements have been made in relation to excess applications in compliance with Rule 10.31 of the GEM Listing Rules and given that no underwriting commission is payable to Sino Eminent, the Underwriting Agreement is exempted from all reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules. It is not in the ordinary course of business of Sino Eminent to underwrite shares.

Conditions of the Rights Issue and the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional on the following, none of which can be waived, whether in whole or in part:

- (a) the passing at the SGM of necessary resolution(s) by the Independent Shareholders to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder, at which the voting shall be taken on a poll and in accordance with the GEM Listing Rules and the Takeovers Code;
- (b) the granting of the Whitewash Waiver to Sino Eminent by the Executive and the fulfillment of all conditions (if any) attached to it;
- (c) the registration of the Rights Issue Documents (with all the documents required to be attached thereto by Section 342C of the Companies (WUMP) Ordinance) by the Registrar of Companies in Hong Kong in compliance with the Companies (WUMP) Ordinance by no later than the Posting Date;
- (d) the posting of the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date;
- (e) all necessary approvals, permits, waivers, consents and authorisations having been obtained for the provisional allotment and allotment of the Rights Shares from the Stock Exchange as well as for the Rights Issue generally;
- (f) the Listing Committee of the Stock Exchange having granted (subject only to provisional allotment and/or allotment of the Rights Shares, the posting of the Prospectus and despatch of certificates in respect of the Rights Shares and any other matters which are agreed between the Company and the Underwriter) the listing of and permission to deal in the Rights Shares (both

nil-paid and fully-paid) on the Stock Exchange, in each case by no later than the first day of dealing thereof and such listing and permission to deal not being revoked prior to 4.00 p.m. on the third Business Day after the Final Acceptance Date;

- (g) the Underwriting Agreement not being terminated by the Underwriter pursuant to its terms prior to the latest time for termination;
- (h) none of the undertakings and obligations of the Company under the Underwriting Agreement having been breached; and
- (i) the warranties given by the Company under the Underwriting Agreement remaining true, accurate and not misleading in all material respects.

As at the date of the announcement, none of the above conditions precedent has been fulfilled. If any of the above conditions are not fulfilled at or before 5:00 p.m. on Thursday, 15 March 2018 (or such other date as the Company and the Underwriter may agree in writing), or shall become incapable of being fulfilled on or before such time or date, the Underwriting Agreement may be terminated by the Underwriter by written notice to the Company, and no party to the Underwriting Agreement shall have any claim against any other party thereto for compensation, costs, damages or otherwise.

Termination of the Underwriting Agreement

If at any time between the date of the Underwriting Agreement and 5:00 p.m. on the third Business Day following the Final Acceptance Date one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise, or exist:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties given by the Company under the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (b)
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, Bermuda or elsewhere;
 - (ii) there is any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) there is any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) there is any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

- (v) there is any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
- (vi) there is any suspension in the trading of the Shares on the Stock Exchange for a continuous period of ten (10) Business Days;
- (vii) there is any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which will or may materially and adversely affect the Group or a material proportion of the Shareholders in their capacity as such,

which event or events is or are in the reasonable opinion of the Underwriter:

- (1) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group taken as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be Taken Up; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue; or
- (4) there is a breach by the Company of the Underwriting Agreement,

then the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreement forthwith.

If the Underwriter exercises such right of termination, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriter. Upon termination of the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save in respect of any antecedent breach of any obligation under it.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Assuming no Shares (other than the Rights Shares) are allotted and issued on or before the completion of the Rights Issue, the changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

	Shareholding upon completion of the Rights Issue					
	As at the date of this announcement		Assuming all Rights Shares are taken up by the Qualifying Shareholders		Assuming no Rights Shares are taken up by the Qualifying Shareholders and the Underwriter is required to underwrite the Underwritten Shares	
			No. of Shares	Approximate %	No. of Shares	Approximate %
Concert Group						
Sino Eminent (Note 1)	312,606,140	26.30	468,909,210	26.30	906,836,140	50.87
Zhuang Rushan (Note 2)	50,136,000	4.22	75,204,000	4.22	50,136,000	2.81
Subtotal	362,742,140	30.52	544,113,210	30.52	956,972,140	53.68
Substantial Shareholder						
CK Hutchison Holdings Limited (Note 3)	143,233,151	12.05	214,849,726	12.05	143,233,151	8.03
Director						
Chen Yin (Note 4)	110,303,827	9.28	165,455,740	9.28	110,303,827	6.19
Public Shareholders	572,180,882	48.15	858,271,324	48.15	572,180,882	32.10
Total	<u>1,188,460,000</u>	<u>100</u>	<u>1,782,690,000</u>	<u>100</u>	<u>1,782,690,000</u>	<u>100</u>

Notes:

- OEIL and Shenzhen Yihua hold 13 shares and 40 shares in Sino Eminent, representing approximately 25% and 75% of the shares in Sino Eminent. OEIL is wholly owned by Ms. Li Xia. As at the date of this announcement, Mr. Chong Yu Ping, directly or indirectly through his controlled corporation (being Shenzhen Guojin Investment Development Company Limited*, which is held by Mr. Chong Yu Ping and Mr. Zhuang Weizhong as to 90% and 10% respectively as at the date of this announcement) controls approximately 74.34% of the shares in Shenzhen Yihua. Ms. Li Xia owns approximately 0.04% of the shares in Shenzhen Yihua. The relatives of Mr. Chong Yu Ping, being Ms. Zhuang Rushan, Mr. Zhuang Yuyi, Mr. Zhuang Yuxiao, Ms. Zhuang Ruling, Mr. Zhuang Wei and Mr. Zhuang Jian respectively hold approximately 0.09%, 0.93%, 0.09%, 0.71%, 1.66% and 1.69% of the shares in Shenzhen Yihua. Shenzhen Huaji Tai Investment Development Company Limited* is owned as to 10% and 90% by Mr. Chong Yu Ping and his brother, Mr. Zhuang Yuyi. The remaining shareholders, being Shenzhen Yihua Investment Development Company Limited*, Liu Deying, Zhang Mingyang, Chen Jianming, Dou Guizhen, Zheng Zhenying, Zhao Jiangrong, Huang Qiuping, Li Yanmin, Wang Xizhong, Huang Lihong, Chen Xiaojun, Zhuang Weizhong, Huang Shixuan, Shi Jingang, Yang Yingxuan, Huang Hai, Zhang Shangfeng and Tan Guohui respectively hold approximately 3%, 1.77%, 0.89%, 0.71%, 0.44%, 0.44%, 0.44%, 0.27%, 0.27%, 0.27%, 0.18%, 0.09%, 0.05%, 0.05%, 0.03%, 0.03%, 0.02%, 0.02% and 0.01% of

the shares in Shenzhen Yihua. Accordingly, Mr. Chong Yu Ping is deemed to be interested in 312,606,140 Shares held by Sino Eminent by virtue of Sino Eminent being controlled by Mr. Chong Yu Ping through his shareholding in Shenzhen Yihua. OEIL is wholly owned by Ms. Li Xia. Ms. Li Xia is deemed to be interested in 312,606,140 Shares held by Sino Eminent as Sino Eminent is owned as to 25% by OEIL, which in turn is wholly owned by Ms. Li Xia, the sole director of Sino Eminent.

2. As at the date of this announcement, Ms. Zhuang Rushan, sister of Mr. Chong Yu Ping, owns 50,136,000 Shares.
3. CK Hutchison Holdings Limited (“**CK Hutchison**”) is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Alps Mountain Agent Limited (“**Alps**”) and iBusiness Corporation Limited (“**iBusiness**”). Accordingly, CK Hutchison is deemed to be interested in 143,233,151 Shares of the Company of which 71,969,151 Shares are held by Alps and 67,264,000 Shares are held by iBusiness under the SFO. CK Hutchison Holdings Limited is an Independent Third Party and is not acting in concert with the Concert Group.
4. These shares were held by Flourish Zone Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Chen Yin. Mr. Chen Yin was not involved in the negotiations about the Rights Issue, Underwriting Agreement or the Whitewash Waiver.
5. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Despatch of circular with notice of SGM	Friday, 19 January 2018
Latest time for lodging transfer of Shares to qualify for attendance and voting at the SGM	4:30 p.m. on Monday, 5 February 2018
Closure of register of members for determination of entitlements to attend and vote at the SGM (both days inclusive)	Tuesday, 6 February 2018 to Monday, 12 February 2018
Latest time for return of proxy form for the SGM	2:00 p.m. on Saturday, 10 February 2018
Record date for determination of entitlements to attend and vote at the SGM	Monday, 12 February 2018
Expected date and time of the SGM	2:00 p.m. on Monday, 12 February 2018
Announcement of poll results of the SGM	Monday, 12 February 2018

Last day of dealings in the Shares on a cum-rights basis	Tuesday, 13 February 2018
Commencement of dealings in the Shares on an ex-rights basis	Wednesday, 14 February 2018
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Tuesday, 20 February 2018
Closure of register of members for determination of entitlements under the Rights Issue (both days inclusive)	Wednesday, 21 February 2018 to Tuesday, 27 February 2018
Record Date for determining entitlements under the Rights Issue	Tuesday, 27 February 2018
Despatch of Rights Issue Documents	Wednesday, 28 February 2018
First day of dealings in nil-paid Rights Shares	Friday, 2 March 2018
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 6 March 2018
Last day of dealings in nil-paid Rights Shares	Friday, 9 March 2018
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 14 March 2018
Latest time and date for terminating the Underwriting Agreement	5:00 p.m. on Thursday, 15 March 2018
Rights Issue expected to become unconditional	5:00 p.m. on Thursday, 15 March 2018
Announcement of results of the Rights Issue to be published in the respective websites of the Stock Exchange and the Company on or before	Wednesday, 21 March 2018
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Thursday, 22 March 2018
Certificates for the Rights Shares expected to be despatched on or before	Thursday, 22 March 2018

Dealings in fully-paid Rights Shares commence 9:00 a.m. Friday, 23 March 2018

Designated broker starts to stand in the market to
provide matching services for odd lots of Shares Friday, 23 March 2018

The last day for the designated broker to
provide matching services for odd lots of Shares Tuesday, 17 April 2018

Note:

All times and dates in this announcement refer to Hong Kong times and dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders and the Stock Exchange appropriately.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the currently scheduled date for the Final Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcements of any change to the expected timetable as soon as practicable in this regard.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the designing and sales of gold and jewellery products, the development, sales and implementation of enterprise software and the provision of systems integration, professional services, application service provider services and investment holding.

The net proceeds from the Rights Issue after deducting all relevant expenses are estimated to be approximately HK\$56.9 million (assuming there is no change in the number of issued Shares on or before the Record Date).

The Board is considering to implement its growth strategy to develop the Group's sales of gold and jewellery products business in the PRC in order to strengthen the Group's income stream and maximise return to the Shareholders. In view of the improving consumer sentiment in the PRC, the Board has been actively exploring business opportunities in the PRC to fulfil its growth strategy. The Board intends to apply the net proceeds from the Rights Issue in the following manner:

- approximately HK\$15 million (representing 26% of the estimated net proceeds from the Rights Issue) will be applied for staff recruitment;
- approximately HK\$20 million (representing 35% of the estimated net proceeds from the Rights Issue) will be applied for strengthening gold and jewellery product design and brand marketing;
- approximately HK\$5 million (representing 9% of the estimated net proceeds from the Rights Issue) will be applied for launching an e-commerce sales platform to increase the sales channel of gold and jewellery products;
- approximately HK\$4 million (representing 7% of the estimated net proceeds from the Rights Issue) will be applied for establishing new representative office in Shanghai to facilitate marketing of gold and jewellery products and business development; and
- the remaining proceeds of approximately HK\$12.9 million (representing 23% of the estimated net proceeds from the Rights Issue) will be applied for upgrading the Group's supply chain management system and other working capital purpose.

The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser appointed by the Independent Board Committee) consider that the Rights Issue offers all Qualifying Shareholders the opportunity to participate and grasp the benefit of the future development of the Group. The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser appointed by the Independent Board Committee) are of the view that the Rights Issue not only provides greater financial flexibility for the Company, but also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company. Unlike borrowings or issuance of debt securities, the Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser appointed by the Independent Board Committee) consider that the rights issue would be a preferred means for the Company to raise long-term funds to finance long-term investments and new business potentials without subjecting itself to interest burden or additional debt. The net proceeds from the Rights Issue will be used as funds for staff recruitment, designing and marketing new products, launching e-commerce platform, establishing new representative office, upgrading supply chain management system and as the general working capital of the Group. The Group also intends to continue to focus on the development of the

existing jewellery business, and look for other potential good investment opportunities in the existing business fields of the Group to achieve sustainable growth and create value for its Shareholders. As at the date of this announcement, the Company has not identified any suitable acquisition targets.

Furthermore, the capital base of the Company will be strengthened after completion of the Rights Issue and the improved financial position provided sufficient internal resources and financing capacity for the Company to meet its future expansion needs.

The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser appointed by the Independent Board Committee) believe that the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Save for the Rights Issue, there has been no funds raised on any issue of equity securities during the past 12 months immediately before the date of this announcement. The Group currently does not intend to conduct any other fund raising activities in the next 12 months from the date of this announcement.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Concert Group is interested in 362,742,140 Shares, representing approximately 30.52% of the entire issued Shares of the Company.

Pursuant to the Underwriting Agreement, Sino Eminent has undertaken to the Company that it will fully underwrite the Underwritten Shares.

Assuming no acceptance by the Qualifying Shareholders under the Rights Issue, Sino Eminent will be required to take up the Underwritten Shares and the total shareholding of the Concert Group upon completion of the Rights Issue would amount to approximately 53.68% of the then issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Under such circumstance, Sino Eminent would be required to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Sino Eminent will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder by Independent Shareholders at the SGM by way of poll. If the Whitewash Waiver is not granted or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

INFORMATION ON SHENZHEN YIHUA, OEIL, SINO EMINENT AND THE CONCERT GROUP

Sino Eminent was incorporated in the British Virgin Islands and is principally engaged in investment holding. Sino Eminent is not engaged in the business of underwriting. As at the date of this announcement, OEIL and Shenzhen Yihua hold 13 shares and 40 shares in Sino Eminent, representing approximately 25% and 75% of the shares in Sino Eminent respectively. As at the date of this announcement, Sino Eminent holds 312,606,140 Shares, representing approximately 26.30% of the entire issued Shares of the Company.

Shenzhen Yihua was incorporated in the PRC and is principally engaged in the sale of jewellery. As at the date of this announcement, Shenzhen Yihua holds approximately 75% of the issued shares in Sino Eminent. As at the date of this announcement, Mr. Chong Yu Ping, the Director, directly or indirectly through his controlled company, being Shenzhen Guojin Investment Development Company Limited* in which Mr. Chong Yu Ping and Mr. Zhuang Weizhong own 90% and 10% of the shares in this company respectively as at the date of this announcement, controls approximately 74.34% of the shares in Shenzhen Yihua.

OEIL was incorporated in the British Virgins Islands and is principally engaged in investment holding. As at the date of this announcement, OEIL holds approximately 25% of the issued shares in Sino Eminent. OEIL is a wholly-owned by Ms. Li Xia, the Director of the Company.

As at the date of this announcement, Ms. Zhuang Rushan, sister of Mr. Chong Yu Ping, owns 50,136,000 Shares.

It is the intention of Sino Eminent to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. Sino Eminent has no intention to introduce any changes to the businesses of the Group including redeployment of the fixed assets of the Group.

As at the date of this announcement, the members of the Concert Group has not received any irrevocable commitment to vote for or against the proposed resolution approving the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder at the SGM. Save for the transactions contemplated under the Underwriting Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22

of the Takeovers Code in relation to the Shares entered into by any member of the Concert Group and which might be material to the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver.

At the date of this announcement, other than approximately 30.52% interests in the issued share capital of the Company owned by the Concert Group, the Concert Group does not hold or has control or direction over any other shares, rights over shares, convertible securities, warrants or options of the Company, or any outstanding derivative in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

None of the members of the Concert Group has any dealings in any securities of the Company in the six-month period preceding the date of this announcement.

As at the date of this announcement, save for the Underwriting Agreement, there is no arrangement or agreement to which members of the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver. There is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Concert Group has borrowed or lent as at the date of this announcement.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising Mr. Lam Tin Faat, Ms. Lu Haina and Ms. Na Xin, the independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned and to advise the Independent Shareholders on how to vote at the SGM. With the approval of the Independent Board Committee, Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

Under the Takeovers Code, the Whitewash Waiver is conditional on, among other matters, approval of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder by the Independent Shareholders at the SGM. The resolution proposed to be voted at the SGM will be conducted by way of poll.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Concert Group is interested in the Whitewash Waiver, it is required to abstain from voting on the resolution to be proposed at the SGM in relation to among other things, the Whitewash Waiver. Save for the Concert Group, no Shareholder is involved in or interested in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver which requires him/her/it to abstain from voting on the relevant resolutions at the SGM. As at the date of this announcement, the Company does not believe that the

Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transaction contemplated thereunder gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue and the transaction contemplated thereunder does not comply with other applicable rules and regulations.

A circular containing, among other matters, further details of (i) the Rights Issue and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and Whitewash Waiver; and (iv) a notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Takeovers Code.

As the Rights Issue would increase the market capitalisation of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the SGM by poll in accordance with the requirements of Rule 10.29(1) of the GEM Listing Rules and any controlling Shareholder and their respective associates or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Rights Issue.

As at the date of this announcement, since there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting at the SGM in respect of the resolutions to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder. Further, any Shareholders that have a material interest in the Rights Issue shall abstain from voting on the resolutions approving the Rights Issue. An Independent Board Committee has been established by the Company to give recommendation to the Independent Shareholders in respect of the Rights Issue. As Mr. Chen Yin, being an executive Director of the Company, through Flourish Zone Limited, is interested in 110,303,827 Shares and the Concert Group is interested in the Whitewash Waiver, they are required to abstain from voting on the resolutions to be proposed at the SGM in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder. In other words, only the Independent Shareholders are allowed to vote at the aforesaid SGM. Save for the Concert Group, no Shareholder is involved in or interested in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver which requires him/her/it to abstain from voting on the relevant resolutions at the SGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee of the Company regarding the Rights Issue.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The last day for dealing in the Shares on a cum-rights basis is expected to be Tuesday, 13 February 2018. The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 14 February 2018. The Rights Shares are expected to be dealt with in their nil-paid form from Friday, 2 March 2018 to Friday, 9 March 2018 (both days inclusive).

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate their obligations on the occurrence of certain events including force majeure. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares of the Company up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Friday, 2 March 2018 to Friday, 9 March 2018 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders, and other persons contemplating dealing in securities of the Company and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	for the purpose of the Underwriting Agreement, a day (excluding Saturdays) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time

“Company”	Yu Tak International Holdings Limited (stock code: 8048), a company incorporated under the laws of Bermuda and the shares of which are listed on the GEM Board
“Concert Group”	Sino Eminent and parties acting in concert with it (including Shenzhen Yihua, OEIL, Mr. Chong Yu Ping, Ms. Li Xia, Ms. Zhuang Rushan, Mr. Zhuang Yuyi, Mr. Zhuang Yuxiao and Ms. Zhuang Ruling)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder”	shall have the meaning as ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Final Acceptance Date”	the last date for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, which is currently scheduled to be on Wednesday, 14 March 2018 or such later date as the Company and the Underwriter may agree
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Independent Board Committee”	an independent committee of the Board (comprising Mr. Lam Tin Faat, Ms. Lu Haina and Ms. Na Xin, being the independent non-executive Directors) established to advise the Independent Shareholders on the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder
“Independent Third Party(ies)”	third party(ies) not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates
“Independent Shareholders”	the Shareholders other than the Concert Group and those who are involved in or interested in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver
“Last Closing Price”	the closing price of HK\$0.0950 per Share as quoted on the Stock Exchange on the Last Trading Day
“Last Day for Transfer”	Tuesday, 20 February 2018, being the last date for lodging transfer of Shares prior to the closure of register of members of the Company
“Last Trading Day”	Wednesday, 20 December 2017, being the last full trading day for the Shares before the release of this announcement
“Latest Time for Acceptance”	a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date
“Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“OEIL”	Ocean Expert Investments Limited, a limited liability company incorporated in the British Virgin Islands, which is wholly-owned by Ms. Li Xia and owns approximately 25% of the shares in Sino Eminent

“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	Wednesday, 28 February 2018, or such other date as the Underwriter may agree in writing with the Company for the despatch of the Rights Issue Documents
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Tuesday, 27 February 2018, the record date to determine entitlements to the Rights Issue
“Red Sun” or the “Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Rights Issue”	the issue of 594,230,000 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) existing Shares held as at the close of business on the Record Date payable in full on acceptance
“Rights Issue Documents”	the Prospectus, PAL and EAF
“Rights Share(s)”	new Share(s) to be allotted and issued in respect of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Yihua”	Shenzhen Yihua Jewelry Co., Ltd. 深圳市藝華珠寶首飾股份有限公司, a company incorporated in the PRC, which owns approximately 75% of the shares in Sino Eminent and which is controlled approximately 74.34% by Mr. Chong Yu Ping
“Sino Eminent” or “Underwriter”	Sino Eminent Limited 華成有限公司, a company established in the British Virgin Islands and a substantial shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Taken Up/take up/taking up”	those Rights Shares and/or Underwritten Shares in respect of which the relevant provisional allotment letters and/or forms of application for excess Rights Shares have been lodged and accompanied by cheques or other remittances for the full amount payable in respect thereof
“Underwriting Agreement”	the underwriting agreement dated Wednesday, 20 December 2017 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	means the Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement, and the total number of which is 594,230,000 Rights Shares

“Whitewash Waiver”

a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of Sino Eminent to make a general offer for all the issued Shares not already owned or agreed to be acquired by Sino Eminent and parties acting in concert with it which may otherwise arise as a result of the subscription of the Rights Shares by Sino Eminent pursuant to the Underwriting Agreement

“%”

per cent

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

Hong Kong, 20 December 2017

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. Lu Haina and Ms. Na Xin.

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 herein or this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, 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 be published and remains on the Company’s website at <http://www.hkjewelry.net/>.

* *Literal translation of the Chinese company name*