



YU TAK INTERNATIONAL HOLDINGS LIMITED

御德國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8048)

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

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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.

FIRST QUARTERLY RESULTS ENDED 31 MARCH 2022

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 three months ended 31 March 2022, together with the comparative figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2022

		(Unaudited)	
		Three months ended	
		31 March	
		2022	2021
	Notes	HK\$'000	HK\$'000
Revenue	3	3,419	7,566
Other income		–	12
Change in inventories		–	(918)
Purchase of goods		–	(770)
Professional fees		(1,056)	(3,051)
Employee benefits expenses		(3,362)	(3,809)
Depreciation and amortization		(340)	(220)
Other expenses		(971)	(1,167)
Loss before income tax		(2,310)	(2,357)
Income tax expense	5	–	–
Loss for the period		(2,310)	(2,357)
Other comprehensive income/(expense) for the period, net of tax		–	–
Total Comprehensive Loss for the period		(2,310)	(2,357)

(Unaudited)
Three months ended
31 March

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to:		
Owners of the Company	(2,310)	(2,357)
Non-controlling interests	<u>—</u>	<u>—</u>
	<u>(2,310)</u>	<u>(2,357)</u>
 Total Comprehensive Loss attributable to:		
Owners of the Company	(2,310)	(2,357)
Non-controlling interests	<u>—</u>	<u>—</u>
	<u>(2,310)</u>	<u>(2,357)</u>
 Loss per share		
Loss per share attributable to the owners of the Company during the period		
– Basic and diluted (in HK cents)	6 <u>(0.12) cents</u>	<u>(0.12) cents</u>

Notes:

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 systems integration and 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\$").

2. BASIS OF PREPARATION

The condensed 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 Company Ordinance and include the applicable disclosure requirements of the GEM Listing Rules.

The consolidated financial statements have been prepared on the historical cost basis, except for financial asset at FVOCI which are stated at fair value.

The accounting policies used in the condensed consolidated financial statements for the three months ended 31 March 2022 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021 except for the changes mentioned below.

New and amended HKFRSs that are effective for annual periods beginning on 1 January 2022

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 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The adoption of the new and 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.

3. REVENUE

Revenue from external customers from the Group's principal activities recognized during the period is as follows:

	Three months ended	
	31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of gold and jewellery products	-	2,007
Enterprise software products	2,540	3,449
Professional services	879	2,110
Total revenue	<u>3,419</u>	<u>7,566</u>

4. FINANCE COSTS

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Interest charges on:		
Loan wholly repayable within five years	—	—
	<u>—</u>	<u>—</u>

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the financial statements as the Group's entities either incurred tax losses for the respective periods or their estimated assessable profits for the respective periods were wholly absorbed by unrelieved tax losses brought forward from previous years.

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

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
– Overseas Tax for the period	—	—
Total income tax expense	<u>—</u>	<u>—</u>

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the three months ended 31 March 2022 is based on the loss attributable to owners of the Company of HK\$2,310,000 (2021: loss of HK\$2,357,000) and the weighted average number of ordinary shares of 1,947,690,000 (2021: 1,947,690,000) in issue during the period.

Diluted loss per share for the three months ended 31 March 2022 and 2021 equates the basic loss per share as there is no potential dilutive ordinary share in existence during the period.

RESERVES

Movements in reserves for the periods ended 31 March 2022 and 2021 were as follows:–

	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Fair value reserve non- recycling <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2022	<u>218,532</u>	<u>(2,864)</u>	<u>(2,235)</u>	<u>24,223</u>	<u>(323,906)</u>	<u>(86,250)</u>
Loss for the period	-	-	-	-	(2,310)	(2,310)
Other comprehensive income/(expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,310)</u>	<u>(2,310)</u>
Balance at 31 March 2022	<u><u>218,532</u></u>	<u><u>(2,864)</u></u>	<u><u>(2,235)</u></u>	<u><u>24,223</u></u>	<u><u>(326,216)</u></u>	<u><u>(88,560)</u></u>
At 1 January 2021	218,532	(3,671)	(262)	23,102	(315,023)	(77,322)
Loss for the period	-	-	-	-	(2,357)	(2,357)
Other comprehensive income/(expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,357)</u>	<u>(2,357)</u>
Balance at 31 March 2021	<u><u>218,532</u></u>	<u><u>(3,671)</u></u>	<u><u>(262)</u></u>	<u><u>23,102</u></u>	<u><u>(317,380)</u></u>	<u><u>(79,679)</u></u>

INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2022 (2021: Nil).

FINANCIAL PERFORMANCE

The Group's loss attributable to owners of the Company for the three months ended 31 March 2022 amounted to HK\$2,310,000, which was similar to the loss for the same period of 2021.

During the period ended 31 March 2022, the Group reported total revenue of HK\$3,419,000, representing a decrease of 55% compared with HK\$7,566,000 for the same period of 2021.

There was no revenue from sales of gold and jewellery products (2021: HK\$2,007,000). Income from IT Products and Services amounted to HK\$3,419,000 (2021: HK\$5,559,000) where sales of enterprise software products decreased by 26% to HK\$2,540,000 (2021: HK\$3,449,000) and professional services business decreased by 58% to HK\$879,000 (2021: HK\$2,110,000).

OPERATION REVIEW

Gold price started in 2022 at US\$1,806/oz and surged by 7% to US\$1,937/oz at the end of Q1 2022. Geopolitical conflicts and risk of uncontrolled inflation continued to support the gain in gold price.

According to the Ministry of Commerce, economy of Mainland China grew by 4.8% in Q1 2022 mainly contributed to the growth in the industrial sectors. Retail sales showed a growth of 6.8% in the first two months of the year but slowed down significantly in March that an average growth rate of 3.3% was reported for the quarter.

The Group's sales of gold and jewellery products did not report any sales in Q1 2022 while sales corresponding to businesses of the retailers during Chinese New Year period had been reflected in sales of the Group in Q4 2021. On the other hand, income from IT Products and Services reduced to HK\$3,419,000 comparing with HK\$5,559,000 of same period of 2021 under the Group's strategy to scale down the costly professional services businesses.

FUTURE PROSPECTS

Economy of Mainland China has growth for 4.8% in Q1 2022. Looking into the next quarter, growth will likely be downbeat as lockdowns in Chinese cities continue and private consumption, industrial output, economic sentiment, and exports will be heavily weighed.

While it is expected earlier in the year that China will ramp up fiscal stimulus from Q2 to boost economic growth, continuing lockdowns have already caused local government fiscal shortfalls and restrain in extra infrastructure spending. Accordingly, domestic demand may become the focus of the government in rebalancing the economy from investment-led growth to greater reliance on consumption and services. The shift in fiscal policy can benefit the Group's wholesales businesses in the nearer term.

The Group will adopt a more prudent view on the business environment of 2022. Risks to the Group's sales of gold jewellery businesses will inevitably increase if the lockdowns extend to second half of the year. The management may have an better assessment in the next report.

In terms of product segments, the heritage gold jewellery products remains dominating the market of higher end consumers while younger buyers with lower budget gravitate towards more affordable, trendier and lightweight gold products. For the IT Products and Services segment, the Group will keep looking for opportunities which have synergies with its core business.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 March 2022, the interests and short positions of the Directors and the Chief Executive Officer of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"), were as follows:

Long positions 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		
Ms. LI Xia	–	–	804,159,697 (Note 1)	804,159,697	41.29%
Mr. CHEN Yin	–	–	149,455,740 (Note 2)	149,455,740	7.67%
Mr. CHONG Yu Ping	36,726,000	–	–	36,726,000	1.88%

Notes:

- (1) These shares were held by Ocean Expert Investments Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Ms. Li Xia.
- (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 above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2022.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name of party	Notes	Capacity in which interests are held	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ocean Expert Investments Limited	Note 1	Beneficial owner	804,159,697	41.29%
Ms. LI Xia	Note 1	Interest in a controlled corporation	804,159,697	41.29%
Flourish Zone Limited	Note 2	Beneficial owner	149,455,740	7.67%
Mr. CHEN Yin	Note 2	Interest in a controlled corporation	149,455,740	7.67%
CK Hutchison Holdings Limited	Note 3	Interest in controlled corporations	143,233,151	7.35%

Notes:

- (1) Ocean Expert Investments Limited is a company incorporated in the British Virgin Islands and wholly-owned by Ms. Li Xia.
- (2) Flourish Zone Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chen Yin.
- (3) CK Hutchison is deemed to be interested in a total of 143,233,151 shares of the Company through its controlled companies.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 31 March 2022.

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 period ended 31 March 2022.

AUDIT COMMITTEE

The audit committee was established on 11 August 2000 with terms of reference in accordance with Rules 5.05(2) and 5.28 to 5.29 and Code C of the Code Provisions 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 nine months ended 31 March 2022 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.

REMUNERATION COMMITTEE

The remuneration committee was established on 10 May 2005.

The Company adopts that a remuneration committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference follow the requirement of Code Provisions B.1.2 of the GEM Listing Rules.

The remuneration committee currently comprises Mr. Lam Tin Faat and Ms. Na Xin, both are independent non-executive Directors, and Ms. Li Xia who is an executive Director. Mr. Lam Tin Faat is the chairman of the remuneration committee.

NOMINATION COMMITTEE

The nomination committee was established on 21 March 2012.

The Company adopts that a nomination committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference will follow the requirement of Code Provisions A.5.2 of the GEM Listing Rules.

The nomination committee currently comprises Mr. Lam Tin Faat and Ms. Na Xin, both are independent non-executive Directors, and Ms. Li Xia who is an executive Director. Mr. Lam Tin Faat is the chairman of the nomination committee.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company adopts a code of conduct regarding securities transactions by directors on terms from 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 confirm that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the nine months ended 31 March 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors, the management 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 nine months period under review, 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, 13 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. ZHAO Xiaxia (*Independent Non-executive Director*)

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

This announcement will remain on the latest "Listed Company Information" page of the GEM website for at least seven days from the date of its posting and on the website of the Company at www.hkjewelry.net.