
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Yu Tak International Holdings Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed “8. Expert and Consent” in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The SFC and the Registrar of Companies in Hong Kong take no responsibility for the contents of the Prospectus Documents or any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both 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 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 commencement date of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on the Stock Exchange or such other date 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of these documents.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.



YU TAK INTERNATIONAL HOLDINGS LIMITED

御德國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8048)

RIGHTS ISSUE OF 594,230,000 RIGHTS SHARES AT HK\$0.10 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Underwriter to the Rights Issue

Sino Eminent Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this Prospectus.

Shares have been dealt with on an ex-rights basis on Wednesday, 14 February 2018 and dealings in the Rights Shares in their nil-paid form will take place from Friday, 2 March 2018 to Friday, 9 March 2018 (both dates inclusive).

The Rights Issue is conditional upon the fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” under the section headed “Letter from the Board” of this Prospectus. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating any dealing in any Shares and/or nil-paid Rights Shares up to the latest time for the Rights Issue to become unconditional will bear the risk that the Rights Issue could not become unconditional and may not proceed. The Shareholders and the public are reminded to exercise caution and recommended to consult their own professional advisers when dealing in the securities of the Company.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to the Latest Time for Termination to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These events are set out under the section headed “Termination of the Underwriting Agreement” of this Prospectus. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 14 March 2018. The procedures for acceptance and payment or transfer of the Rights Shares are set out in the paragraph headed “Procedures for Acceptance and Payment or Transfer” under the section headed “Letter from the Board” of this Prospectus.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 20 December 2017 in relation to, among other matters, the Rights Issue, the Underwriting Agreement and the application for Whitewash Waiver
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“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
“Circular”	the circular of the Company dated 19 January 2018 in relation to, among other things, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Companies (Winding Up and Miscellaneous Provisions) 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 Weizhong, Ms. Li Yanmin, Mr. Wang Qian, 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

DEFINITIONS

“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 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 the Announcement
“Latest Practicable Date”	Tuesday, 20 February 2018, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus
“Latest Time for Acceptance”	a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date

DEFINITIONS

“Latest Time for Termination”	5:00 p.m. on the third Business Day following the Final Acceptance Date, or such other date as the Company and the Underwriter may agree in writing
“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 Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“Prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“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

DEFINITIONS

“Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Relevant Period”	the period beginning six months immediately prior to the date of the Announcement (i.e. 20 June 2017) and ending on the Latest Practicable Date
“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 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 held on Monday, 12 February 2018, to 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

DEFINITIONS

“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 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”	the waiver 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 the 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

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.

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 Monday, 19 March 2018

Rights Issue expected to become unconditional 5:00 p.m. on Monday, 19 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 Prospectus refer to Hong Kong times and dates or deadlines specified in this Prospectus 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.

EXPECTED TIMETABLE

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 above 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.

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
- (c) there is a breach by the Company of the Underwriting Agreement,

TERMINATION 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.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

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 Latest Practicable Date	:	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 Latest Practicable Date, and assuming no 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 Latest Practicable Date 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD



YU TAK INTERNATIONAL HOLDINGS LIMITED

御德國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8048)

Executive Directors:

Chong Yu Ping
Li Xia
Chen Yin

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Lam Tin Faat
Lu Haina
Na Xin

28 February 2018

To the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders (if any)

Dear Sir/Madam

RIGHTS ISSUE OF 594,230,000 RIGHTS SHARES AT HK\$0.10 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

I. INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other matters, the Rights Issue and the Whitewash Waiver.

On 20 December 2017, the Board announced that the Company proposed 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 conditional on, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders at the SGM. On 7 February 2018, the Executive granted the Whitewash Waiver which was subject to, among other things, the issue of the new securities being approved by a vote of the Independent Shareholders at the SGM of the Company. At the SGM, the resolutions approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver were duly

LETTER FROM THE BOARD

passed by the Independent Shareholders by way of poll. As at the date of the SGM, (i) Mr. Chong Yu Ping and Ms. Li Xia, being both executive Directors of the Company and were interested in 312,606,140 Shares held by Sino Eminent; (ii) Mr. Chen Yin, being an executive Director of the Company, who was interested in 110,303,827 Shares through Flourish Zone Limited; and (iii) Flourish Zone Limited, being an associate of Mr. Chen Yin, which held 110,303,827 Shares, abstained from voting on the resolutions at the SGM in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder. For details of the shareholdings held by Mr. Chong Yu Ping, Ms. Li Xia and Mr. Chen Yin, please refer to the paragraph headed “Changes in the Shareholding Structure” in this Prospectus. In addition, the Concert Group, including Sino Eminent which owned 312,606,140 Shares and Ms. Zhuang Rushan who is the sister of Mr. Chong Yu Ping and owned 50,136,000 Shares as at the date of the SGM, was interested in the Whitewash Waiver and abstained from voting on the resolutions at the SGM in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder.

The purpose of this Prospectus is to provide you with, among others, further details on the Rights Issue, certain financial information and other general information on the Group.

II. RIGHTS ISSUE

Rights Issue Statistics

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 Latest Practicable Date	:	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 Latest Practicable Date, and assuming no 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

LETTER FROM THE BOARD

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 Latest Practicable Date and represented 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 Latest Practicable Date, 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.

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 and such Shareholder must not be a Non-Qualifying Shareholder.

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.

Non-Qualifying Shareholders

The Prospectus Documents have not been registered, filed or deposited under the applicable securities legislation or equivalent legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at the Latest Practicable Date, there were five Shareholders with registered address in a jurisdiction outside Hong Kong, namely the PRC, Singapore and the British Virgin Islands.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Board has made enquiries, and has obtained advice from its legal advisers as to the laws of the PRC, the British Virgin Islands and Singapore regarding the legal restrictions under the applicable securities laws and the requirements of the relevant regulatory body with respect to the offer of the Rights Shares to such Overseas Shareholders. Based on the advice provided by the Company's legal advisers, the Company is not required to obtain any approval for the despatch of the Prospectus Documents to Shareholders who reside in the PRC, Singapore and the British Virgin Islands either because there is no restriction or there are applicable exemptions under the laws of these jurisdictions. Accordingly, the Directors have decided to extend the Rights Issue to the five Shareholders in the PRC, Singapore and the British Virgin Islands holding in aggregate 418,249,031 Shares, who will be Qualifying Shareholders.

LETTER FROM THE BOARD

Odd Lot Arrangement

In order to alleviate the difficulties arising from the existence of odd lots of Shares arising from the Rights Issue, the Company has appointed Orient Securities Limited to provide matching service for sale and purchase of odd lots of Shares at the relevant market price per Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares. Shareholders who wish to utilise the service should contact Mr. Patrick Lo at 2123 2283, Room 3101, 31/F., China Merchant Towers, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during the period from Friday, 23 March 2018 to Tuesday, 17 April 2018, both days inclusive.

Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. If you are in any doubt as to the above arrangements, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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) 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;
- (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;
- (v) a premium of approximately 49.25% to the unaudited consolidated net asset value per Share attributable to equity holders of the Company of approximately HK\$0.0670 as at 30 June 2017; and

LETTER FROM THE BOARD

- (vi) a discount of approximately 0.99% to the closing price of HK\$0.1010 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 consider the terms of the Rights Issue, including the Subscription Price and in the context of the Company’s long-term business strategy to develop the Group’s sales of gold and jewellery products business in the PRC to strengthen the Group’s income stream and maximise return to the Shareholders, 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 Hong Kong Branch Share Registrar and Transfer Office 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.

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Procedures for Acceptance and Payment or Transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than the Latest Time for Acceptance. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**YU TAK INTERNATIONAL HOLDINGS LIMITED**" and crossed "**Account Payee Only**". It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than the Latest Time for Acceptance, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Tuesday, 6 March 2018 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

Save as described under the paragraph headed "Non-Qualifying Shareholders" above, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to

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satisfy itself/himself/herself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the aforesaid representations and warranties. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if any of the conditions of the Rights Issue as set out under the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” of this Letter from the Board is not fulfilled on or before the Latest Time for Termination, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at their own risk to their respective registered addresses by the Registrar on or before Thursday, 22 March 2018.

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 thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar at Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong by no later than the Latest Time for Acceptance. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**YU TAK INTERNATIONAL HOLDINGS LIMITED**” and crossed “**Account Payee Only**”. 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

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application. No reference will be made to the Rights Shares subscribed through applications by PAL or the existing number of Shares held by the 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. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

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 Registrar 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 to their respective registered address 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 to their respective registered address on or before Thursday, 22 March 2018.

Application for Listing

The Company has applied 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

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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 and an investment holding company
Total number of Underwritten Shares	:	594,230,000 Rights Shares
Commission	:	No underwriting commission is payable to the Underwriter

As at Latest Practicable Date, Sino Eminent was interested in 312,606,140 Shares, representing approximately 26.30% of the entire issued Shares of the Company. Shenzhen Yihua and OEIL held 40 shares and 13 shares in Sino Eminent, representing approximately 75% and 25% of the shares in Sino Eminent respectively. OEIL was wholly owned by Ms. Li Xia. As at Latest Practicable Date, Mr. Chong Yu Ping, directly and indirectly through his controlled corporation (being Shenzhen Guojin Investment Development Company Limited*, which was held by Mr. Chong Yu Ping and Mr. Zhuang Weizhong as to 90% and 10% respectively as at Latest Practicable Date) controlled approximately 70.80% and 3.54% respectively of the shares in Shenzhen Yihua. Ms. Li Xia owned 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 held 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 was 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 held approximately 3%,

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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* was owned as to 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* was owned as to 5% by Li Yanmin and 95% by Tong Gangda Corporate Management Advisory (Shenzhen) Company Limited*, which in turn was wholly owned by Qu Haiping through Kong Shum Toys Limited. Therefore, Sino Eminent was 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 Prospectus Documents (with all the documents required to be attached thereto by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) by the Registrar of Companies in Hong Kong in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance by no later than the Posting Date;
- (d) the posting of the Prospectus 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;

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- (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 Latest Practicable Date, save for condition (a), none of the above conditions have been fulfilled. If any of the above conditions are not fulfilled at or before 5:00 p.m. on Monday, 19 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;

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- (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
- (c) 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.

Warning of the Risks of Dealing in Shares and Rights Shares in Nil-Paid Form

The Shares have been dealt in on an ex-rights basis on 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).

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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.

Changes in the Shareholding Structure

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 Latest Practicable Date		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	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
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	1,188,460,000	100	1,782,690,000	100	1,782,690,000	100

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Notes:

1. 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 Latest Practicable Date, Mr. Chong Yu Ping, directly and indirectly through his controlled corporation (being Shenzhen Guojin Investment Development Company Limited*, which was held by Mr. Chong Yu Ping and Mr. Zhuang Weizhong as to 90% and 10% respectively as at Latest Practicable Date) controlled approximately 70.80% and 3.54% respectively 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 held 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* was 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 held 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 was 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 was wholly owned by Ms. Li Xia. Ms. Li Xia was 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 was wholly owned by Ms. Li Xia, the sole director of Sino Eminent. Sino Eminent is a member of the Concert Group and abstained from voting on the resolutions at the SGM in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder.
2. As at Latest Practicable Date, Ms. Zhuang Rushan, sister of Mr. Chong Yu Ping, owned 50,136,000 Shares. Ms. Zhuang Rushan is a member of the Concert Group and abstained from voting on the resolutions at the SGM in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder.
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”) being Shareholders holding 71,969,151 and 67,264,000 Shares respectively, representing approximately 6.06% and 5.66% of the Shares as at the Latest Practicable Date respectively. 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. In accordance with Rule 10.29(1) of the GEM Listing Rules, Mr. Chen Yin, being an executive Director of the Company, and Flourish Zone Limited (an associate of Mr. Chen Yin) abstained from voting on the resolutions at the SGM in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the underlying transactions contemplated thereunder.
5. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.

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.

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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 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 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 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 Latest Practicable Date, the Company did not identify any suitable acquisition targets.

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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 believe that the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

Risk Factors

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group, which includes but are not limited to, the following:

Risk relating to sales of gold and jewellery products

Gold and jewellery products are discretionary products and the demand of which are highly sensitive to general economic conditions and discretionary income level. Changes in customer preferences, tastes and discretionary spending priorities may affect sales of the gold and jewellery products. The Group will closely monitor the market trend based on its internal risk management strategies.

Risk relating to IT products and services

The Group's IT products and services business is subject to rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. The Group will remain focuses on the market condition of its IT products and services business and will take appropriate actions to respond to the market changes.

Financial risks relating to the Group

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group actively and regularly reviews and manages its financial risk and takes actions to mitigate such risk. The Group adopts conservative strategies on its risk management and seeks to limit the Group's exposure to these risks to a minimum.

Risks related to politics, economics and regulations

The business operations of the Group are primarily based in the PRC and Taiwan, Hong Kong and South East Asia. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in these areas. If there is any significant change in the general economic, political and legal developments in the areas which the Group operates, the Group's operations and financial position may be adversely affected.

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Equity Fund Raising Activities of the Company

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 Latest Practicable Date.

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.

Whitewash Waiver

As at Latest Practicable Date, the Concert Group was 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 Rule 26 of the Takeovers Code, if Sino Eminent acquires all the Underwritten Shares or if it acquires such number of Underwritten Shares resulting in increasing the Concert Group's holding of voting rights of the Company by more than 2% from their lowest collective percentage holding in the 12 month period ending on and inclusive of the date of the relevant acquisition, 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.

On 7 February 2018, the Executive has granted the Whitewash Waiver subject to, among other things, the issue of the new securities being approved by a vote of the Independent Shareholders at the SGM of the Company, in which the Concert Group shall abstain from voting on the relevant resolution(s). Such approval has been obtained at the SGM.

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 Latest Practicable Date, OEIL and Shenzhen Yihua held 13 shares and 40 shares in Sino Eminent, representing approximately 25% and 75% of the shares in Sino Eminent respectively. As at Latest Practicable Date, Sino Eminent held 312,606,140 Shares, representing approximately 26.30% of the entire issued Shares of the Company.

LETTER FROM THE BOARD

Shenzhen Yihua was incorporated in the PRC and is principally engaged in the sale of jewellery. As at Latest Practicable Date, Shenzhen Yihua held approximately 75% of the issued shares in Sino Eminent. As at Latest Practicable Date, Mr. Chong Yu Ping, the Director, directly and 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 Latest Practicable Date, controlled approximately 70.80% and 3.54% respectively of the shares in Shenzhen Yihua.

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

As at the Latest Practicable Date, Ms. Zhuang Rushan, sister of Mr. Chong Yu Ping, owned 50,136,000 Shares, representing approximately 4.22% of the entire issued 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. 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 Latest Practicable Date, other than approximately 30.52% interests in the issued share capital of the Company owned by the Concert Group, the Concert Group did 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 during the Relevant Period.

As at Latest Practicable Date, save for the Underwriting Agreement, there was 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 was relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Concert Group borrowed or lent as at Latest Practicable Date.

Information on the Group

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.

LETTER FROM THE BOARD

III. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

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

1. SUMMARY OF FINANCIAL INFORMATION

The financial information of the Group for each of the financial years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 and the nine months ended 30 September 2017 respectively had been set out in the annual reports, interim report and/or third quarterly report of the Company for these three financial years and the periods ended 30 June 2017 and 30 September 2017 respectively and are available on the website of the Stock Exchange as specifically set out below:

Period ended	Website
31 December 2014	http://www.hkexnews.hk/listedco/listconews/GEM/2015/0327/GLN20150327083.pdf
31 December 2015	http://www.hkexnews.hk/listedco/listconews/GEM/2016/0330/GLN20160330479.pdf
31 December 2016	http://www.hkexnews.hk/listedco/listconews/GEM/2017/0330/GLN20170330119.pdf
30 June 2017	http://www.hkexnews.hk/listedco/listconews/GEM/2017/0815/GLN20170815003.pdf
30 September 2017	http://www.hkexnews.hk/listedco/listconews/GEM/2017/1115/GLN20171115055.pdf

The above financial information of the Group are also available at the website of the Company at <http://www.hkjewelry.net/>.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 3 January 2018, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

(a) Borrowings

The Group had outstanding borrowings of approximately HK\$20,550,000, representing amounts due to directors which are unsecured, interest-free and repayable on demand.

(b) Guarantees

At 3 January 2018, the Group had given corporate guarantee to an associate, Excel Technology International(Hong Kong) Limited (“Excel HK”) in respect of all monies owed by and/or the obligations and liabilities of the Excel HK due to a third party under a service contract to the extent of HK\$5,008,000.

(c) Disclaimer

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of the Group’s business, as at the close of business on 3 January 2018, based on the books and records currently available to the Directors, the Directors are not aware of the Group having other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources and the estimated net proceeds from the Rights Issues, and in the absence of unforeseeable circumstances, the Group has sufficient working capital to satisfy its requirements for at least twelve months from the date of this Prospectus.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in the i) development, sales, and implementation of enterprise software, ii) provision of systems integration, professional services, and Application Service Provider (“ASP”) services, along with iii) design and sales of gold and jewellery products in Hong Kong and the PRC.

For the nine months ended 30 September 2017, the Group recorded the unaudited revenue of approximately HK\$73.5M, representing a decrease of about 4% over the same period of the previous year. The sales of gold and jewellery products increased by 14% to HK\$13.4M (2016: HK\$11.8M) mainly due to strategic efforts to enhance brand competition and invest in designs and marketing of exclusive signature products to combat the slow economic environment coupled with changing consumer tastes. On the IT side of the business, sales of enterprise software products decreased by 35% to HK\$20.4M (2016: HK\$31.5M) and systems integration business decreased by 17% to HK\$4.2M (2016: HK\$5.1M). Professional service business increased by 26% to HK\$35.4M (2016: HK\$28M).

As set out in the 2017 third quarterly report, the Group will continue to streamline the organisation structures and develop existing businesses. The Group plans to further develop the jewellery business of the Group through tight co-operations with franchisees to raise income and profitability of this business segment. The management believes that the uptrend will continue to carry over into the future years.

Despite the rising gold prices against the backdrop of a softening Chinese economy, the Group believes there is still potential for growth in the consumption of gold jewellery within the Chinese market. Our Directors believe that the growth in the consumption of gold jewellery is driven by a number of factors, including the continued increase in upscale consumption, higher numbers of marriages and births and the trend for buying gold as a hedge against inflation. The Group was proved successful in building a strong distribution network of franchisees and plans to further gain domestic market share by increasing exclusive signature products, new product series launches, and hiring of appropriate brand representatives to differentiate the Company’s products while enhancing the brand image.

Similarly, our Directors believe that the market demand for diamonds in China will increase due to (1) an increase in the number of middle-class consumers; and (2) the huge demand stemming from the wedding market remains a major stimulus in terms of propelling diamond sales growth forward. As such, the

Group believes there is still ample room for expansion in the diamond market in China and plans to leverage on the tight co-operations with franchisees to expand their foothold into various tier cities strategically and reap the profit from the diamond market.

Upon the completion of the Rights Issue, the Group will make use of the proceeds to expand the jewellery and gold businesses while improving its profitability and enhancing the interest of the Shareholders more effectively. The Group will also keep abreast of and consider from time to time other expansion opportunities.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) is set out below to illustrate the effects of the Rights Issues on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2017.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2017, adjusted as described below:

Adjusted unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017 (Note 1) HK\$'000	Estimated net proceeds from the Rights Issue (Note 2) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2017 HK\$'000
81,791	56,900	138,691
Unaudited consolidated net tangible assets per share before completion of the Rights Issue (Note 3)		HK\$0.07
Unaudited pro forma adjusted consolidated net tangible assets per share immediately after completion of the Rights Issue (Note 4)		HK\$0.08

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017 are based on unaudited consolidated statement of financial position of the Group as at 30 June 2017 of approximately HK\$81,791,000.
2. The estimated net proceeds from the Rights Issue are based on 594,230,000 Right Shares at the Subscription Price of HK\$0.10 per Rights Share, after deduction of the professional fees and other share issue related expenses payable by the Company of approximately HK\$2,523,000.
3. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share before completion of the Rights Issue is calculated based on 1,188,460,000 shares in issue as at 30 June 2017 before completion of the Rights Issue.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$138,691,000 and on 1,782,690,000 Shares in issue and issuable, comprising 1,188,460,000 Shares of the Company in issue as at 30 June 2017 and 594,230,000 Rights Shares to be issued, assuming that the Rights Issue had been completed on 30 June 2017.
5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2017.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this Prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



ZHONGHUI ANDA CPA Limited
Certified Public Accountants

28 February 2018

The Board of Directors
Yu Tak International Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yu Tak International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 30 June 2017 (“Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the prospectus issued by the Company (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page II-1.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the rights issue (the “Rights Issue”) on the Group’s net tangible assets as at 30 June 2017 as if the transaction had been taken place at 30 June 2017. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s consolidated financial statements as included in the interim report for the six months ended 30 June 2017, on which no review report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 13 of Appendix 1B and paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for the Rights Issue and Use of Proceeds" set out on page 26 of the Prospectus.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(7) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue are expected to be as follows:

(i) As at the Latest Practicable Date

HK\$

Authorised:

5,000,000,000	Shares as the Latest Practicable Date and immediately following the completion of the Rights Issue	500,000,000

Issued and fully paid:

1,188,460,000	Shares in issue as at the Latest Practicable Date	118,846,000
594,230,000	Rights Shares to be allotted and issued under the Rights Issue	59,423,000
1,782,690,000	Shares immediately following the completion of the Rights Issue	178,269,000

All of the Rights Shares when allotted, issued and fully paid will rank pari passu in all respects with all the Shares then in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares will be listed and traded on the Stock Exchange.

No part of the equity of the Company is listed or dealt in, nor is listing or permission to deal in the Shares of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived. As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

No Shares have been issued since 31 December 2016, being the date on which the latest audited financial statements of the Group were made up. Except for the Rights Shares contemplated under the Underwriting Agreement, as at the Latest Practicable Date, no Shares, options, warrants, conversion rights or any equity or debt securities of the Company was outstanding or was proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

3. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange:

Long position 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	-	-	906,836,140 <i>(Note 1)</i>	906,836,140	76.30%
Ms. LI Xia	-	-	906,836,140 <i>(Note 1)</i>	906,836,140	76.30%
Mr. CHEN Yin	-	-	110,303,827 <i>(Note 2)</i>	110,303,827	9.28%

Notes:

- (1) These shares were held by Sino Eminent. Sino Eminent, a company incorporated in the British Virgin Islands, is owned as to approximately 25% by OEIL and approximately 75% by Shenzhen Yihua, a company incorporated in the PRC which is controlled as to approximately 74.34% by Mr. Chong Yu Ping. Accordingly, Mr. Chong Yu Ping is deemed to be interested in 906,836,140 Shares Sino Eminent is interested in by virtue of Sino Eminent being controlled by Mr. Chong Yu Ping through his shareholding in Shenzhen Yihua. OEIL 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 906,836,140 shares held by Sino Eminent by virtue of Sino Eminent being controlled by Ms. Li Xia through her shareholding in OEIL and through her acting as the sole director of Sino Eminent.

- (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 herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date so far as is known to any Director or chief executive of the Company, other than the interests disclosed above in respect of certain directors and chief executive of the Company, the interests and short positions of persons in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	<i>Notes</i>	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Sino Eminent Limited	<i>1</i>	906,836,140	76.30%
深圳市藝華珠寶首飾股份有限公司 (Shenzhen Yihua Jewelry Co., Ltd.)	<i>1</i>	906,836,140	76.30%
Ocean Expert Investments Limited	<i>1</i>	906,836,140	76.30%
Ms. LI Xia	<i>1</i>	906,836,140	76.30%
Mr. CHONG Yu Ping	<i>1</i>	906,836,140	76.30%
Flourish Zone Limited	<i>1</i>	110,303,827	9.28%
Mr. CHEN Yin	<i>1</i>	110,303,827	9.28%
Confluence Holdings Limited	<i>2</i>	91,034,166	7.66%
Mr. LIN Feifei	<i>2</i>	91,034,166	7.66%
CK Hutchison Holdings Limited	<i>3</i>	143,233,151	12.05%
Alps Mountain Agent Limited	<i>3</i>	71,969,151	6.06%
iBusiness Corporation Limited	<i>3</i>	67,264,000	5.66%

Notes:

- These shares have been disclosed as Directors' interests held by controlled corporation in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company".

2. Confluence Holdings Limited is a company incorporated in the British Virgin Islands and 95% share interest of which are owned by Mr. Lin Feifei. Accordingly, Mr. Lin Feifei is deemed to be interested in the 91,034,166 shares interested by Confluence Holdings Limited.
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.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALING IN SHARES

As at the Latest Practicable Date,

- (a) save for the Underwriting Agreement, there was no agreement, arrangement or understanding between the Concert Group and other persons in relation to the transfer, charge or pledge of the Shares that will be issued and allotted to Sino Eminent pursuant to the fulfillment of its obligations under the Underwriting Agreement;
- (b) save as disclosed in the section headed “Changes in the Shareholding Structure” in the Letter from the Board of this Prospectus, none of the members of the Concert Group held, owned or controlled any other Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company. In addition, none of the members of the Concert Group had dealt for value in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (c) save as disclosed in the section headed “Changes in the Shareholding Structure” in the Letter from the Board of this Prospectus and the paragraph headed “3. Disclosure of Interests” in this appendix, the sole director of Sino Eminent was not interested in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company or similar rights which are convertible or exchangeable into any Shares. In addition, the sole director of Sino Eminent had not dealt in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (d) no person had irrevocably committed themselves to vote for or against the resolution(s) to be proposed at the SGM to approve the Rights Issue, the Underwriting Agreement and the Whitewash Waiver;
- (e) the Concert Group did not have any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other persons;
- (f) none of the members of the Concert Group or the sole director of Sino Eminent had borrowed or lent any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company or similar rights which are convertible or exchangeable into Shares;

- (g) save as disclosed in the paragraph headed “3. Disclosure of Interests” in this appendix, none of the Directors was interested in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company or similar rights which are convertible or exchangeable into any Shares. In addition, none of the Directors had dealt for value in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (h) save as disclosed in the paragraph headed “Changes in the Shareholding Structure” in the Letter from the Board of this Prospectus, none of the Company and the Directors held any shares, convertible securities, warrants, options or derivatives of Sino Eminent or similar rights which are convertible or exchangeable into shares of Sino Eminent. None of them had dealt for value in any shares, convertible securities, warrants, options or derivatives of Sino Eminent during the Relevant Period;
- (i) none of (i) the subsidiaries of the Company, (ii) the pension fund of the Company or of any of its subsidiaries, nor (iii) any advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (other than persons enjoying exempt principal trader status under the Takeovers Code), had any interest in the Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company and none of them had dealt for value in any securities of the Company during the period from the Last Trading Day to the Latest Practicable Date;
- (j) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code and none of them had dealt for value in any securities of the Company during the period from the Last Trading Day to the Latest Practicable Date;
- (k) no Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and none of them had dealt for value in any securities of the Company during the period from the Last Trading Day to the Latest Practicable Date;
- (l) none of the Company nor any Directors had borrowed or lent any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company or similar rights which are convertible or exchangeable into Shares;
- (m) there was no benefit to be given to any Directors as compensation for loss of office in any member of the Group or otherwise in connection with the Rights Issue, the Underwriting Agreement and the Whitewash Waiver;
- (n) save for the Underwriting Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) (i) between Sino Eminent, the Concert Group and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Rights Issue, the Underwriting Agreement and the

- Whitewash Waiver; and (ii) between any Directors and any other persons having any connection with or dependence upon the Rights Issue, the Underwriting Agreement and the Whitewash Waiver;
- (o) as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group;
 - (p) as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group;
 - (q) save for the Underwriting Agreement, no material contracts had been entered into by Sino Eminent in which any Director had any material personal interest;
 - (r) as at the Latest Practicable Date, except for Mr. Chong Yu Ping, Ms. Li Xia and Mr. Chen Yin's interests in the Shares as disclosed under the Section headed "3. Disclosure of Interests" of this appendix, none of the Directors were interested in any Shares, and hence no Director (other than Mr. Chong Yu Ping, Ms. Li Xia and Mr. Chen Yin) would be entitled to vote for or against any of the resolutions to be proposed at the SGM. The Concert Group (including Mr. Chong Yu Ping and Ms. Li Xia) and Mr. Chen Yin, who in accordance with Rule 10.29 of the GEM Listing Rules, abstained from voting at the SGM on the resolutions set out in the notice of the SGM; and
 - (s) Sino Eminent and Flourish Zone Limited had indicated that they would accept their respect entitlement to the provisional allotment of 156,303,070 and 55,151,913 Rights Shares respectively under the Rights Issue but would not apply for excess Rights Shares.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into under the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the date of the Announcement and up to the Latest Practicable Date and are or may be material:

1. the share transfer agreement dated 18 January 2017 entered into between Excel China Investment (BVI) Limited (志鴻中國投資有限公司) and Liu Jia (劉佳) for the sale and purchase of the 65% of the share equity of 北京志鴻英華科技有限公司 (Excel System (Beijing) Limited*) at a cash consideration of HK\$2,000,000; and
2. Underwriting Agreement.

6. SERVICE CONTRACTS

As at the Latest Practicable Date:

- (a) none of the Directors had entered or proposed to enter into a service contract with the Company or any of its subsidiaries or associated companies which is not determinable by the Company within one year without payment of compensation, other than statutory compensation;
- (b) none of the Directors had entered into or amended any service contracts (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or any of its associated companies within the Relevant Period;
- (c) none of the Directors had any continuous service contracts with the Company or any of its subsidiaries or associated companies with a notice period of 12 months or more; and
- (d) none of the Directors had any fixed term service contracts with the Company or any of its subsidiaries or associated companies with more than 12 months to run irrespective of the notice period.

As at the Latest Practicable Date, none of the Directors had entered into or amended any service contracts (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or any of its associated companies within six months before the date of the Announcement.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this Prospectus:

Name	Qualifications
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

ZHONGHUI ANDA CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter or its name in the form and context in which it respective appears.

ZHONGHUI ANDA CPA Limited does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

ZHONGHUI ANDA CPA Limited does not have any direct or indirect interests in any assets which have been, since 31 December 2016 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

9. COMPETING INTERESTS

None of the Directors or their respective close associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the Group's business as at the Latest Practicable Date.

10. DIRECTOR'S INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group. As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. EXPENSES

The expenses in connection with the Rights Issue, including financial, legal, other professional advisory fees, printing and translation expenses, registration and statutory fees are estimated to be approximately HK\$2,500,000, which are payable by the Company. No underwriting commission is payable to the Underwriter.

12. CORPORATE INFORMATION

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Authorised Representatives

Ms. LI Xia
1/F, Block 4,
Shui Bei Industrial Park,
Bei Li North Road,
Shenzhen, P.R.C.

Mr. ZHAO Zhipeng
Rm. 901-905,
Wing On Centre,
111 Connaught Road Central,
Hong Kong

Company Secretary	Mr. ZHAO Zhipeng Rm. 901-905, Wing On Centre, 111 Connaught Road Central, Hong Kong
Legal adviser to the Company	Deacons 5/F, Alexandra House 18 Charter Road Central, Hong Kong
Auditor	Grant Thornton Hong Kong Limited Certified Public Accountants Level 12 28 Hennessy Road Wanchai, Hong Kong
Reporting Accountant	ZHONGHUI ANDA CPA Limited 111 Hing Fat St, Causeway Bay Hong Kong
Underwriter	Sino Eminent Limited Rm. 901-905, Wing On Centre, 111 Connaught Road Central, Hong Kong
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited Level 10 HSBC Main Building, 1 Queen's Road Central, Hong Kong The Bank of East Asia, Limited 10 Des Voeux Road Central, Hong Kong

13. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Name and address

Name	Correspondence address
<i>Executive Directors</i>	
CHONG Yu Ping	1/F, Block 4, Shui Bei Industrial Park, Bei Li North Road, Shenzhen, P.R.C
LI Xia	1/F, Block 4, Shui Bei Industrial Park, Bei Li North Road, Shenzhen, P.R.C
CHEN Yin	No. 727, Wai Ma Lu, Huangpu District, Shanghai, P.R.C
<i>Independent non-executive Directors</i>	
LAM Tin Faat	Unit E, 32/F, King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong
LU Haina	Bo Ya Xuan, Ju Ti Yan, Yu Dong Xi Road, Tian He District, Guangzhou, P.R.C
NA Xin	1820, 29th Street, West Vancouver, BC, Canada V7V4M8

(b) Biographical details of the Directors and senior management

Executive Directors

Mr. Chong Yu Ping, aged 51, is the Chairman of the Company, who is responsible for leading the work of the Board and setting operation direction and investment strategies for the Company. Mr. Chong has over 20 years of relevant experience in the jewellery and investment industry. Prior to joining the Company, Mr. Chong has been appointed as the general manager and executive Director of a private company, Shenzhen Yihua Jewellery Limited* and from 2011 to present, he is the director and legal representative of Shenzhen Yihua Jewellery Limited, a company which is a substantial shareholder of the Company. Mr. Chong was appointed as an executive Director and as the Chairman of the Company on 17 February 2016.

Ms. Li Xia, aged 44 is the Chief Executive Officer of the Company, who is responsible for the corporate planning and business development of the Company. Ms. Li served in Shanghai Shengqiu Investment Development Limited*, and was appointed as executive vice president with her experience and strength in jewellery industry. Ms. Li was responsible for administration and human resource management, marketing operations and brand promotion. With her leadership, the company achieved a healthy growth. At the same time, Ms. Li also served as the special-commissioned jewellery operating adviser for Baidi Jewellery to lead the company to achieve excellent results, which made her the veteran in the jewellery business. Ms. Li graduated from Central Luzon State University, Republic of the Philippines with a degree of Bachelor of Science in Business Administration. Ms. Li has been an Executive Director of the Group since 3 July 2012. During the year ended 31 December 2015, Ms. Li was the Chairman and as the Chief Executive Officer of the Company. And Ms. Li resigned as the Chairman of the Company on 17 February 2016.

Mr. Chen Yin, aged 36, is an entrepreneur in the Mainland China, who held senior positions in various private companies principally engaged in luxury goods trading business. Mr. Chen obtained the Diploma of Graduate Gemologist, Diploma of Diamonds and Diploma of Colored Stones from the Gemological Institute of America (“GIA”). Mr. Chen has been as an Executive Director of the Group since 3 July 2012.

Independent non-executive Directors

Mr. Lam Tin Faat, aged 42, holds a bachelor degree of business administration from The Chinese University of Hong Kong. He has more than 10 years of experience in financial audit, accounting and financial management. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom and a member of the Institute of Chartered Accountants in England and Wales. Mr. Lam is also the sole proprietor of TF Lam & Company, a CPA practice in Hong Kong, and a director of Top Team Secretary Limited. Mr. Lam has been an independent non-executive Director of the Group since 3 July 2012.

Ms. Lu Haina, aged 39, possesses over 8 years of experience in education in relation to jewellery design. From 2005 to 2010, Ms. Lu taught at the school of jewellery of Guangzhou Panyu Polytechnic. Since 2010, Ms. Lu has been teaching at Guangzhou International Economics College. Ms. Lu graduated from Sun Yat-Sen University with a bachelor degree in arts and design and is a holder of a jewellery designer certificate verified by All-China Federation of Industry & Commerce. Ms. Lu has been an independent non-executive Director of the Group since 3 July 2012.

Ms. Na Xin, aged 37, was the chief operating officer of 深圳市九華彩珠寶首飾有限公司 (Shenzhen Jiuhua Cai Jewellery Co., Ltd), a company specialized in qualified jewellery trading business from 2008 to 2012. She was an assistant to chief executive officer for Little Sheep North America (Vancouver) Branch (小肥羊北美 (溫哥華) 分公司) from 2012 to 2013. Ms. Na completed her Bachelor’s degree in English in the School of Humanities and Social

Science of Beijing Jiaotong University (formerly known as the Northern Jiaotong University) in 2003. Ms. Na has been an independent non-executive Director of the Group since 1 December 2014.

Senior Management

Mr. Zhao Zhipeng, aged 34, was appointed as the authorised representative, compliance officer and company secretary of the Company on 30 June 2015. Mr. Zhao is currently a registered solicitor of the High Court of Hong Kong. He holds the Bachelor degree of laws (PRC Law) awarded by The East China University of Political Science and Law. He was awarded the Master of Laws in Common Law by The Chinese University of Hong Kong in 2007 and the Juris Doctor degree by the City University of Hong Kong in 2009 respectively. Further, in 2011, Mr. Zhao was awarded the Postgraduate Certificate in Laws by the City University of Hong Kong.

14. AUDIT COMMITTEE

The Company has an audit committee established with written terms of reference in compliance with the GEM Listing Rules. The audit committee currently comprises three members, namely Mr. Lam Tin Faat, Ms. Lu Haina 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.

15. MISCELLANEOUS

- (a) This Prospectus, the PAL and the EAF have been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.
- (b) The registered office of Sino Eminent is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The sole director of Sino Eminent is Ms. Li Xia of 1/F., Block 4, Shui Bei Industrial Park, Bei Li North Road, Shenzhen, P.R.C. The registered office of Shenzhen Yihua is situated at Room 602, Block 2, Yixing Garden, 3170 Binhe Road, Nanyuan Street, Futian, Shenzhen, PRC*. The directors of Shenzhen Yihua are Wang Qian, Chong Yu Ping, Li Yanmin, Zhuang Weizhong and Zhuang Yuyi and their correspondence address is 1/F., Block 4, Shui Bei Industrial Park, Bei Li North Road, Shenzhen, P.R.C.. The registered office of OEIL is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The director of OEIL is Ms. Li Xia. The correspondence address of Ms. Zhuang Rushan, sister of Mr. Chong, is Room 1102, Block 2 Yi Shan Ju, Mei Gang Road, Futian District, Shenzhen, P.R.C.. These persons are the principal members of parties acting in concert with Sino Eminent.
- (c) The executive Directors of the Company are Mr. Chong Yu Ping, Ms Li Xia and Mr. Chen Yin. The independent non-executive Directors are Mr. Lam Tin Faat, Ms. Lu Haina and Ms. Naxin.

- (d) Save and except for Renminbi, the Group has no exposure to foreign exchange liabilities.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus, the PAL and the EAF, having attached thereto the written consent referred to under the paragraph headed “Expert and Consent” above in this Appendix, has been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

17. RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

A part of the Group’s revenues and operating expenses are recognised in the PRC and denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and the remittance of currency out of the PRC. Under the PRC’s existing foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of the PRC to pay capital account items.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

18. DOCUMENTS AVAILABLE FOR INSPECTIONS

Copies of the following documents will be available for inspection at Room 901-905, Wing On Centre, 111 Connaught Road Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. on any Business Day, and on the websites of the Company (<http://www.hkjewelry.net/>) and the SFC (www.sfc.hk) between the period from the date of this Prospectus up to and including the Latest Time for Acceptance:

- (a) the bye-laws of the Company;
- (b) the articles of association of the Underwriter;
- (c) the annual reports of the Company for the two years ended 31 December 2015 and 2016;
- (d) the third quarterly report of the Company for the period ended 30 September 2017;
- (e) the interim report of the Company for the six months ended 30 June 2017;
- (f) the material contracts (including the Underwriting Agreement) as referred to in the paragraph headed “Material Contracts” in this appendix;
- (g) the written consents referred to in the paragraph headed “Expert and Consent” in this appendix;

- (h) the accountant's report on the unaudited pro forma financial information of the Group from ZHONGHUI ANDA CPA Limited as set out in appendix II of this Prospectus;
- (i) the letter from the Board, the text of which is set out from pages 12 to 30 of this Prospectus;
- (j) the Circular; and
- (k) the Prospectus Documents.

* *For identification purposes only*