

# 2021

THIRD QUARTERLY REPORT



**Yu Tak International Holdings Limited**  
**御德國際控股有限公司**

(Incorporated in Bermuda with limited liability)  
Stock Code : 8048

## **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 report, 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 the 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 report is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this report misleading.*

## THIRD QUARTERLY RESULTS ENDED 30 SEPTEMBER 2021

The Directors of the Company present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2021 (“Financial Statements”), together with the comparative figures for the corresponding periods in 2020, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	2	<b>4,213</b>	10,035	<b>19,571</b>	31,387
Other income		<b>538</b>	583	<b>1,355</b>	1,251
Change in inventories		<b>(541)</b>	2,847	<b>(2,386)</b>	2,847
Purchase of goods		–	(2,847)	<b>(2,165)</b>	(2,847)
Professional fee		<b>(944)</b>	(5,323)	<b>(6,252)</b>	(16,826)
Employee benefits expenses		<b>(3,627)</b>	(4,796)	<b>(11,113)</b>	(17,940)
Depreciation and amortisation		<b>(321)</b>	(235)	<b>(929)</b>	(1,074)
Write-down of inventories to net realisable value		–	–	<b>(4,165)</b>	–
Impairment loss for goodwill		–	–	<b>(1,973)</b>	–
Others		<b>(1,085)</b>	(3,232)	<b>(3,605)</b>	(7,313)
<b>Loss before income tax</b>	3	<b>(1,767)</b>	(2,968)	<b>(11,662)</b>	(10,515)
Income tax expense	4	–	(39)	–	(52)
<b>Loss for the period</b>		<b>(1,767)</b>	(3,007)	<b>(11,662)</b>	(10,567)

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss for the period</b>		<b>(1,767)</b>	(3,007)	<b>(11,662)</b>	(10,567)
<b>Other comprehensive income/ (expense) for the period, net of tax</b>					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Financial assets at fair value through other comprehensive income ("FVOCI") (non-recycling) reversed upon disposal of unlisted equity investment		-	-	<b>(227)</b>	-
Exchange gain on translation of financial statements of foreign operations		<b>1,397</b>	107	<b>1,397</b>	107
<b>Total comprehensive expense for the period</b>		<b>(370)</b>	(2,900)	<b>(10,492)</b>	(10,460)
<b>Loss for the period attributable to:</b>					
Owners of the Company		<b>(1,767)</b>	(3,024)	<b>(11,662)</b>	(10,601)
Non-controlling interests		-	17	-	34
		<b>(1,767)</b>	(3,007)	<b>(11,662)</b>	(10,567)
<b>Total comprehensive expense attributable to:</b>					
Owners of the Company		<b>(370)</b>	(2,917)	<b>(10,492)</b>	(10,494)
Non-controlling interests		-	17	-	34
		<b>(370)</b>	(2,900)	<b>(10,492)</b>	(10,460)
<b>Loss per share</b>					
- Basic and diluted (in HK cents)	5	<b>(0.09) cents</b>	(0.16) cents	<b>(0.60) cents</b>	(0.54) cents

Notes:

## 1. 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 nine months ended 30 September 2021 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020 except for the changes mentioned below.

### **New and amended HKFRSs that are effective for annual periods beginning on 1 January 2021**

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 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform (Phase 2)
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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.

## 2. REVENUE

Revenue recognized during the period is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of gold and jewellery products	663	–	5,596	–
Enterprise software products	3,550	3,159	10,736	9,771
Professional services	–	6,876	3,239	21,616
<b>Total revenue</b>	<b>4,213</b>	<b>10,035</b>	<b>19,571</b>	<b>31,387</b>

## 3. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Write-down of inventories to net realisable value	–	–	4,165	–
Impairment loss for goodwill	–	–	1,973	–
Depreciation of property, plant and equipment	230	235	657	1,074

#### 4. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in the condensed consolidated 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.

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Overseas				
Tax for the period	–	(39)	–	(52)
<b>Total income tax expense</b>	<b>–</b>	<b>(39)</b>	<b>–</b>	<b>(52)</b>

#### 5. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the nine months ended 30 September 2021 is based on the loss attributable to owners of the Company of HK\$11,662,000 (2020: loss of HK\$10,601,000) and the weighted average number of ordinary shares of 1,947,690,000 (2020: 1,947,690,000) in issue during the period.

Diluted loss per share for the nine months ended 30 September 2021 and 2020 is the same as the basic loss per share as there is no potential dilutive ordinary share in existence during the period.

## RESERVES

Movements in reserves (unaudited) for the period ended 30 September 2021 and 2020 were as follows:-

	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Fair value reserve (non- recycling) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>At 1 January 2021</b>	<b>218,532</b>	<b>(3,671)</b>	<b>(262)</b>	<b>23,102</b>	<b>(315,023)</b>	<b>(77,322)</b>
<b>Loss for the period</b>	-	-	-	-	<b>(11,662)</b>	<b>(11,662)</b>
<b>Other comprehensive income/ (expense)</b>						
Financial assets at fair value through other comprehensive income ("FVOCI") (non-recycling) reversed upon disposal of unlisted equity investment	-	-	-	<b>(227)</b>	-	<b>(227)</b>
Exchange gain on translation of financial statements of foreign operations	-	<b>1,397</b>	-	-	-	<b>1,397</b>
<b>Total comprehensive income/ (expense) for the period</b>	-	<b>1,397</b>	-	<b>(227)</b>	<b>(11,662)</b>	<b>(10,492)</b>
<b>At 30 September 2021</b>	<b>218,532</b>	<b>(2,274)</b>	<b>(262)</b>	<b>22,875</b>	<b>(326,685)</b>	<b>87,814</b>
At 1 January 2020	218,532	(7,054)	(262)	18,593	(306,306)	(76,497)
Loss for the period	-	-	-	-	(10,601)	(10,601)
Other comprehensive income						
Exchange gain on translation of financial statements of foreign operations	-	107	-	-	-	107
Total comprehensive income/ (loss) for the period	-	107	-	-	(10,601)	(10,494)
At 30 September 2020	218,532	(6,947)	(262)	18,593	(316,907)	(86,991)



## **INTERIM DIVIDEND**

The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

## **Business Review**

The Group's loss attributable to owners of the Company for the nine months ended 30 September 2021 was HK\$11,662,000 (2020: loss of HK\$10,601,000). The loss was mainly due to the written down in value of HK\$4,165,000 for a lot of obsoleted gold and jewellery stock items and the impairment loss for goodwill of HK\$1,973,000 arising from the buyout of non-controlling interest in a subsidiary recognised respectively in the first half year.

During the nine months ended 30 September 2021, the Group recorded a turnover of HK\$19,571,000 representing a decrease of 38% compared with a turnover of HK\$31,387,000 in the same period of last year.

Revenue from sales of gold and jewellery products amounted to HK\$5,596,000 (2020: Nil). Income from sales of enterprise software products was HK\$10,736,000, increased by approximately 10% (2020: HK\$9,771,000). Professional service business income diminished by approximately 85% to HK\$3,239,000 (2020: HK\$21,616,000) as a result of the strategy to scale down businesses which demanded disproportionate investment in human resources.

## Future prospects

Gold price per ounce started at USD1,943 but retracted to US\$1,728 at the end of the third quarter that a decline of 11% was recorded amid climbing US Treasury Bond Yield from beginning of 2021.

According to the National Bureau of Statistics, China's GDP for the third quarter slowed to 4.9% and the growth for the first three quarters of 2021 was tuned down to 9.8%. Household disposable income remained supported by economic growth although there were signs of slowdown in the second half of the year. Retail sales of gold jewellery were above their pre-pandemic average. In terms of market segments, growth in lower-tier cities continued and yellow gold products continued conquering demand.

The Group remained prudently optimistic of the gold jewellery market of China. Although cases of COVID-19 and its variants were found on and off in different cities, the management believed that businesses would keep improving when consumers got used to the new normal. It might be more prominent towards the year end.

For the IT Products and Services segment, the Group would keep looking for business opportunities which had 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 30 September 2021, 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		
Mr. CHONG Yu Ping	36,726,000	-	-	36,726,000	1.88%
Ms. LI Xia	-	-	804,157,697 <i>(Note 1)</i>	804,157,697	41.29%
Mr. CHEN Yin	-	-	149,455,740 <i>(Note 2)</i>	149,455,740	7.67%

*Notes:*

- (1) These shares were held by Sino Eminent Limited. Sino Eminent Limited, a company incorporated in the British Virgin Islands, is owned as to 100% by Ocean Expert Investments Limited which is a limited company incorporated in the British Virgin Islands wholly owned by Ms. Li Xia. Accordingly, Ms. Li Xia is deemed to be interested in 804,157,697 shares held by Sino Eminent Limited by virtue of Sino Eminent Limited being controlled by Ms. Li Xia through her shareholding in Ocean Expert Investments Limited.
  
- (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 30 September 2021.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, 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:

<b>Name of party</b>	<i>Notes</i>	<b>Capacity in which interests are held</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Sino Eminent Limited	<i>Note 1</i>	Beneficial owner	804,157,697	41.29%
Ocean Expert Investments Limited	<i>Note 1</i>	Interest in a controlled corporation	804,157,697	41.29%
Ms. LI Xia	<i>Note 1</i>	Interest in a controlled corporation	804,157,697	41.29%
Flourish Zone Limited	<i>Note 2</i>	Beneficial owner	149,455,740	7.67%
Mr. CHEN Yin	<i>Note 2</i>	Interest in a controlled corporation	149,455,740	7.67%
CK Hutchison Holdings Limited	<i>Note 3</i>	Interest in controlled corporations	143,233,151	7.35%

*Notes:*

- (1) Sino Eminent Limited, a company incorporated in the British Virgin Islands, is owned as to 100% by Ocean Expert Investments Limited which is a limited company incorporated in the British Virgin Islands wholly owned by Ms. Li Xia. Accordingly, Ms. Li Xia is deemed to be interested in 804,157,697 shares held by Sino Eminent Limited by virtue of Sino Eminent Limited being controlled by Ms. Li Xia through her shareholding in Ocean Expert Investments Limited.
- (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 30 September 2021.

## **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 30 September 2021.

## **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 Xi Xia 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 30 September 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.

## **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 30 September 2021.

## **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**  
**CHONG Yu Ping**  
*Chairman*

Hong Kong, 12 November 2021

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

Mr. CHONG Yu Ping (*Executive Director*)  
Ms. LI Xia (*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*)