



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 08048)

ANNOUNCEMENT OF ANNUAL RESULTS (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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This announcement, for which the directors (the “Directors”) of Yu Tak International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- For the year ended 31 December 2021, the Group's loss attributable to the owners of the Company amounted to HK\$8,908,000 (2020: HK\$8,717,000).
- The Group's revenue for the year ended 31 December 2021 amounted to HK\$41,361,000 (2020: HK\$49,211,000).
- The sales of gold and jewellery products and franchise income rebounded by 138% to HK\$23,503,000 (2020: HK\$9,894,000). Revenue from enterprise software products amounted to HK\$13,340,000 (2020: HK\$13,328,000). Revenue from professional services dropped by 83% to HK\$4,518,000 (2020: HK\$25,989,000).
- Loss per share for loss attributable to the owners of the Company during the year ended 31 December 2021 was HK0.46 cents (2020: HK0.45 cents).
- The directors have resolved not to recommend the payment of a final dividend by the Company for the year ended 31 December 2021 (2020: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors of the Company present herewith the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021, together with the comparative figures for the corresponding period in 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Revenue	4	41,361	49,211
Other income		2,412	4,179
Change in inventories		(10,978)	6,528
Purchase of goods		(6,570)	(12,856)
Professional fees		(7,554)	(21,563)
Employee benefits expense		(14,833)	(22,477)
Depreciation	7	(1,415)	(1,658)
Expected credit loss (“ECL”) allowance on trade receivables, other receivables and deposits, and contract assets	7	(203)	(153)
Other expenses	7	(6,001)	(8,241)
Write-down of inventories to net realisable value, net of reversal	7	(4,986)	(2,181)
Finance costs	6	(53)	(32)
Loss before income tax	7	(8,820)	(9,243)
Income tax expense	8	(88)	(81)
Loss for the year		(8,908)	(9,324)
Other comprehensive income for the year			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Financial assets at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserve (non-recycling)		1,146	4,509
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange gain on translation of financial statements of foreign operations		807	3,383
Other comprehensive income for the year		1,953	7,892
Total comprehensive expense for the year		(6,955)	(1,432)

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(8,908)	(8,717)
Non-controlling interests		—	(607)
		<u>(8,908)</u>	<u>(9,324)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(6,955)	(825)
Non-controlling interests		—	(607)
		<u>(6,955)</u>	<u>(1,432)</u>
Loss per share			
Basic and diluted	9	<u>(HK0.46 cents)</u>	<u>(HK0.45 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,323	2,384
Right-of-use assets		836	1,326
Other financial assets		<u>24,223</u>	<u>23,102</u>
		<u>26,382</u>	<u>26,812</u>
Current assets			
Inventories	<i>11</i>	46,858	61,554
Contract assets		2,743	3,460
Trade receivables	<i>12</i>	9,348	6,144
Other receivables, deposits and prepayments		25,591	19,385
Cash and bank balances		<u>19,562</u>	<u>23,524</u>
		<u>104,102</u>	<u>114,067</u>
Current liabilities			
Trade payables	<i>13</i>	4,803	2,030
Other payables and accrued charges		4,956	6,335
Contract liabilities		9,446	7,483
Amount due to a director		1,800	8,088
Lease liabilities		539	486
Tax payable		<u>72</u>	<u>101</u>
		<u>21,616</u>	<u>24,523</u>
Net current assets		<u>82,486</u>	<u>89,544</u>
Total assets less current liabilities		<u>108,868</u>	<u>116,356</u>
Non-current liabilities			
Lease liabilities		<u>349</u>	<u>872</u>
Net assets		<u><u>108,519</u></u>	<u><u>115,484</u></u>

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
EQUITY			
Share capital	<i>14</i>	194,769	194,769
Reserves		(86,250)	(77,322)
		<hr/>	<hr/>
Equity attributable to owners of the Company		108,519	117,447
Non-controlling interests		–	(1,963)
		<hr/>	<hr/>
Total equity		108,519	115,484
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Hong Kong. The Company's shares are listed on GEM of the Stock Exchange.

The Group is principally engaged in the development, sale and implementation of enterprise software, provision of professional services, design and sales of gold and jewellery products and investment holding. The Group's operations are based in Hong Kong and the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

2 BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the GEM Listing Rules.

The significant accounting policies that have been used in the preparation of these consolidated financial statements have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

These consolidated financial statements have been prepared on the historical cost basis, except for financial assets at FVOCI which are stated at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3 ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on 1 January 2021

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in the consolidated financial statements may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

4 REVENUE

The Group's revenue recognised during the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Sales of gold and jewellery products	23,503	9,876
Franchise income	–	18
Sales of enterprise software products	13,340	13,328
Provision of professional services	4,518	25,989
	<u>41,361</u>	<u>49,211</u>

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product and services lines and geographical market:

	Sales of gold and jewellery products <i>HK\$'000</i>	Franchise income <i>HK\$'000</i>	Sales of enterprise software products <i>HK\$'000</i>	Provision of professional services <i>HK\$'000</i>	Total <i>HK\$'000</i>
2021					
Timing of revenue recognition					
At a point in time	23,503	–	–	–	23,503
Over time	–	–	13,340	4,518	17,858
	<u>23,503</u>	<u>–</u>	<u>13,340</u>	<u>4,518</u>	<u>41,361</u>
Geographical markets					
Hong Kong	–	–	7,078	–	7,078
PRC and Taiwan	23,503	–	3,965	4,517	31,985
Southeast Asia	–	–	2,297	1	2,298
	<u>23,503</u>	<u>–</u>	<u>13,340</u>	<u>4,518</u>	<u>41,361</u>

	Sales of gold and jewellery products <i>HK\$'000</i>	Franchise income <i>HK\$'000</i>	Sales of enterprise software products <i>HK\$'000</i>	Provision of professional services <i>HK\$'000</i>	Total <i>HK\$'000</i>
2020					
Timing of revenue recognition					
At a point in time	9,876	–	–	–	9,876
Over time	–	18	13,328	25,989	39,335
	<u>9,876</u>	<u>18</u>	<u>13,328</u>	<u>25,989</u>	<u>49,211</u>
Geographical markets					
Hong Kong	–	–	6,526	–	6,526
PRC and Taiwan	9,876	18	4,999	25,989	40,882
Southeast Asia	–	–	1,803	–	1,803
	<u>9,876</u>	<u>18</u>	<u>13,328</u>	<u>25,989</u>	<u>49,211</u>

The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

5 SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

- Jewellery Products: design and sales of gold and jewellery products
- IT Products and Services: provision of information technology services and professional services and sales of products including enterprise software products

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Jewellery Products HK\$'000	IT Products and Services HK\$'000	Total HK\$'000
2021			
Revenue – From external customers	23,503	17,858	41,361
Reportable segment revenue	23,503	17,858	41,361
Reportable segment (loss)/profit before income tax	(9,560)	740	(8,820)
Bank interest income	9	8	17
Depreciation	(1,110)	(305)	(1,415)
ECL allowance on trade receivables, other receivables and deposits, and contract assets	(109)	(94)	(203)
Net loss on disposal/written off of property, plant and equipment	–	(218)	(218)
Finance costs	(31)	(22)	(53)
Write-down of inventories to net realisable value, net of reversal	(4,986)	–	(4,986)
Reportable segment assets	288,319	67,119	355,438
Additions to non-current segment assets (other than financial instruments) during the year	12	68	80
Reportable segment liabilities	12,102	234,817	246,919

	Jewellery Products <i>HK\$'000</i>	IT Products and Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
2020			
Revenue – From external customers	9,894	39,317	49,211
Reportable segment revenue	9,894	39,317	49,211
Reportable segment (loss)/profit before income tax	(10,694)	1,451	(9,243)
Interest income	10	11	21
Depreciation	(1,207)	(451)	(1,658)
ECL allowance on trade receivables	(153)	–	(153)
Net loss on disposal/written off of property, plant and equipment	(244)	(8)	(252)
Finance costs	(18)	(14)	(32)
Write-down of inventories to net realisable value	(2,181)	–	(2,181)
Reportable segment assets	300,006	65,827	365,833
Additions to non-current segment assets (other than financial instruments) during the year	1,098	680	1,778
Reportable segment liabilities	15,890	234,459	250,349

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated statement of financial position are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reportable segment assets	355,438	365,833
Eliminated upon consolidation	<u>(224,954)</u>	<u>(224,954)</u>
Group assets	<u>130,484</u>	<u>140,879</u>
Reportable segment liabilities	246,919	250,349
Eliminated upon consolidation	<u>(224,954)</u>	<u>(224,954)</u>
Group liabilities	<u>21,965</u>	<u>25,395</u>

The Group's non-current assets (other than financial instruments) are divided into the following geographical areas:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	1,070	1,782
PRC and Taiwan	989	1,735
Southeast Asia	100	193
	<u>2,159</u>	<u>3,710</u>

The geographical location of the non-current assets is based on the physical location of the assets.

Revenue from customers which individually contributed over 10% of the Group's revenue during the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A ¹	9,162	6,251
Customer B ¹	6,020	N/A*
Customer C ¹	5,286	N/A*
Customer D ²	N/A*	9,397
Customer E ²	N/A*	9,119
Customer F ²	N/A*	4,999
	<u>N/A*</u>	<u>4,999</u>

¹ Revenue from Jewellery Products segment.

² Revenue from IT Products and Services segment.

* The corresponding revenue did not individually contribute over 10% of the Group's revenue during the years ended 31 December 2021 or 2020.

6 FINANCE COSTS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance charges on lease liabilities	<u>53</u>	<u>32</u>

7 LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation:		
Owned assets	908	1,091
Right-of-use assets	507	567
	<hr/>	<hr/>
Total depreciation	1,415	1,658
	<hr/>	<hr/>
Other expenses:		
Auditor's remuneration – audit services	860	620
Net loss on disposal/written off of property, plant and equipment	218	252
Lease charges in respect of short term leases	195	903
Legal and professional fees	1,525	1,671
Other expenses	3,203	4,795
	<hr/>	<hr/>
Total other expenses	6,001	8,241
	<hr/>	<hr/>
Cost of inventories recognised as an expense, including:	22,534	8,509
Write-down of inventories to net realisable value, net of reversal	4,986	2,181
Cost of services rendered (<i>note</i>)	16,439	38,178
ECL allowance on trade receivables, other receivables and deposits, and contract assets	203	153
Foreign exchange gain, net	(1,246)	(2,258)
	<hr/>	<hr/>

Note: Cost of services rendered included staff costs of HK\$8,885,000 (2020: HK\$16,615,000), which amount is also included in employee benefits expense.

8 INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Overseas		
Current year	88	14
Under-provision in prior years	–	67
	<hr/>	<hr/>
Total income tax expense	88	81
	<hr/>	<hr/>

Hong Kong Profits Tax has not been provided as the Group had no assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2021 and 2020.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are subject to PRC Enterprise Income Tax at a rate of 25% for the years ended 31 December 2021 and 2020.

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

9 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$8,908,000 (2020: HK\$8,717,000) and the weighted average number of ordinary shares of 1,947,690,000 (2020: 1,947,690,000) in issue during the year.

Diluted loss per share for the years ended 31 December 2021 and 2020 were the same as basic loss per share as there is no dilutive potential ordinary share in existence during the year.

10 DIVIDENDS

The directors have resolved not to recommend the payment of a final dividend by the Company for the year ended 31 December 2021 (2020: Nil).

11 INVENTORIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gold and jewellery products:		
Finished goods	46,800	61,024
Packing materials	58	530
	<u>46,858</u>	<u>61,554</u>

12 TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	9,638	6,297
Less: ECL allowance	<u>(290)</u>	<u>(153)</u>
	<u>9,348</u>	<u>6,144</u>

The directors of the Group considered that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Trade receivables for IT Products and Services are due within 0 – 60 days (2020: 0 – 60 days) from the date of billing. Debtors with balances that are more than 90 days overdue are requested to settle all outstanding balances before any further credit is granted.

The Group's sales of gold and jewellery products comprised mainly credit sales to franchisees and wholesalers which are due within 0 – 90 days (2020: 0 to 90 days) from the date of billing.

Based on the invoice dates (or date of revenue recognition if earlier), the ageing analysis of the trade receivables, net of ECL allowance, was as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	2,772	6,001
31 – 60 days	6,099	32
61 – 90 days	–	87
Over 90 days	<u>477</u>	<u>24</u>
	<u>9,348</u>	<u>6,144</u>

The movement in the ECL allowance of trade receivables is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Balance at 1 January	153	–
ECL allowance recognised during the year	<u>137</u>	<u>153</u>
Balance at 31 December	<u>290</u>	<u>153</u>

13 TRADE PAYABLES

The Group was granted by its suppliers credit periods ranging from 0 to 90 days (2020: 0 to 90 days). Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	4,802	2,030
31 – 60 days	1	–
	<u>4,803</u>	<u>2,030</u>

All amounts are short term and hence the carrying amounts of trade payables are considered to be a reasonable approximation of fair value.

14 SHARE CAPITAL

	2021		2020	
	Number of shares	<i>HK\$'000</i>	Number of shares	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each				
At 1 January and 31 December	<u>5,000,000,000</u>	<u>500,000</u>	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:				
At 1 January and 31 December	<u>1,947,690,000</u>	<u>194,769</u>	<u>1,947,690,000</u>	<u>194,769</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

For the year ended 31 December 2021, the Group's loss attributable to the owners of the Company amounted to HK\$8,908,000 (2020: HK\$8,717,000). The loss was mainly due to the written down in value of HK\$4,986,000 for obsolete jewellery stock items.

The Group's revenue for the year ended 31 December 2021 amounted to HK\$41,361,000 (2020: HK\$49,211,000).

The sales of gold and jewellery products and franchise income rebound by 138% to HK\$23,503,000 (2020: HK\$9,894,000). Revenue from enterprise software products amounted to HK\$13,340,000 (2020: HK\$13,328,000). Revenue from professional services dropped by 83% to HK\$4,518,000 (2020: HK\$25,989,000).

OPERATION REVIEW

Mainland China ended its final week of 2021 with its biggest rally of new COVID-19 cases for almost two years ago. Despite this, the epidemic was largely under control during the year and business activities were back to the pre-epidemic period.

According to the National Bureau of Statistics, Mainland China's economy had grown by 12.7% in the first half year of 2021 but slowed to 4.9% and further to 4% over the last two quarters of the year that an overall growth of 8.1% was reported. Besides, retail sales grew by 12.5% from the prior year's contraction and were restored to 2019 levels. Household disposable income remained supported by economic growth.

Gold price finished 2021 at US\$1,806/oz, a fall of 7% over the year amid global strength of US dollars. More friendly gold prices, ridding on growth of retail sales, favored jewellery demand. While weddings postponed from 2020 to 2021 added momentum to the market, demand of gold jewellery in Mainland China rebounded strongly and rose by 63% to 675 tonnes in 2021. In terms of market segments, growth in lower-tier cities continued and yellow gold products continued to dominant demand.

Revenue from sales of gold and jewellery products of the Group of 2021 grew from HK\$9,876,000 of 2020 to HK\$23,503,000. On the other hand, income from IT Products and Services contracted to HK\$17,858,000 as a result of the Group's strategy to scale down professional services businesses which demanded disproportionated investment in human resources.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group remained in a strong financial position with cash and bank balances of HK\$19,562,000 (2020: HK\$23,524,000).

As at 31 December 2021, the Group's issued shares were 1,947,690,000 shares (2020: 1,947,690,000 shares).

The Group monitored its capital structure using the gearing ratio which is net debt divided by total equity. For this purpose, the Group defined net debt as total debt, which comprises long-term and short-term borrowings, less cash and cash equivalents. Total equity comprised equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. The gearing ratio is not presented, as it was nearly zero (2020: zero).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

On 10 January 2021, the Group acquired an additional 19.9% equity interest in a subsidiary for HK\$10,000. After the acquisition, the subsidiary had become a wholly-owned subsidiary of the Group.

Saved as disclosed above, the Group did not have any other significant investment and material acquisition and disposal of subsidiaries during the year ended 31 December 2021 (2020: Nil).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

As at 31 December 2021, the Group did not have any material contingent liabilities and capital commitment (2020: Nil).

PLEDGE OF ASSETS

The Group did not have any mortgage or charge over its assets as at 31 December 2021 and 2020.

SEGMENTAL PERFORMANCE

For the year ended 31 December 2021, the revenue from the Jewellery Products segment and the IT Products and Services segment amounted to HK\$23,503,000 (2020: HK\$9,894,000) and HK\$17,858,000 (2020: HK\$39,317,000) respectively.

FOREIGN CURRENCY RISK

The Group does not have significant exposure on foreign currency risk. The functional currencies of the Group's entities are principally denominated in HK\$ and RMB. The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currencies of the respective Group entities such as US\$. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had no significant subsequent event.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the number of employees of the Group was 41 (2020: 46). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions.

FUTURE PROSPECTS

In the last quarter of 2021, GDP grew by 4%, slowed down from 4.9% growth in Q3, 7.9% in Q2, and 18.3% in Q1 of the year due to debt defaults of leading real estate developers under the government's continued deleveraging efforts on the leading developers and diminished supports from exports. The trend of economy slowdown may extend to this year while headwinds from a flagging real estate sector and inflation continues, coupled with geopolitical tensions.

Demand of gold jewellery in Mainland China relies on economic growth and stable gold prices. On the bright side, impacts of the COVID-19 epidemic, despite possible resurgences, are diminishing under Mainland China's strict epidemic prevention policies. It is expected that Chinese government will be much more cautious in introducing measures that have an economic tightening effect and may further shore up economic growth by increasing investments in infrastructures later this year. In a longer term, boosting domestic demand remains the focus of the government in rebalancing the economy from investment-led growth to greater reliance on consumption and services that the Group's jewellery businesses will be favoured.

The Group will adopt a more prudent view on the business environment of 2022. In terms of product segments, the heritage gold jewellery products will continue to dominate the market among higher-end consumers while younger buyers with lower budget gravitate towards lighter, more affordable and trendier, lightweight gold jewellery in modern designs. The shift to wholesale businesses has proved successful in reducing costs over the last couple of years. The Group has no plan to re-enter the retail market in 2022 and until the market conditions favour the move.

For the IT Products and Services segment, the Group will keep looking for opportunities which have synergies with its core business.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to the establishment of good corporate governance practices and procedures. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Company and for safeguarding the Shareholders' interests and the Company's assets. The Company's code of corporate governance practices was adopted with reference to the code provisions of the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner. The Company has complied with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules during the year ended 31 December 2021.

AUDIT COMMITTEE

The Company established an audit committee on 11 August 2000 with written terms of reference in accordance with Rule 5.05(2) and Rules 5.28 to 5.29 of the GEM Listing Rules. The audit committee currently comprises three members – Mr. Lam Tin Faat, Ms. Zhao Xiaxia 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.

The unaudited consolidated results of the Group for the year ended 31 December 2021 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing procedures for the annual results for the year ended 31 December 2021 have not been completed due to the recent surge of COVID-19 cases and the implementation of the tightened COVID-19 prevention and control quarantine measures in the Mainland China and Hong Kong, which affected the preparation and gathering process of necessary documents and information required for the audit work, including delay in receiving audit confirmations from banks, suppliers and customers due to delay in postal services. The unaudited annual results contained herein have not yet been agreed with the Company's auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The audit committee of the Company has reviewed the unaudited annual results contained herein.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors, the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
Yu Tak International Holdings Limited
Li Xia
Chairman

Hong Kong, 31 March 2022

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

Ms. LI Xia (*Executive Director*)

Mr. CHONG Yu Ping (*Executive Director*)

Mr. CHEN Yin (*Executive Director*)

Mr. LAM Tin Faat (*Independent Non-executive Director*)

Ms. NA Xin (*Independent Non-executive Director*)

Ms. Zhao Xiaxia (*Independent Non-executive Director*)

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