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

(Incorporated in Bermuda with limited liability)
(Stock Code: 08048)

DISCLOSEABLE TRANSACTION – DISPOSAL OF SUBSIDIARY

DISPOSAL OF SUBSIDIARY

On 11 December 2018, the Vendor, a wholly-owned subsidiary of the Company and the Purchaser entered into the Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Share, which represented 100% of the entire issued share capital of the Disposed Company, a wholly-owned subsidiary of the Company, at a cash consideration of HK\$1,000,000 (equivalent to S\$175,300).

IMPLICATION UNDER THE GEM LISTING RULES

As certain applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules

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The principal terms of the Agreement are set out below:

Date

11 December 2018

Parties

- (i) the Vendor; and
- (ii) the Purchaser;

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser was an Independent Third Party.

Subject matter

On and subject to the terms and conditions contained in the Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, representing 100% of the issued share capital of the Disposed Company, with all the benefits thereof together with all rights attached thereto free from all encumbrances and third party rights.

Consideration

The Consideration of HK\$1,000,000 (equivalent to S\$175,300) was determined after arm's length negotiations between the Company and the Purchaser.

Taking into account the financial and inactive operational situation of the Disposed Company, the Directors considered that the Consideration was fair and reasonable.

INFORMATION OF THE SUBSIDIARY

The Disposed Company was a company incorporated in Singapore with limited liability. The principal business activity of the Subsidiary was systems integration, development of computer software and provision of maintenance services.

The audited financial information of the Disposed Company for the two years ended 31 December 2016 and 31 December 2017 and the unaudited financial information for the period ended 30 November 2018 as follows:

	Audited		Unaudited
	Year ended	Year ended	Period ended
	31 December 2016	31 December 2017	30 November 2018
	<i>(S\$'000)</i>	<i>(S\$'000)</i>	<i>(S\$'000)</i>
Turnover	905	915	653
Profit before tax	197	37	175
Profit after tax	197	37	152
Net asset	241	278	430

FINANCIAL EFFECT OF THE DISPOSAL

As a result of the Disposal, the Company recognized a loss of approximately HK\$1,472,000 (unaudited and subject to further adjustments which might be arising in the course of the audit of the year of 2018) having taken into account of the Consideration and net asset value of the Disposed Company and other costs. The proceeds generated from the Disposal had been applied as general working capital of the Group.

REASONS AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in (i) the design and sales of gold and jewellery products; (ii) the development, sales and implementation of enterprise software; (iii) the provision of systems integration, professional services and application service provider services; and (iv) investment holding.

The Disposed Company was a wholly-owned subsidiary of the Company in Singapore serving a small number of enterprise software customers. The Directors considered that such businesses in Singapore, in terms of both the market competition and costs, would no longer be justified and the Disposal would immediately save the operation costs to the Group. Furthermore, while focuses of businesses were shifting to the sales of gold and jewellery products in China, the Directors believed that the discontinuation of operations in Singapore was rational and in line with the latest strategy of the Group. The net proceeds from the Agreement were HK\$1,000,000 (equivalent to S\$175,300) and had been applied for the general working capital of the Group.

THE TERMS OF THE AGREEMENT WERE DETERMINED AFTER ARM'S LENGTH NEGOTIATIONS BETWEEN THE PARTIES THERETO

The Directors (including the independent non-executive directors) were of the view that the terms of the Agreement were normal commercial terms and were fair and reasonable and in the interests of the Company and its shareholders as a whole. To the best of the Directors' knowledge, information and

belief, having made all reasonable enquiries, no Director has a material interest in the Disposal and was required to abstain from voting at the meeting of the Board approving the Agreement and the transactions contemplated thereunder.

IMPLICATION UNDER THE GEM LISTING RULES

As certain applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Agreement”	the Sales and Purchase agreement dated 11 December 2018 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares
“Board”	the board of Directors
“Company”	Yu Tak International Holdings Limited (御德國際控股有限公司), a company incorporated in the Bermuda with limited liability, the issued shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$1,000,000 (equivalent to S\$175,300), being the cash consideration for the Sale Share
“Director(s)”	the director(s) of the Company
“Disposed Company”	Excelink Technology Pte Limited, a company incorporated in Singapore with limited liability
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected person(s)
“Purchaser”	Excel Technology International (BVI) Limited, a company incorporated in British Virgin Islands with limited liability
“Sale Share”	representing 100% of the share equity of the Disposed Company
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore Dollars, the lawful currency of Singapore
“Vendor”	EXCEL (BVI) LIMITED, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 8 January 2019

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chong Yu Ping, Ms. Li Xia and Mr. Chen Yin and three independent non-executive Directors, namely, Mr. Lam Tin Faat, Ms. Zhao Xia Xia and Ms. Na Xin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least seven days from the date of its publication and be published and remains on the Company’s website at www.hkjewelry.net.