



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 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.

HIGHLIGHTS

- For the year ended 31 December 2022, the Group's loss attributable to the owners of the Company amounted to HK\$6,915,000 (2021: HK\$8,908,000).
- The Group's revenue for the year ended 31 December 2022 amounted to HK\$28,785,000 (2021: HK\$41,361,000).
- The sales of gold and jewellery products income decreased 52% to HK\$11,181,000 (2021: HK\$23,503,000). Revenue from enterprise software products amounted to HK\$13,388,000 (2021: HK\$13,340,000). Revenue from professional services dropped by 39% to HK\$2,775,000 (2021: HK\$4,518,000). Revenue from other operation amounted to HK\$1,441,000 (2021: Nil).
- Loss per share for loss attributable to the owners of the Company during the year ended 31 December 2022 was HK0.36 cents (2021: HK0.46 cents).
- The directors have resolved not to recommend the payment of a final dividend by the Company for the year ended 31 December 2022 (2021: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 2022, together with the comparative figures for the corresponding period in 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	28,785	41,361
Other income		1,723	2,412
Change in inventories		(2,921)	(10,978)
Purchase of goods		(6,147)	(6,570)
Professional fees		(6,045)	(7,554)
Employee benefits expense		(11,960)	(14,833)
Depreciation	7	(1,456)	(1,415)
Expected credit loss (“ECL”) allowance on trade receivables, other receivables and deposits, and contract assets, net of reversal	7	(2)	(203)
Other expenses	7	(10,260)	(6,001)
Reversal of write-down/(Write-down) of inventories to net realisable value, net	7	1,204	(4,986)
Finance costs	6	(45)	(53)
Loss before income tax	7	(7,124)	(8,820)
Income tax expense	8	(171)	(88)
Loss for the year		(7,295)	(8,908)
Other comprehensive (expense)/income			
<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)		655	1,146
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange (loss)/gain on translation of financial statements of foreign operations		(2,773)	807
Other comprehensive (expense)/income for the year		(2,118)	1,953
Total comprehensive expense for the year		(9,413)	(6,955)

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(6,915)	(8,908)
Non-controlling interests		(380)	–
		<u>(7,295)</u>	<u>(8,908)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(9,173)	(6,955)
Non-controlling interests		(240)	–
		<u>(9,413)</u>	<u>(6,955)</u>
Loss per share			
Basic and diluted	9	<u>(HK0.36 cents)</u>	<u>(HK0.46 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,123	1,323
Right-of-use assets		2,249	836
Other financial assets		24,878	24,223
		<u>28,250</u>	<u>26,382</u>
Current assets			
Inventories	<i>11</i>	43,937	46,858
Contract assets		2,228	2,743
Trade receivables	<i>12</i>	1,525	9,348
Other receivables, deposits and prepayments		23,601	25,591
Cash and bank balances		23,438	19,562
		<u>94,729</u>	<u>104,102</u>
Current liabilities			
Trade payables	<i>13</i>	494	4,803
Other payables and accrued charges		5,244	4,956
Contract liabilities		6,776	9,446
Amount due to a director		5,779	1,800
Lease liabilities		735	539
Tax payable		189	72
		<u>19,217</u>	<u>21,616</u>
Net current assets		<u>75,512</u>	<u>82,486</u>
Total assets less current liabilities		<u>103,762</u>	<u>108,868</u>
Non-current liability			
Lease liabilities		1,685	349
Net assets		<u>102,077</u>	<u>108,519</u>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
EQUITY			
Share capital	<i>14</i>	194,769	194,769
Reserves		(95,423)	(86,250)
		<hr/>	<hr/>
Equity attributable to owners of the Company		99,346	108,519
Non-controlling interests		2,731	–
		<hr/>	<hr/>
Total equity		102,077	108,519
		<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 Company and its subsidiaries (together, the "Group") are principally engaged in the (i) development, sale and implementation of enterprise software and provision of professional services, (ii) design and sales of gold and jewellery products, (iii) design, production and sales of smart rehabilitation products and (iv) 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 HKFRSs, 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 consolidated 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 consolidated 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 2022

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 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 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.

4 REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of gold and jewellery products	11,181	23,503
Sales of enterprise software products	13,388	13,340
Provision of professional services	2,775	4,518
Others	1,441	–
	<u>28,785</u>	<u>41,361</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>	Sales of enterprise software products <i>HK\$'000</i>	Provision of professional services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
2022					
Timing of revenue recognition					
At a point in time	11,181	–	–	1,441	12,622
Over time	–	13,388	2,775	–	16,163
	<u>11,181</u>	<u>13,388</u>	<u>2,775</u>	<u>1,441</u>	<u>28,785</u>
Geographical markets					
Hong Kong	–	6,453	–	–	6,453
PRC and Taiwan	11,181	2,171	2,775	1,441	17,568
Southeast Asia	–	4,764	–	–	4,764
	<u>11,181</u>	<u>13,388</u>	<u>2,775</u>	<u>1,441</u>	<u>28,785</u>

	Sales of gold and jewellery products <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>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>13,340</u>	<u>4,518</u>	<u>41,361</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 and professional services and sales of products including enterprise software products
- Others: design, production and sales of smart rehabilitation 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	Others HK\$'000	Total HK\$'000
2022				
Revenue – From external customers	11,181	16,163	1,441	28,785
Reportable segment revenue	11,181	16,163	1,441	28,785
Reportable segment loss before income tax	(4,494)	(1,526)	(1,104)	(7,124)
Bank interest income	8	8	2	18
Depreciation	(1,061)	(225)	(170)	(1,456)
ECL allowance on trade receivables, other receivables and deposits, and contract assets, net of reversal	94	(14)	(82)	(2)
Net loss on disposal/written off of property, plant and equipment	(44)	(27)	–	(71)
Finance costs	(17)	(10)	(18)	(45)
Reversal of write-down of inventories to net realisable value, net	1,204	–	–	1,204
Reportable segment assets	271,946	66,139	9,848	347,933
Additions to non-current segment assets (other than financial instruments) during the year	–	45	3,060	3,105
Reportable segment liabilities	10,660	232,342	2,854	245,856

	Jewellery Products <i>HK\$'000</i>	IT Products and Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	(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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reportable segment assets	347,933	355,438
Eliminated upon consolidation	(224,954)	(224,954)
Group assets	122,979	130,484
Reportable segment liabilities	245,856	246,919
Eliminated upon consolidation	(224,954)	(224,954)
Group liabilities	20,902	21,965

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	315	1,070
PRC and Taiwan	3,006	989
Southeast Asia	51	100
	<u>3,372</u>	<u>2,159</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 2022 and 2021 is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ¹	6,399	9,162
Customer B ¹	3,200	6,020
Customer C ¹	N/A*	5,286
Customer D ²	4,231	N/A*
	<u>4,231</u>	<u>N/A*</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 2022 or 2021.

6 FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance charges on lease liabilities	45	53
	<u>45</u>	<u>53</u>

7 LOSS BEFORE INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation:		
Owned assets	878	908
Right-of-use assets	578	507
Total depreciation	<u>1,456</u>	<u>1,415</u>
Other expenses:		
Auditor's remuneration – audit services	900	860
Net loss on disposal/written off of property, plant and equipment	71	218
Lease charges in respect of short term leases	292	195
Legal and professional fees	1,513	1,525
Foreign exchange losses, net	2,556	–
Other expenses	4,928	3,203
Total other expenses	<u>10,260</u>	<u>6,001</u>
Cost of inventories recognised as an expense, including: (Reversal of write-down)/Write-down of inventories to net realisable value, net	7,864	22,534
Cost of services rendered (<i>note</i>)	(1,204)	4,986
Cost of services rendered (<i>note</i>)	13,295	16,439
ECL allowance on trade receivables, other receivables and deposits, and contract assets, net of reversal	2	203
Foreign exchange gains, net	–	(1,247)

Note: Cost of services rendered included staff costs of HK\$7,250,000 (2021: HK\$8,885,000), which amount is also included in employee benefits expense.

8 INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Overseas		
Current year	171	88
Total income tax expense	<u>171</u>	<u>88</u>

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 2022 and 2021.

For the subsidiaries of the Group in the PRC qualified for “Announcement on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (Announcement No. 12 [2021])” and “Announcement on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (Announcement No. 13 [2022])”, for the portion of annual taxable profits less than RMB1 million, 12.5% of such amount will be taxed at 20% and profits within the range of RMB1

million to RMB3 million, 25% of such amount will be taxed at 20%. The other subsidiaries in the PRC are subject to PRC Enterprise Income Tax at a rate of 25% for the years ended 31 December 2022 and 2021.

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\$6,915,000 (2021: HK\$8,908,000) and the weighted average number of ordinary shares of 1,947,690,000 (2021: 1,947,690,000) in issue during the year.

Diluted loss per share for the years ended 31 December 2022 and 2021 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 2022 (2021: Nil).

11 INVENTORIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gold and jewellery products:		
Finished goods	43,937	46,800
Packing materials	–	58
	<u>43,937</u>	<u>46,858</u>

12 TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	1,687	9,638
Less: ECL allowance	(162)	(290)
	<u>1,525</u>	<u>9,348</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 to 60 days (2021: 0 to 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 wholesalers which are due within 0 to 90 days (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	1,264	2,772
31 – 60 days	35	6,099
61 – 90 days	–	–
Over 90 days	226	477
	<u>1,525</u>	<u>9,348</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at 1 January	290	153
(Reversal of ECL allowance)/ECL allowance recognised during the year	(128)	137
Balance at 31 December	<u>162</u>	<u>290</u>

13 TRADE PAYABLES

The Group was granted by its suppliers credit periods ranging from 0 to 90 days (2021: 0 to 90 days). Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	8	4,802
31 – 60 days	–	1
61 – 90 days	93	–
Over 90 days	393	–
	<u>494</u>	<u>4,803</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

	2022		2021	
	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 2022, the Group's loss attributable to the owners of the Company amounted to HK\$6,915,000 (2021: HK\$8,908,000).

The Group's revenue for the year ended 31 December 2022 amounted to HK\$28,785,000 (2021: HK\$41,361,000).

The sales of gold and jewellery products income decreased 52% to HK\$11,181,000 (2021: HK\$23,503,000). Revenue from enterprise software products amounted to HK\$13,388,000 (2021: HK\$13,340,000). Revenue from professional services dropped by 39% to HK\$2,775,000 (2021: HK\$4,518,000). Revenue from other operation amounted to HK\$1,441,000 (2021: nil).

OPERATION REVIEW

According to the National Bureau of Statistics, Mainland China's economy had grown by 3.0% over 2022, adjusted downward from 3.9% of Q3 due to weaker performance in Q4. Besides, retail sales of consumer goods fell by 0.2% in 2022 though online sales were up by 6.2% representing 27.2% of the total retail sales. Disposable income had generally grown at the same pace as the economy.

Gold price finished 2022 at US\$1,824/oz, that a mild gain of 1% over the year was recorded following a significant fall in Q3 as the US Federal Reserves became less hawkish on inflation expectation. More stable gold prices should have favoured jewellery demand in Q4 but it showed a 28% decline from same quarter of 2021, the weakest quarter since 2003 due to COVID-related disruptions.

Revenue from sales of gold and jewellery products of the Group of 2022 fell from HK\$23,503,000 of 2021 to HK\$11,181,000 due to weaker market demand of luxury products. On the other hand, income from IT Products and Services contracted further to HK\$16,163,000 as the Group continued to scale down professional services businesses which demanded disproportionated investment in human resources.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2022, the Group remained in a strong financial position with cash and bank balances of HK\$23,438,000 (2021: HK\$19,562,000).

As at 31 December 2022, the Group's issued shares were 1,947,690,000 shares (2021: 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 (2021: zero).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2022, the Group had invested RMB5 million in a newly established subsidiary which engaged in design, production and sales of smart rehabilitation products in Mainland China.

Except for the above, the Group did not have any significant investment and material acquisition and disposal of subsidiaries during the year ended 31 December 2022 (2021: Nil).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

As at 31 December 2022, the Group had capital commitments amounting to HK\$396,000 (2021: Nil).

PLEDGE OF ASSETS

The Group did not have any mortgage or charge over its assets as at 31 December 2022 and 2021.

SEGMENTAL PERFORMANCE

For the year ended 31 December 2022, the revenue from the Jewellery Products segment and the IT Products and Services segment amounted to HK\$11,181,000 (2021: HK\$23,503,000) and HK\$16,163,000 (2021: HK\$17,858,000) and others HK\$1,441,000 (2021: Nil) 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 2022, the number of employees of the Group was 55 (2021: 41). 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

Economic growth of Mainland China slowed down to 3.0% in 2022 from 8.1% of 2021 due to disruptions of Covid-19. The epidemic had officially ended in Q1 2023 and would unlikely have any further impacts on the economy.

While the pace of global economic recovery is continually disturbed by rate hike expectations, persisting problems of leading real estate developers and also financial stresses of local government and private sectors will be back under the spotlight. It is believed that boosting domestic investments remains the mission of the government in 2023. The Group's businesses will benefit from merits of fiscal efforts in promoting economic growth and domestic demand.

The Group will maintain a prudent but optimistic view on its business environment of 2023. 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, trendier, and lightweight gold jewellery in modern designs. 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 2022.

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 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing procedures for the annual results for the year ended 31 December 2022 have not been completed due to delays in confirmation receiving from an overseas bank of a major subsidiary which is material for the audit opinion. 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 2022.

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 2022, 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 2023

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/>.