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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 SUBSIDIARIES

THE DISPOSAL

The Board is pleased to announce that on 16 December 2019 (after trading hours), the Purchaser and the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Shares (representing the entire issued share capital of the Target Company) at the Consideration of HK\$100,000.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements however is exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

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The principal terms of the Sale and Purchase Agreement are set out below:

Date: 16 December 2019

Parties:

- (1) Vendor: Excel China Investment (BVI) Limited; and
- (2) Purchaser: Excel Technology International (BVI) Limited.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is an investment holding company incorporated in the British Virgin Islands and its ultimate beneficial owner is an individual who is a merchant, both of the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Subject of the Disposal:

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire the Sale Shares, representing the entire issued share capital of the Target Company. As at the date of this announcement, the Target Company directly owns the entire share capital of the Target Subsidiary.

Consideration:

The Consideration for the Sale Shares is HK\$100,000, which shall be fully paid by the Purchaser to the Vendor in cash upon the Completion.

The Consideration was arrived at after arm's length negotiations and on normal commercial terms between the Purchaser and the Vendor with reference to, among other things, (i) the current financial position of the Target Group, especially the net liabilities of the Target Group of approximately HK\$98,000 as at 31 October 2019 (based on the unaudited consolidated management accounts of the Target Group); (ii) the historical contribution from the Target Group to the financial performance of the Group; and (iii) the business development opportunity and prospects of the Target Group. The Directors consider that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Conditions precedent:

The Completion is conditional upon the compliance by the Company of all requirements under the GEM Listing Rules or other regulatory authorities for entering into of the Sale and Purchase Agreement and the Disposal contemplated thereunder.

Completion:

Subject to the fulfillment the conditions precedent, the Completion shall take place on the Completion Date which is 20 December 2019

INFORMATION OF THE TARGET GROUP

The Target Group comprises the Target Company and the Target Subsidiary (which is wholly-owned by the Target Company). The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability, and its sole asset is the entire issued share capital of the Target Subsidiary. The Target Subsidiary is a company incorporated in the PRC with limited liability and is principally engaging in providing professional services and systems integration.

The net liabilities of the Target Group as shown in its unaudited consolidated management accounts are approximately HK\$98,000 as at 31 October 2019. In addition, set out below are the audited consolidated revenue and net loss of the Target Group for the two financial years ended 31 December 2017 and 31 December 2018 respectively, and its unaudited consolidated revenue and net loss for the ten months ended 31 October 2019:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the ten months ended 31 October 2019
<i>(in HK\$'000)</i>			
Revenue	21,637	13,953	9,846
Net profit/(loss) before taxation	(5,566)	92	(1,187)
Net profit/(loss) after taxation	(5,566)	92	(1,187)

The unaudited financial information of the Target Group is for illustration only.

INFORMATION OF THE PURCHASER

Excel Technology International (BVI) Limited, an investment holding company incorporated in the British Virgin Islands and its ultimate beneficial owner is an individual who is a merchant, both of the Purchaser and its ultimate beneficial owner are Independent Third Parties.

INFORMATION OF THE VENDOR

Excel China Investment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the date of this announcement, it is an indirect wholly-owned subsidiary of the Company.

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

Upon the Completion, the Target Group will cease to be a subsidiary group of the Company and the financial results of the Target Group will cease to be consolidated into those of the Group.

The Company expects a gain of approximately HK\$198,000 to be accrued to the Company, representing the difference between the consideration for the Disposal and the net liabilities of the Target Group as at 31 October 2019. Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Group depends on the net liabilities/net asset value of the Target Group as at the date of Completion and therefore may be different from the amount mentioned above.

It is expected that the net proceeds from the Disposal will be used for general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The overall performance of the Target Group in Shanghai during recent years was unsatisfactory and the Target Group recorded accumulated losses and net liabilities at the date of this announcement. While only a small gain is expected for the year ending 31 December 2019, the Disposal can alleviate the financial burden brought to the Group by the loss-making operation. The Directors view that the Disposal will not have any adverse impact on the operation of the Group in other cities of the PRC.

Based on the above, the Directors are of the view that the Sale and Purchase Agreement and the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements however is exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

As none of the Directors has a material interest in the Disposal, no Director is required to abstain from voting on the relevant resolution of the Board approving the Disposal.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the same meanings set out below:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong
“Company”	Yu Tak International Holdings Limited, a company incorporated in Bermuda with limited liability whose issued shares are listed on GEM of the Stock Exchange (stock code:8048)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Completion Date”	the date of Completion which is 20 December 2019
“Consideration”	HK\$100,000, being the total amount to be paid by the Purchaser to the Vendor for the Sale Shares in the manner as set out in the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Independent Third Part(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third party(ies) independent of the Company and its connected persons in accordance with the GEM Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Purchaser”	Excel Technology International (BVI) Limited
“PRC”	The People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16 December 2019 entered into between the Purchaser and the Vendor in relation to the Disposal
“Sale Shares”	10,000 shares of the Target Company, representing the entire issued share capital of the Target Company
“Shareholder(s)”	Holder(s) of the Share(s)
“Share(s)”	Ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Excelink Development Corporation, a company incorporated in the British Virgin Islands which is wholly-owned by the Vendor
“Target Group”	the Target Company and the Target Subsidiary
“Target Subsidiary”	Excel Technology (Shanghai) Co., Ltd* (志鴻六維軟件科技(上海)有限公司), a direct wholly-owned subsidiary of the Target Company, which is a company incorporated in the PRC with limited liability
“Vendor”	Excel China Investment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

16 December 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. Na Xin and Ms. Zhao Xiaxia.

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 in this announcement misleading.

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

** For identification purposes only*