



Yu Tak International Holdings Limited

御德國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 8048

2023

FIRST QUARTERLY REPORT

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 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, and there are no other matters the omission of which would make any statement herein or this report misleading.

FIRST QUARTERLY RESULTS ENDED 31 MARCH 2023

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 2023, together with the comparative figures for the corresponding period in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2023

		(Unaudited)	
		Three months ended	
		31 March	
		2023	2022
	Note	HK\$'000	HK\$'000
Revenue	3	2,466	3,419
Other income		221	–
Change in inventories		2,765	–
Purchase of goods		(2,855)	–
Professional fees		(1,010)	(1,056)
Employee benefits expenses		(2,883)	(3,362)
Depreciation and amortization		(240)	(340)
Other expenses		(2,238)	(971)
Loss before income tax		(3,774)	(2,310)
Income tax expense	5	–	–
Loss for the period		(3,774)	(2,310)
Other comprehensive income/(expense) for the period, net of tax		–	–
Total Comprehensive Loss for the period		(3,774)	(2,310)

(Unaudited)
Three months ended
31 March

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Loss for the period attributable to:			
Owners of the Company		(3,223)	(2,310)
Non-controlling interests		(551)	–
		<u>(3,774)</u>	<u>(2,310)</u>
 Total Comprehensive Loss			
attributable to:			
Owners of the Company		(3,223)	(2,310)
Non-controlling interests		(551)	–
		<u>(3,774)</u>	<u>(2,310)</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>HK(0.17) cents</u>	<u>HK(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 2023 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022 except for the changes mentioned below.

New and amended HKFRSs that are effective for annual periods beginning on 1 January 2023

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 period beginning on 1 January 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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	
	2023	2022
	HK\$'000	HK\$'000
Sales of gold and jewellery products	–	–
Enterprise software products	2,096	2,540
Professional services	130	879
Others	240	–
Total revenue	2,466	3,419

4. FINANCE COSTS

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
Interest charges on:		
Loan wholly repayable within five years	–	–
	–	–

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	
	2023	2022
	HK\$'000	HK\$'000
Current tax		
– Overseas Tax for the period	–	–
Total income tax expense	–	–

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the three months ended 31 March 2023 is based on the loss attributable to owners of the Company of HK\$3,223,000 (2022: loss of HK\$2,310,000) and the weighted average number of ordinary shares of 1,947,690,000 (2022: 1,947,690,000) in issue during the period.

Diluted loss per share for the three months ended 31 March 2023 and 2022 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 2023 and 2022 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 2023	218,532	(5,777)	(2,235)	24,878	(330,821)	(95,423)
Loss for the period	-	-	-	-	(3,223)	(3,223)
Other comprehensive income/(expense)	-	-	-	-	-	-
Total Comprehensive Loss for the period	-	-	-	-	(3,223)	(3,223)
Balance at 31 March 2023	218,532	(5,777)	(2,235)	24,878	(334,044)	(98,646)
Balance at 1 January 2022	218,532	(2,864)	(2,235)	24,223	(323,906)	(86,250)
Loss for the period	-	-	-	-	(2,310)	(2,310)
Other comprehensive income/(expense)	-	-	-	-	-	-
Total Comprehensive Loss for the period	-	-	-	-	(2,310)	(2,310)
Balance at 31 March 2022	218,532	(2,864)	(2,235)	24,223	(326,216)	(88,560)

INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2023 (2022: Nil).

FINANCIAL PERFORMANCE

The Group's loss attributable to owners of the Company for the three months ended 31 March 2023 amounted to HK\$3,223,000 (2022: HK\$2,310,000).

During the period ended 31 March 2023, the Group reported total revenue of HK\$2,466,000, representing a decrease of 28% compared with HK\$3,419,000 for the same period of 2022.

There was no revenue from sales of gold and jewellery products (2022: Nil). Income from IT Products and Services amounted to HK\$2,226,000 (2022: HK\$3,419,000) where sales of enterprise software products decreased by 17% to HK\$2,096,000 (2022: HK\$2,540,000) and professional services business decreased by 85% to HK\$130,000 (2022: HK\$879,000). Other revenue amounted to HK\$240,000 representing sales of smart rehabilitation products (2022: Nil).

OPERATION REVIEW

International gold price started in 2023 at US\$1,824/oz and surged by 8% to US\$1,978/oz at the end of Q1 2023. Failure of several sizable banks in United States and Switzerland sparked worries for the stability of the banking industry that corresponding risk aversion transactions pushed up gold prices.

According to the Ministry of Commerce, economy of Mainland China grew by 4.5% in Q1 2023. Among various sectors which had solid performance during the quarter, retail sales of consumer goods showed a growth of 5.8% where retail of gold, silver and jewellery grew 13.6%.

The Group's sales of gold and jewellery products did not report any sales in Q1 2023 while sales corresponding to businesses of the retailers during Chinese New Year period had been reflected in sales of the Group as a whole seller in Q4 2022. On the other hand, income from IT Products and Services reduced to HK\$2,226,000 comparing with HK\$3,419,000 of same period of 2022 conformed with the Group's strategy to scale down the costly professional services businesses.

FUTURE PROSPECTS

In the first quarter of 2023, economic of Mainland China grew 4.5% that it had beaten the market expectation of 4.0% and was the greatest growth since the first quarter of 2022. In general, the economists were optimistic of the economic recovery of Mainland China in the year.

The key economic indicators have demonstrated a solid start in 2023. The rebound, however, appears uneven while unemployment remains high and consumer spending still has room to grow. It is believed that boosting domestic investments and consumer demand will continue as the main mission of the government for the rest of the year.

The Group maintains a prudent but optimistic view on its business environment. It is expected that businesses of the Group will be benefited by the policies of Mainland China stimulating consumption. 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.

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

At 31 March 2023, 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 pursuant to Rule 5.46 of 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 2023.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2023, 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 Holdings Limited 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 2023.

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 2023.

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 three months ended 31 March 2023 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 three months ended 31 March 2023.

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 three 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, 15 May 2023

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*)