



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

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

2022

THIRD QUARTERLY REPORT

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

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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 2022

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 2022 (“Financial Statements”), together with the comparative figures for the corresponding periods in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	3	3,394	4,213	11,712	19,571
Other income		619	538	958	1,355
Change in inventories		(147)	(541)	(147)	(2,386)
Purchase of goods		-	-	-	(2,165)
Professional fee		(1,331)	(944)	(4,865)	(6,252)
Employee benefits expenses		(2,659)	(3,627)	(8,976)	(11,113)
Depreciation and amortisation		(300)	(321)	(971)	(929)
Write-down of inventories to net realisable value		-	-	-	(4,165)
Impairment loss for goodwill		-	-	-	(1,973)
Others		(1,047)	(1,085)	(4,270)	(3,605)
Loss before income tax	4	(1,471)	(1,767)	(6,559)	(11,662)
Income tax expense	5	(8)	-	(59)	-
Loss for the period		(1,479)	(1,767)	(6,618)	(11,662)

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Loss for the period		(1,479)	(1,767)	(6,618)	(11,662)
Other comprehensive income/ (expense) for the period, net of tax					
<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		-	-	-	(227)
Exchange gain on translation of financial statements of foreign operations		-	1,397	-	1,397
Total comprehensive expense for the period		(1,479)	(370)	(6,618)	(10,492)
Loss for the period attributable to:					
Owners of the Company		(1,479)	(1,767)	(6,618)	(11,662)
Non-controlling interests		-	-	-	-
		(1,479)	(1,767)	(6,618)	(11,662)
Total comprehensive expense attributable to:					
Owners of the Company		(1,479)	(370)	(6,618)	(10,492)
Non-controlling interests		-	-	-	-
		(1,479)	(370)	(6,618)	(10,492)
Loss per share					
- Basic and diluted (in HK cents)	5	(0.07) cents	(0.02) cents	(0.34) cents	(0.60) cents

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

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

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 recognized during the period is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of gold and jewellery products	–	663	209	5,596
Enterprise software products	2,392	3,550	8,609	10,736
Professional services	1,002	–	2,894	3,239
Total revenue	3,394	4,213	11,712	19,571

4. 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	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Write-down of inventories to net realisable value	–	–	–	4,165
Impairment loss for goodwill	–	–	–	1,973
Depreciation of property, plant and equipment	182	230	590	657

5. 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	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax				
– Overseas				
Tax for the period	(8)	–	(59)	–
Total income tax expense	(8)	–	(59)	–

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the nine months ended 30 September 2022 is based on the loss attributable to owners of the Company of HK\$6,618,000 (2021: loss of HK\$11,662,000) 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 nine months ended 30 September 2022 and 2021 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 2022 and 2021 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
At 1 January 2022	218,532	(2,864)	(2,235)	24,223	(323,906)	(86,250)
Loss for the period	-	-	-	-	(6,618)	(6,618)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	(6,618)	(6,618)
At 30 September 2022	218,532	(2,864)	(2,235)	24,223	(330,524)	(92,868)
At 1 January 2021	218,532	(3,671)	(262)	23,102	(315,023)	(77,322)
Loss for the period	-	-	-	-	(11,662)	(11,662)
Other comprehensive income/ (expense)						
Financial assets at fair value through other comprehensive income ("FVOCI") (non-recycling) reversed upon disposal of unlisted equity investment	-	-	-	(227)	-	(227)
Exchange gain on translation of financial statements of foreign operations	-	1,397	-	-	-	1,397
Total comprehensive income/ (expense) for the period	-	1,397	-	(227)	(11,662)	(10,492)
At 30 September 2021	218,532	(2,274)	(262)	22,875	(326,685)	(87,814)

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: nil).

Business Review

The Group's loss attributable to owners of the Company for the nine months ended 30 September 2022 was HK\$6,618,000 (2021: loss of HK\$11,662,000).

During the nine months ended 30 September 2022, the Group recorded a turnover of HK\$11,712,000 representing a decrease of 40% compared with a turnover of HK\$19,571,000 in the same period of last year.

Revenue from sales of gold and jewellery products amounted to HK\$209,000 (2021: 5,596,000). Income from sales of enterprise software products was HK\$8,609,000, dropped by approximately 20% (2021: HK\$10,736,000). Professional service business income decreased by approximately 11% to HK\$2,894,000 (2021: HK\$3,239,000).

Future prospects

Gold price started in 2022 at US\$1,806/oz and surged by 7% to US\$1,937/oz at the end of Q1 but fell to US\$1,805/oz at the end of Q2 and further to US\$1,664/oz at the end of Q3. Intensified geopolitical conflicts failed to support gold prices against US dollars amid aggressive rate raise of Federal Reserve against inflation.

According to latest data released by the Ministry of Commerce, economy of Mainland China grew by 3.9% in Q3 2022, improved from 0.4% of the second quarter. Retail sales rose by 2.5% year-on-year in September 2022, slowed from a 5.4% growth of the proceeding month due to impacts of the strict COVID controls in several big cities. Weak consumer demand, slowing exports and the zero-COVID strategy remained dampening the economy and recovery of retails would be suppressed continually.

Moving on to Q4, the Management will expect some recovery of the Group's Jewellery Business due to traditional sales season of the industry while it is generally believed that business environment remains challenging.

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

At 30 September 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 <i>(Note 1)</i>	804,159,697	41.29%
Mr. CHEN Yin	–	–	149,455,740 <i>(Note 2)</i>	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 30 September 2022.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 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	<i>Note 1</i>	Beneficial owner	804,159,697	41.29%
Ms. LI Xia	<i>Note 1</i>	Interest in a controlled corporation	804,159,697	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) 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 30 September 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 30 September 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 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 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 30 September 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 six 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, 14 November 2022

As at the date of this report, 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*)