



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

THIRD 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.

THIRD QUARTERLY RESULTS ENDED 30 SEPTEMBER 2023

The Directors 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 2023 (“Financial Statements”), together with the comparative figures for the corresponding periods in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	3,454	3,394	9,919	11,712
Other income		601	619	1,199	958
Change in inventories		-	(147)	2,324	(147)
Purchase of goods		(488)	-	(3,438)	-
Professional fee		(866)	(1,331)	(2,598)	(4,865)
Employee benefits expenses		(3,115)	(2,659)	(9,523)	(8,976)
Depreciation and amortisation		(337)	(300)	(946)	(971)
Others		(2,345)	(1,047)	(6,654)	(4,270)
Loss before income tax	4	(3,096)	(1,471)	(9,717)	(6,559)
Income tax expense	5	-	(8)	-	(59)
Loss for the period		(3,096)	(1,479)	(9,717)	(6,618)

	Notes	(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period		(3,096)	(1,479)	(9,717)	(6,618)
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive expense for the period		<u>(3,096)</u>	<u>(1,479)</u>	<u>(9,717)</u>	<u>(6,618)</u>
Loss for the period attributable to:					
Owners of the Company		(2,650)	(1,479)	(8,341)	(6,618)
Non-controlling interests		(446)	-	(1,376)	-
		<u>(3,096)</u>	<u>(1,479)</u>	<u>(9,717)</u>	<u>(6,618)</u>
Total comprehensive expense attributable to:					
Owners of the Company		(2,650)	(1,479)	(8,341)	(6,618)
Non-controlling interests		(446)	-	(1,376)	-
		<u>(3,096)</u>	<u>(1,479)</u>	<u>(9,717)</u>	<u>(6,618)</u>
Loss per share					
- Basic and diluted (in HK cents)	5	<u>(0.14) cents</u>	<u>(0.07) cents</u>	<u>(0.43) cents</u>	<u>(0.34) cents</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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 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 recognised during the period is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of gold and jewellery products	–	–	–	209
Enterprise software products	1,601	2,392	5,914	8,609
Professional services	945	1,002	2,009	2,894
Others	908	–	1,996	–
Total revenue	3,454	3,394	9,919	11,712

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	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	196	182	646	590

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	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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 2023 is based on the loss attributable to owners of the Company of HK\$8,341,000 (2022: loss of HK\$6,618,000) 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 nine months ended 30 September 2023 and 2022 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 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	-	-	-	-	(8,341)	(8,341)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	(8,341)	(8,341)
At 30 September 2023	218,532	(5,777)	(2,235)	24,878	(339,162)	(103,764)
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)

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2023 (nine months ended 30 September 2022: nil).

Business Review

The Group's loss attributable to owners of the Company for the nine months ended 30 September 2023 was HK\$8,341,000 (2022: loss of HK\$6,618,000).

During the nine months ended 30 September 2023, the Group recorded a turnover of HK\$9,919,000, representing a decrease of 15% compared with a turnover of HK\$11,712,000 in the same period of last year.

There was no revenue from sales of gold and jewellery products recorded (2022: HK\$209,000). Income from sales of enterprise software products amounted to HK\$5,914,000, (2022: HK\$8,609,000) dropped by approximately 31%. Professional service business income also decreased by approximately 31% to HK\$2,009,000 (2022: HK\$2,894,000).

Future Prospects

Economy of Mainland China for the third quarter of 2023 grew by 4.9%. Overall GDP growth for the nine months of the year kept uplifting at 5.2% and merchandise sales reached RMB30.5 trillion, a growth of 5.5% year-on-year. It seemed that consumer sentiment was largely recovered despite the macroeconomic pressures, including a sluggish stock market, the falls of property developers and unemployment issues.

The Group maintains an optimistic view on its business environment for the remaining months of 2023. For the sales of Jewellery Products segment, sales are expected in the last quarter of 2023, which remains the best season for the whole sellers. Heritage gold jewellery products will continue to dominate the market among higher-end consumers. For the IT Products and Services segment, the Group will keep looking for opportunities which have synergies with its core business. Other businesses are still at their startup stages, and more information will be delivered in the coming reports.

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

At 30 September 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 <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 2023.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 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%
Mr. Lau Cheung Hung		Beneficial owner	162,752,000	8.35%
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 30 September 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 30 September 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. Poon Hon Yin, Ms. Zhao Xiaxia and Ms. Na Xin, all of whom are independent non-executive Directors. Mr. Poon Hon Yin 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 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. Poon Hon Yin and Ms. Na Xin, both are independent non-executive Directors, and Ms. Li Xia who is an executive Director. Mr. Poon Hon Yin 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 follow the requirements of Code Provisions A.5.2 of the GEM Listing Rules.

The nomination committee currently comprises Mr. Poon Hon Yin and Ms. Na Xin, both are independent non-executive Directors, and Ms. Li Xia who is an executive Director. Mr. Poon Hon Yin 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 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 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, 14 November 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. POON Hon Yin (*Independent Non-executive Director*)

Ms. ZHAO Xiaxia (*Independent Non-executive Director*)

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