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YAN TAT GROUP HOLDINGS LIMITED

恩達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1480)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the “**Board**”) of directors (the “**Directors**”) of Yan Tat Group Holdings Limited (the “**Company**”) presents the consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2015 together with the comparative figures for the last year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*Year ended 31 December 2015*

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	4	638,930	663,566
Cost of sales		<u>(494,810)</u>	<u>(523,127)</u>
Gross profit		144,120	140,439
Other income and gains	4	7,972	31,231
Selling and distribution expenses		(25,329)	(24,878)
General and administrative expenses		(72,467)	(68,055)
Other expenses		(612)	(22,037)
Finance costs	6	<u>(3,960)</u>	<u>(5,843)</u>
Profit before tax	5	49,724	50,857
Income tax expense	7	<u>(7,311)</u>	<u>(6,649)</u>
Profit for the year		<u>42,413</u>	<u>44,208</u>
Attributable to:			
Owners of the Company		42,413	44,209
Non-controlling interest		<u>–</u>	<u>(1)</u>
		<u>42,413</u>	<u>44,208</u>
Earnings per share attributable to ordinary equity holders of the Company	9		
Basic and diluted		<u>HK17.7 cents</u>	<u>HK24.0 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 December 2015*

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>42,413</u>	<u>44,208</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Change in fair value of an available-for-sale investment	426	207
Exchange differences on translation of foreign operations	(20,714)	(10,741)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	<u>–</u>	<u>(8,363)</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(20,288)	(18,897)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	647	–
Income tax effect	<u>(162)</u>	<u>–</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>485</u>	<u>–</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(19,803)</u>	<u>(18,897)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>22,610</u>	<u>25,311</u>
Attributable to:		
Owners of the Company	22,610	25,312
Non-controlling interest	<u>–</u>	<u>(1)</u>
	<u>22,610</u>	<u>25,311</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		410,165	300,515
Investment property		5,966	–
Prepaid land lease payments		5,562	6,086
Deposits for purchases of items of property, plant and equipment		28,283	8,542
Deposits		7,809	–
Deferred tax assets		7,651	8,171
Available-for-sale investment		1,697	1,350
Loan to an investee		2,148	2,248
		<hr/>	<hr/>
Total non-current assets		469,281	326,912
CURRENT ASSETS			
Inventories		44,952	51,758
Trade and bills receivables	<i>10</i>	208,798	201,523
Prepayments, deposits and other receivables		16,175	16,604
Tax recoverable		760	–
Pledged deposits and restricted cash		23,322	21,880
Cash and bank balances		100,293	154,137
		<hr/>	<hr/>
Total current assets		394,300	445,902
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	113,611	128,827
Other payables and accruals		93,634	51,314
Interest-bearing bank borrowings		163,277	100,174
Finance lease payables		5,470	2,349
Due to a related company		–	55
Tax payable		12,390	12,498
		<hr/>	<hr/>
Total current liabilities		388,382	295,217
NET CURRENT ASSETS			
		5,918	150,685
TOTAL ASSETS LESS CURRENT LIABILITIES			
		475,199	477,597

<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	25,655	54,435
Finance lease payables	11,899	1,160
Deferred tax liabilities	342	56
Other payable	2,624	–
Deferred income	5,895	3,772
	<hr/>	<hr/>
Total non-current liabilities	46,415	59,423
	<hr/>	<hr/>
Net assets	428,784	418,174
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	2,400	2,400
Reserves	426,384	415,774
	<hr/>	<hr/>
Total equity	428,784	418,174
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 8 July 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands. The address of the registered office of the Company is Clifton House, P.O. Box 1350, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Room 809–810, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

During the year, the Group was principally engaged in the manufacture and sale of printed circuit boards.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 December 2014 (the "Listing Date"). In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Million Pearl Holdings Ltd. which was incorporated in the British Virgin Islands.

2.1 REORGANISATION AND BASIS OF PRESENTATION

Pursuant to the Group's reorganisation as explained in the paragraph headed "Reorganisation" (the "Reorganisation") in the section headed "History, Corporate Structure and Reorganisation" in the prospectus of the Company dated 26 November 2014 (the "Prospectus"), the Company became the holding company of the Group on 11 August 2014. The Company and the Group were under the common control of Mr. Chan Wing Yin and Mrs. Chan Yung before and after the Reorganisation. Accordingly, the consolidated financial statements of the Company are prepared as if the Reorganisation had been completed at the beginning of 1 January 2014 rather than from the date of incorporation of the Company by applying the principles of merger accounting.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for an available-for-sale investment and an investment property which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*

Annual Improvements to HKFRSs 2010–2012 Cycle

Annual Improvements to HKFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.
- (b) The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
 - HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
 - HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.
 - HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.
- (c) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
 - HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the addition of an investment property during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore not applicable to the Group

⁴ No mandatory effective date is determined but is available for early adoption.

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group’s results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

The Group focuses primarily on the manufacturing and selling of printed circuit boards during the year. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The Company was incorporated in the Cayman Islands with its operations being carried out in the PRC, which is considered as the country of domicile by management.

(a) Revenue from external customers

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Mainland China	292,191	334,866
Europe	160,778	142,385
Hong Kong	43,302	53,711
North America	69,002	65,366
Asia (except Mainland China and Hong Kong)	50,965	48,532
Africa	21,590	17,460
Oceania	1,102	1,246
	638,930	663,566

The revenue information above is based on the locations of the customers who placed the orders.

(b) Non-current assets

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	3,810	1,526
Mainland China	456,123	315,865
	459,933	317,391

The non-current asset information above is based on the locations of the assets and excludes an available-for-sale investment and deferred tax assets.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue is set out below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A	176,158	160,283
Customer B	80,195	94,260
	<hr/>	<hr/>
Sale of goods	256,353	254,543
	<hr/> <hr/>	<hr/> <hr/>

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Sale of goods	638,930	663,566
	<hr/> <hr/>	<hr/> <hr/>
Other income		
Bank interest income	397	306
Rental income	222	–
Government grants received from the PRC government authorities [^]	4,414	916
Others	379	511
	<hr/>	<hr/>
	5,412	1,733
	<hr/> <hr/>	<hr/> <hr/>
Gains		
Gain on disposal of items of property, plant and equipment	78	18,623
Sales of scraps	591	694
Write-back of trade and other payables	–	569
Fair value gain on an investment property	631	–
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	–	8,363
Foreign exchange differences, net	1,260	1,249
	<hr/>	<hr/>
	2,560	29,498
	<hr/>	<hr/>
	7,972	31,231
	<hr/> <hr/>	<hr/> <hr/>

[^] Government grants have been received from the PRC government authorities in recognition of the Group's efforts in environmental awareness and protection, technology development and investing in Shenzhen.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories sold [^]	494,810	523,127
Minimum lease payments under operating leases	1,673	1,605
Auditors' remuneration	1,979	1,417
Depreciation	18,051	16,754
Amortisation of land lease payments	263	265
Employee benefit expense [@] (including directors' remuneration):		
Wages, salaries, allowances, bonuses, commission and benefits in kind	96,429	88,582
Pension scheme contributions (defined contribution schemes) [#]	200	205
Other staff welfare	4,299	5,737
	<u>100,928</u>	<u>94,524</u>
Research and development costs ^{##}	11,643	10,925
Write-off of items of property, plant and equipment	438	–
Write-off of a deposit paid for purchase of an item of property, plant and equipment	–	1,913
Write-down of inventories to net realisable value [^]	1,331	226
Write-back of trade and other payables	–	(569)
Fair value gain on an investment property	(631)	–
Reversal of impairment of trade receivables	(2,882)	(1,484)
Gain on disposal of items of property, plant and equipment [*]	(78)	(18,623)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary [*]	–	(8,363)
Foreign exchange differences, net [*]	<u>(1,260)</u>	<u>(1,249)</u>

* Gains are included in "Other income and gains" and the losses are included in "General and administrative expenses", as appropriate, in the consolidated statement of profit or loss.

@ Part of the employee benefit expense is included in "Cost of inventories sold".

At 31 December 2015 and 2014, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years.

^ Write-down of inventories is included in "Cost of inventories sold".

Research and development costs are included in "General and administrative expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interests on:		
Bank loans and trust receipt loans	6,417	6,729
Finance leases	68	338
Discounted bills	–	29
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	6,485	7,096
Less: Interest capitalised*	(2,525)	(3,564)
	<hr/>	<hr/>
	3,960	3,532
Other finance cost:		
Imputed interest on non-interest-bearing financial arrangement	–	2,311
	<hr/>	<hr/>
	<u>3,960</u>	<u>5,843</u>

* The borrowing costs had been capitalised at the rates of 6.54% to 7.36% (2014: 6.7% to 7.36%) per annum for the year.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

All subsidiaries of the Group established in Mainland China are subject to the PRC corporate income tax at a standard rate of 25% (2014: 25%) during the year, except for a subsidiary of the Group which qualified as a PRC High and New Technology Enterprise in Mainland China and a lower PRC corporate income tax rate of 15% (2014: 15%) had been applied during the year.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	293	1,060
Overprovision in prior years	(27)	(10)
Current — Mainland China		
Charge for the year	5,281	6,382
Underprovision in prior years	1,459	696
Deferred	305	(1,479)
	<hr/>	<hr/>
Total tax charge for the year	<u>7,311</u>	<u>6,649</u>

8. DIVIDEND

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interim — HK5 cents (2014: Nil) per ordinary share	<u>12,000</u>	<u>—</u>

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount for the year ended 31 December 2015 is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$42,413,000 and the weighted average number of ordinary shares in issue of 240,000,000.

The calculation of the basic earnings per share amount for the year ended 31 December 2014 is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$44,209,000 and the weighted average number of ordinary shares in issue of 183,945,205, on the assumption that the Reorganisation and the capitalisation issue had been completed on 1 January 2014.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

10. TRADE AND BILLS RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	187,529	196,204
Impairment	<u>(3,074)</u>	<u>(6,100)</u>
	184,455	190,104
Bills receivable	<u>24,343</u>	<u>11,419</u>
	<u>208,798</u>	<u>201,523</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The Group maintains a defined credit policy and credit periods are usually granted ranging from one to four months from the month-end of date of invoice to customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one month	93,404	77,431
One to two months	52,867	54,609
Two to three months	39,390	52,629
Over three months	23,137	16,854
	<u>208,798</u>	<u>201,523</u>

11. TRADE AND BILLS PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	103,168	124,185
Bills payable	10,443	4,642
	<u>113,611</u>	<u>128,827</u>

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within three months	92,172	104,013
Three to six months	20,319	23,205
Over six months	1,120	1,609
	<u>113,611</u>	<u>128,827</u>

The trade payables are unsecured, non-interest-bearing and are normally settled within three months from the month-end of the date of invoice.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

According to International Monetary Fund, the estimated growth of global economy is approximately 3.1%. It is anticipated that the growth rates of 2016 and 2017 will be slightly higher than that of 2015, but will remain below 4%. The printed circuit board (“PCB”) is a basic component necessary for electronic products, known as the “mother of the electronic industry”. According to the analysis conducted by an independent third party, China Research and Intelligence Co., Ltd, the global PCB industry is closely correlated with the global economy. In terms of sales value, the global PCB market size increased from approximately US\$44.7 billion in 2009 to approximately US\$57.4 billion in 2014 as shown from market data, representing a compounded annual growth rate (“CAGR”) of approximately 5.1%. Along with the global economic forecast, it is estimated that the sales value of the global PCB market will increase to approximately US\$77.2 billion in 2018. Through years of development, the PCB industry is relatively mature and will slow down to a stable trend in its future growth.

The global printed circuit market is primarily driven by the demand for 3C products, including communication, computer and consumer electronics products. Regarding communication, the spotlight is on handsets and infrastructure related to applications of 4G communication. As it has been a while since the launch of the products, they will be a less influential driving force to the future of the PCB industry until another breakthrough is achieved in respect of such products.

In addition to the applications of 3C products, wide range of applications on automobiles is another new force to the industry. PCBs are commonly found in engine, chassis, control, safety, information and internal environment system. Recently, electric cars have also been a widely discussed topic, which, along with concepts such as intelligent drive, may spark future opportunities for PCB.

For the PCB market in the PRC, the market size increased from approximately US\$16.8 billion in 2009 to approximately US\$26.1 billion in 2014 as shown from market data, representing a CAGR of approximately 9.2%. It is estimated that the sale value will increase from approximately US\$26.1 billion in 2014 to approximately US\$35.9 billion in 2018, representing a CAGR of approximately 8.3%, which is higher than the growth of the global market.

Industry 4.0 or Made in China 2025 centres on customised mass production and intelligent production which satisfy customers’ specific requirements. It is a ground-breaking development for the PCB industry. It is rather complicated to satisfy customers’ diverse needs and allocate proper resources to achieve efficient production. Enterprises will be encouraged to implement informationalised and automated means of production, leading to improvements on cost and quality.

The global PCB industry is witnessing changes in its development momentum, oversupply and fierce market competitions. The advantage of low labour costs traditionally enjoyed by manufacturers in the PRC is gradually fading. It forces manufacturers in the PRC to make greater strides in informationalisation and automation and adhere to the principle of Made in China 2025 in the future.

Business Review

The Group is an original equipment manufacturer (“OEM”) provider of PCBs and principally engaged in the production of quality PCBs, which meet the industry standards such as IPC Standards, as well as the customers’ requirement.

Prior to 2012 we anticipated that the demand for PCB from the customers would increase and exceed our then existing production capacity. The infrastructure of the new plant was completed in 2014 and an automated production line was subsequently installed in 2015, which significantly boosted our capacity and technology, and enabled us to provide better products to customers.

Meanwhile, upon full operation of new production facilities and equipment, annual depreciation costs will increase significantly in the future, the gross profit margin of the Company may be reduced. However, the management of the Company is confident that the gross profit margin will be restored to a healthy level through economy of scale when orders and capacity gradually increase.

Our continuous diversification of product mix and market coverage allows the Company to swiftly cater for the changes in demand from certain sectors and adjust our production output accordingly, resulting in reduced reliance on a single product and market. In recent years, enormous business opportunities had been generated from automobile electronics and the sector is therefore increasingly important.

We remain focused on the market demand for conventional PCBs with a well-developed capacity to produce multi-layered and special material PCBs, which require advanced technologies and specialised expertise.

The Company has laid down a robust sales network covering Asia, Europe, the Americas and Africa to put both the PRC market and the international market within reach. Our sales team endeavours to capture market opportunities and approach a myriad of existing and potential customers. We have established steady business relationship with our major customers for an average span of over six years. Meanwhile, we have numerous active customers as well.

The Group first started its manufacturing business of PCB since 1989, and has been engaging in the industry for over 26 years. With its experience and network built up throughout the years, the Group is positioned to further develop into the PCB market. Meanwhile, after new plant and new automatic equipment are put into operation, the Group is well-equipped with stronger competitiveness. It is believed that the Group can remain strong in its competitiveness in the coming years as long as its existing hardware and software are in efficient use. In respect of the long-term strategy, the Group will continue to focus on its principal business, namely, the manufacture and sale of PCBs, in a prudent manner. However, the Group will also consider opportunities to maximize shareholders’ benefits from time to time.

Financial Review

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	638,930	663,566
Gross Profit	144,120	140,439
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	71,601	73,413
Net Profit	42,413	44,208

The Group's turnover for the year of 2015 was approximately HK\$638.9 million, representing a decrease of approximately 3.7% compared to the last year, primarily due to a slight decrease in customers' demand in the fourth quarter of 2015.

The Group's gross profit for the year of 2015 was approximately HK\$144.1 million, representing an increase of approximately 2.6% compared to the last year. Gross profit margin increased by approximately 1.4% to 22.6% from 21.2%, primarily due to change in products mix.

The Group's total operating expenses for the year of 2015 were approximately HK\$97.8 million, representing an increase of approximately 5.3% compared to the last year, primarily due to increase in salaries and increase in relevant expenses as required by the Company as a listed company.

The Group's EBITDA amounted to approximately HK\$71.6 million for the year of 2015 as compared to approximately HK\$73.4 million for the last year.

The Group recorded a profit attributable to ordinary equity holders of the Company of approximately HK\$42.4 million for the year of 2015 as compared to approximately HK\$44.2 million for the last year.

Other income and gains

Our other income and gains decreased by approximately HK\$23.2 million or 74.4%, to approximately HK\$8.0 million for the year ended 31 December 2015 from approximately HK\$31.2 million for the year ended 31 December 2014, primarily due to the gain on disposal of Hong Kong offices of the Group at the amount of approximately HK\$18.5 million in November 2014, and the realisation of exchange fluctuation reserve upon deregistration of a subsidiary of approximately HK\$8.4 million in 2014.

Other expenses

Listing expenses for the amount of approximately HK\$19.8 million were incurred during the year ended 31 December 2014. As no such expenses were incurred for the year ended 31 December 2015, other expenses decreased significantly.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately HK\$0.4 million, or 1.6%, to approximately HK\$25.3 million for the year ended 31 December 2015 from approximately HK\$24.9 million for the year ended 31 December 2014. The increase was primarily due to increase in salaries and bonus.

General and administrative expenses

Our general and administrative expenses increased by approximately HK\$4.4 million, or 6.5%, to approximately HK\$72.5 million for the year ended 31 December 2015 from approximately HK\$68.1 million for the year ended 31 December 2014. The increase was mainly because of increase in salaries and new expenses as required by the Company as a listed company.

Finance costs

Our finance costs decreased by approximately HK\$1.8 million, or 31.0%, to approximately HK\$4.0 million for the year ended 31 December 2015 from approximately HK\$5.8 million for the year ended 31 December 2014. The decrease was primarily due to a decrease in imputed interest on non-interest-bearing financial arrangement of approximately HK\$2.3 million.

Profit attributable to ordinary equity holders of the Company

The Group recorded a profit attributable to ordinary equity holders of the Company of approximately HK\$42.4 million for the year ended 31 December 2015 compared to approximately HK\$44.2 million for the year ended 31 December 2014, representing a decrease of approximately 4.1%. The decrease of profit attributable to ordinary equity holders of the Company was mainly due to the net effect of the increase in gross profit of approximately HK\$3.7 million, the increase in general and administrative expenses of approximately HK\$4.4 million mainly due to increase in salaries and new expenses as required by the Company as a listed company, the decrease in other expenses of approximately HK\$21.4 million which was mainly due to no incurrence of listing expenses in 2015, the decrease in other income and gains of approximately HK\$23.2 million which was mainly due to gain on disposal of Hong Kong offices of approximately HK\$18.5 million incurred in 2014, and the realisation of exchange fluctuation reserve upon deregistration of a subsidiary of approximately HK\$8.4 million incurred in 2014 and no such gains in 2015.

Property, plant and equipment

The net carrying amount as at 31 December 2015 was approximately HK\$410.2 million, representing an increase of approximately HK\$109.7 million from that of 2014. This was mainly due to newly purchased equipment for the Group and the internal decoration for the new factory of approximately HK\$107.9 million.

Trade and bills receivables

There was an increase in trade and bills receivables as at 31 December 2015 of approximately HK\$7.3 million as compared to 31 December 2014, which was mainly due to the net effect of the settlement from customers and new trade and bills receivables provided during the year ended 31 December 2015.

Trade and bills payables

There was a decrease in trade and bills payables as at 31 December 2015 of approximately HK\$15.2 million as compared to 31 December 2014, which was mainly due to the timing variance of purchases in the fourth quarter of 2015.

Bank and other borrowings

The Group had bank and other borrowings as at 31 December 2015 in the sum of approximately HK\$206.3 million, which were increased by approximately HK\$48.1 million from the sum of approximately HK\$158.2 million as at 31 December 2014. The main reason for the increase in borrowings was to finance the internal decoration for the new factory and the purchase of new equipment. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

As at 31 December 2015, the Group had current assets of approximately HK\$394.3 million (2014: HK\$445.9 million) which comprised cash and cash equivalents of approximately HK\$121.4 million (2014: HK\$172.3 million). As at 31 December 2015, the Group had non-current liabilities of approximately HK\$46.4 million (2014: HK\$59.4 million), and its current liabilities amounted to approximately HK\$388.4 million (2014: HK\$295.2 million), consisting mainly of payables arising in the normal course of operation and bank borrowings for financing of new production facilities. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.0 as at 31 December 2015 (2014: 1.5).

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 0.5 as at 31 December 2015 (2014: approximately 0.4).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year of 2015. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign exchange exposure

As at 31 December 2015, we had cash and bank balance, trade and bills receivables, trade and bills payables, other payables and other borrowings which are denominated in foreign currencies and consequently we have foreign exchange risk exposure from translation of amount denominated in foreign currencies as at the report date. During the year ended 31 December 2015, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

The shares of the Company were listed on Main Board of the Stock Exchange on 8 December 2014. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises ordinary shares and capital reserves.

Capital commitments

As at 31 December 2015, capital commitments of the Group amounted to approximately HK\$23.9 million (2014: HK\$78.2 million).

Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

The interim dividend paid by the Company to shareholders during the year was HK\$12 million (2014: nil).

Information on employees

As at 31 December 2015, the Group had 1,124 employees (2014: 1,027), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$100.9 million, as compared to approximately HK\$94.5 million for the year ended 31 December 2014. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong, and various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees of our Group pursuant to the PRC rules and regulations and the existing policy requirements of the local PRC Government as well as share options.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 18 November 2014 where options to subscribe for shares may be granted to the Directors and employees of the Group.

Significant investments held

Except for an available-for-sale investment during the year ended 31 December 2015, the Group did not hold any significant investment in equity interest in any other company.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus, currently the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the year ended 31 December 2015, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Charges of assets

As at 31 December 2015, the Group's bank borrowings and bills payable are secured by its assets as below:

- (i) the Group's leasehold land and buildings and construction in progress with an aggregate net carrying values of approximately HK\$242.3 million (2014: HK\$165.5 million).
- (ii) the Group's pieces of leasehold land situated in Mainland China which are classified as prepaid land lease payments with the carrying amount of approximately HK\$5.8 million (2014: HK\$6.3 million).
- (iii) pledged deposits with banks amounting to approximately HK\$21.1 million (2014: HK\$21.9 million).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2015 (2014: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the annual general meeting to be held on Wednesday, 25 May 2016, the register of members will be closed from Friday, 20 May 2016 to Wednesday, 25 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 19 May 2016.

CORPORATE GOVERNANCE PRACTICES

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

From the Listing Date and up to the date of this results announcement, the Company had complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except code provision A.2.1 as more particularly described below.

Pursuant to code provision A.2.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. Chan Wing Yin currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions by Directors during the year ended 31 December 2015.

REVIEW OF FINANCIAL INFORMATION

The audit committee consists of three independent non-executive Directors, namely Mr. Yau Wing Yiu, Mr. Yeung Kam Ho and Mr. Chung Yuk Ming.

The Company's annual results for the year ended 31 December 2015 have been reviewed by the audit committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

The audit committee has met the external auditors of the Company, Messrs, Ernst and Young, and reviewed the Group's results for the year ended 31 December 2015.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.yantat.com. The annual report of the Company for the year ended 31 December 2015 containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

By order of the Board of
Yan Tat Group Holdings Limited
CHAN Wing Yin
Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the Board comprises Mr. CHAN Wing Yin, Mrs. CHAN Yung, Mr. CHAN Yan Kwong and Mr. CHAN Yan Wing as executive Directors; Mr. CHUNG Yuk Ming, Mr. YEUNG Kam Ho and Mr. YAU Wing Yiu as independent non-executive Directors.