

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



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 2014

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 2014 together with the comparative figures for the last year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Revenue	4	663,566	581,557
Cost of sales		<u>(523,127)</u>	<u>(446,418)</u>
Gross profit		140,439	135,139
Other income and gains	4	31,231	7,871
Selling and distribution expenses		(24,878)	(21,850)
Administrative expenses		(68,055)	(73,883)
Other expenses		(22,037)	(888)
Finance costs	6	(5,843)	(3,567)
Profit before tax	5	50,857	42,822
Income tax expenses	7	(6,649)	(3,055)
Profit for the year		44,208	39,767
Attributable to:			
Owners of the Company		44,209	39,769
Non-controlling interest		(1)	(2)
		44,208	39,767
Earnings per share attributable to ordinary equity holders of the Company	9		
Basic and diluted		HK24.0 cents	HK22.1 cents

Details of the dividends are disclosed in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	<u>44,208</u>	<u>39,767</u>
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of an available-for-sale investment	207	21
Exchange differences on translation of foreign operations	(10,741)	11,887
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	<u>(8,363)</u>	<u>–</u>
Other comprehensive income/(loss) for the year	<u>(18,897)</u>	<u>11,908</u>
Total comprehensive income for the year	<u>25,311</u>	<u>51,675</u>
Attributable to:		
Owners of the Company	25,312	51,677
Non-controlling interest	<u>(1)</u>	<u>(2)</u>
	<u>25,311</u>	<u>51,675</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		300,515	282,487
Prepaid land lease payments		6,086	6,509
Deposits for purchases of items of property, plant and equipment		8,542	9,331
Deferred tax assets		8,171	7,064
Available-for-sale investment		1,350	1,173
Loan to an investee		2,248	2,306
		<hr/>	<hr/>
Total non-current assets		326,912	308,870
Current assets			
Inventories		51,758	60,130
Trade and bills receivables	<i>10</i>	201,523	204,520
Prepayments, deposits and other receivables		16,604	22,148
Tax recoverable		–	496
Pledged deposits and restricted cash		21,880	17,957
Cash and bank balances		154,137	45,060
		<hr/>	<hr/>
Total current assets		445,902	350,311
Current liabilities			
Trade and bills payables	<i>11</i>	128,827	118,040
Other payables and accruals	<i>12</i>	51,314	38,525
Interest-bearing bank borrowings		100,174	86,222
Finance lease payables		2,349	3,525
Due to a related company		55	–
Due to a then minority shareholder		–	2,187
Tax payable		12,498	9,535
		<hr/>	<hr/>
Total current liabilities		295,217	258,034
Net current assets		150,685	92,277
		<hr/>	<hr/>
Total assets less current liabilities		477,597	401,147
		<hr/>	<hr/>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current liabilities		
Interest-bearing bank borrowings	54,435	40,023
Finance lease payables	1,160	2,039
Deferred tax liabilities	56	255
Due to shareholders	–	87,137
Deferred income	3,772	3,868
	<u>59,423</u>	<u>133,322</u>
Total non-current liabilities		
	<u>59,423</u>	<u>133,322</u>
Net assets	<u>418,174</u>	<u>267,825</u>
Equity		
Equity attributable to owners of the Company		
Issued capital	2,400	–
Reserves	415,774	267,399
	<u>418,174</u>	<u>267,399</u>
Non-controlling interest	–	426
	<u>–</u>	<u>426</u>
Total equity	<u>418,174</u>	<u>267,825</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2014

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 registered office address of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350, 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 Limited which is incorporated in the British Virgin Islands.

2.1 GROUP 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 (collectively, the "Controlling Shareholders") 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 2013 rather than from the date of incorporation of the Company by applying the principles of merger accounting.

2.2 BASIS OF PREPARATION

The 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 ("HKICPA"), and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The financial statements have been prepared under the historical cost convention, except for an available-for-sale investment which has been measured at fair value. The 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 and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies
Amendment to HKFRS 2 included in Annual Improvements 2010–2012 Cycle	Definition of Vesting Condition ¹
Amendment to HKFRS 3 included in Annual Improvements 2010–2012 Cycle	Accounting for Contingent Consideration in a Business Combination ¹
Amendment to HKFRS 13 included in Annual Improvements 2010–2012 Cycle	Short-term Receivables and Payables
Amendment to HKFRS 1 included in Annual Improvements 2011–2013 Cycle	Meaning of Effective HKFRSs

¹ Effective from 1 July 2014

Other than explained below regarding the impact of amendments to HKAS 32, HKAS 36, and amendment to HKFRS 13 included in Annual Improvements 2010–2012 Cycle, the adoption of the above revised standards and interpretation has had no significant financial effect on the financial statements.

- (a) The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set-off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (b) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.
- (c) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.4 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET EFFECTIVE AND NOT YET ADOPTED

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

Amendments to HKAS 1 HKFRS 9 Amendments to HKFRS 10 and HKAS 28 (2011)	Disclosure Initiatives ² Financial Instruments ⁴ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendments to HKFRS 11	Investment Entities: Applying the Consolidation Exception ² Accounting for Acquisitions of Interests in Joint Operations ²
HKFRS 14 HKFRS 15 Amendments to HKAS 16 and HKAS 38	Regulatory Deferral Accounts ⁵ Revenue from Contracts with Customers ³ Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41 Amendments to HKAS 19 Amendments to HKAS 27 (2011) Annual Improvements 2010–2012 Cycle Annual Improvements 2011–2013 Cycle Annual Improvements 2012–2014 Cycle	Agriculture: Bearers Plants ² Defined Benefit Plans: Employee Contributions ¹ Equity Method in Separate Financial Statements ² Amendments to a number of HKFRSs ¹ Amendments to a number of HKFRSs ¹ Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ 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

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.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Mainland China	334,866	321,219
Europe	142,385	112,471
Hong Kong	53,711	55,938
North America	65,366	52,271
Asia (except Mainland China and Hong Kong)	48,532	28,419
Africa	17,460	10,269
Oceania	1,246	886
South America	–	84
	<u>663,566</u>	<u>581,557</u>

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

(b) Non-current assets

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	1,526	5,037
Mainland China	315,865	295,596
	<u>317,391</u>	<u>300,633</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A	160,283	140,178
Customer B	94,260	62,026
	<hr/>	<hr/>
Sale of goods	254,543	202,204
	<hr/> <hr/>	<hr/> <hr/>

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Sale of goods	663,566	581,557
	<hr/> <hr/>	<hr/> <hr/>
Other income		
Bank interest income	306	332
Government grants received from the PRC government authorities [^]	916	686
Others	511	120
	<hr/>	<hr/>
	1,733	1,138
	<hr/> <hr/>	<hr/> <hr/>
Gains		
Gain on disposal of items of property, plant and equipment, net	18,623	326
Sales of scraps	694	829
Write-back of trade and other payables	569	–
Gain on settlement of derivative financial instruments	–	230
Fair value gains on derivative financial instruments not qualifying as hedges, net	–	14
Gain from non-interest-bearing financial arrangement	–	5,334
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	8,363	–
Foreign exchange differences, net	1,249	–
	<hr/>	<hr/>
	29,498	6,733
	<hr/> <hr/>	<hr/> <hr/>
	31,231	7,871
	<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, and technology development and investing in Shenzhen.

5. PROFIT BEFORE TAX

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

	2014	2013
	HK\$'000	HK\$'000
Cost of inventories sold [@]	523,127	446,418
Minimum lease payments under operating leases in respect of land and buildings	1,605	1,648
Auditors' remuneration	1,417	757
Depreciation	16,754	15,337
Amortisation of land lease payments	265	266
Employee benefit expense [@] (including directors' remuneration):		
Wages and salaries	88,582	81,890
Pension scheme contributions (defined contribution schemes) [#]	205	169
Other staff welfare	5,737	6,183
	94,524	88,242
Research and development costs	10,925	13,883
Write-off of items of property, plant and equipment	–	613
Write-off a deposit for purchase of an item of property, plant and equipment	1,913	–
Write-down of inventories to net realisable value [^]	226	1,075
Write-back of trade and other payables [*]	(569)	–
Impairment/(reversal of impairment) of trade receivables, net	(1,484)	257
Gain on disposal of items of property, plant and equipment, net [*]	(18,623)	(326)
Fair value gains on derivative financial instruments not qualifying as hedges, net [*]	–	(14)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary [*]	(8,363)	–
Foreign exchange differences, net [*]	(1,249)	4,205

* Gains are included in "Other income and gains" and the losses are included in "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".

As at 31 December 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".

6. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interests on:		
Bank loans and trust receipt loans		
wholly repayable within five years or on demand	5,875	3,791
Bank loans wholly repayable over five years	854	955
Finance leases	338	310
Discounted bills	29	–
	<hr/>	<hr/>
Total interest expenses on financial liabilities		
not at fair value through profit or loss	7,096	5,056
Less: Interest capitalised*	(3,564)	(1,489)
	<hr/>	<hr/>
	3,532	3,567
Other finance costs:		
Imputed interest on non-interest-bearing financial arrangement	2,311	–
	<hr/>	<hr/>
	5,843	3,567
	<hr/> <hr/>	<hr/> <hr/>

* The borrowing costs had been capitalised at the rates of 6.7% to 7.36% (2013: 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% (2013: 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.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

All subsidiaries of the Group established in Mainland China are subject to the PRC corporate income tax at a standard rate of 25% (2013: 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% (2013: 15%) had been applied during the year.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	1,060	593
Overprovision in prior years	(10)	(10)
Current — Mainland China		
Charge for the year	6,382	2,532
Underprovision/(overprovision) in prior years	696	(627)
Deferred	(1,479)	567
Total tax charge for the year	<u>6,649</u>	<u>3,055</u>

8. DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 December 2014.

The dividends paid by the Company's subsidiaries to the Controlling Shareholders were as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Yan Tat Group Limited	<u>—</u>	<u>2,484</u>

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 2014 is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$44,209,000 (2013: HK\$39,769,000) and the weighted average number of ordinary shares in issue of 183,945,205 (2013: 180,000,000), on the assumption that the Reorganisation and the capitalisation issue had been completed on 1 January 2013.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

10. TRADE AND BILLS RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	196,204	190,352
Impairment	(6,100)	(7,669)
	190,104	182,683
Bills receivable	11,419	21,837
	201,523	204,520

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 three months from the month-end of date of invoice to normal customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within one month	77,431	93,003
One to two months	54,609	47,592
Two to three months	52,629	41,308
Over three months	16,854	22,617
	201,523	204,520

11. TRADE AND BILLS PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	124,185	103,174
Bills payable	4,642	14,866
	<u>128,827</u>	<u>118,040</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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within three months	104,013	96,458
Three to six months	23,205	19,968
Over six months	1,609	1,614
	<u>128,827</u>	<u>118,040</u>

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

12. OTHER PAYABLES AND ACCRUALS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sundry payables	5,454	4,099
Accruals	45,860	34,426
	<u>51,314</u>	<u>38,525</u>

The sundry payables are non-interest-bearing and have an average term of three months.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

According to the analysis conducted by an independent third party, China Research and Intelligence Co., Ltd (“CRI”), the global printed circuit board (“PCB”) industry is closely correlated with the global economy. In 2013, the global annual economic growth rate was approximately 3.0%. In terms of sales value, the global PCB market size increased from approximately US\$44.7 billion in 2009 to US\$63.8 billion in 2013, representing a CAGR of 9.3%. Along with the global economic forecast, it is estimated that the sales value of the global PCB market will increase to US\$77.2 billion in 2018.

The global PCB market is primarily driven by a robust development in the PCB downstream sectors, which in turn drives the PCB market demand. The PCB downstream sectors, including communication and consumer electronics products sectors, have undergone technological advancement combined with an influx of new generation of products.

In particular, since new products are introduced with sophisticated and complex design and technologies in the mentioned sectors, it is expected that the demand of PCBs will increase and those made of special material would be the mainstream product in the market as well.

For the PRC PCB market, the market size increased from US\$16.8 billion in 2009 to US\$26.8 billion in 2013, representing a CAGR of 12.4%. It is estimated that the sale value will increase from US\$26.8 billion in 2013 to US\$35.9 billion in 2018, representing a CAGR of 6%, which is higher than the growth of the global market.

According to CRI, conventional double-sided, multi-layered PCB and special material PCB, which are our three main products in aggregate accounted for 84.8% of the PRC PCB market in 2013. From 2009 to 2013, sales value of these three kinds of PCBs increased by CAGR of 6.5%, 10.5% and 18.3%, respectively.

Moreover, in 2013, our main customer groups: i.e. communication, consumer electronics and automobile were the major downstream sectors for PCBs in the PRC, in aggregate accounted for nearly 70% of the PRC PCB market. Looking ahead, the electronic information industry is an important strategic pillar industry in the PRC. As a basic product of the electronic information industry, especially the multi-layered PCB which is listed among key products to develop in the PRC’s Twelfth Five-Year Plan, PCBs are supported by governmental policies. The PRC Government and the local governments issue policies to support the development of the PCB industry. The policies include governmental subsidies and preferential taxes.

On the other hand, the PRC economy developed rapidly with a global leading growth rate especially after its entry into the World Trade Organisation. Economic growth and increasing household income stimulate consumption of electronic products which drives the PRC demand of PCBs.

Last but not least, communications, consumer electronics and computer sectors remain the driving force of the PCB market. In the future, smartphones, tablet PCs, cloud technology and medical electronic products may become the focus to promote the development of the PRC and global PCB market. For instance, there were 0.4 million 4G base stations under construction in the PRC in 2014, which would stimulate demand for PCBs and bring opportunity to PCB manufacturers.

Business Review

The Company's shares were successfully listed on Main Board of the Stock Exchange on 8 December 2014 (the "Listing Date"). The Group is an original equipment manufacturer ("OEM") provider of PCBs, principally engaged in the production of quality PCBs, which meet the industry standards such as IPC Standards, as well as the customers' requirement. The Company has received net proceeds of approximately HK\$45.0 million. From the date of listing up to the date of this results announcement, HK\$9.4 million of the proceeds had been used by the Group.

During the year, our responsive production solutions increase very much of our competitiveness. Our diversified product mix allows the Company to be responsive to the changes in demand from certain sectors and adjust our production output accordingly.

We target 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.

We have developed production solutions responsive to production needs of a wide range of PCBs with various specifications.

We have an established sales coverage in the PRC and international markets. Our sales efforts allow us to capture market opportunities and reach a large base of existing and potential customers. We have maintained a stable business relationship with our major customers for an average of more than six years. We had 176 active customers for the year ended 31 December 2014.

Furthermore, we have been foreseeing an increasing trend in our customers' demand for PCBs, which exceeds our existing installed production capacity. A construction of new production facilities had been commenced in 2012 and completed in 2014. After renovation and machineries installation, the new production lines will be used in 2015. This new production facility covers a gross floor area of approximately 53,977 sq.m..

Consistently high quality of PCBs and emphasis on environmental protection have established strong recognition in customers, which can help to meet legal requirements and customers' expectations.

Financial Review

<i>in HK\$'000</i>	2014	2013
Turnover	663,566	581,557
Gross Profit	140,439	135,139
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	73,413	61,670
Net Profit	44,208	39,767

The Group’s turnover for the year of 2014 was approximately HK\$663.6 million, representing an increase of approximately 14.1% over the corresponding period of the last year. The increase in the Group’s turnover was due to an increase in purchase orders from each product application generally.

The Group’s gross profit for the year of 2014 was approximately HK\$140.4 million, representing an increase of approximately 3.9% over the corresponding period of the last year. Gross profit margin decreased by approximately 2.0% to 21.2% from 23.2% , due to increase in subcontracting arrangements which generally offered lower gross profit margin to the Group that adversely affected our overall gross profit margin.

The Group’s total operating expenses for the year of 2014 were approximately HK\$92.9 million, representing a slight decrease of approximately 2.9% over the corresponding period of the last year, due to exchange gain in 2014 as against exchange loss in 2013.

The Group’s EBITDA amounted to approximately HK\$73.4 million for the year of 2014 as compared to approximately HK\$61.7 million for the corresponding period of the last year.

The Group recorded a profit attributable to equity holders of the Company of approximately HK\$44.2 million for the year of 2014 as compared to approximately HK\$39.8 million for the corresponding period of the last year.

Other income and gains

Our other income and gains increased by HK\$23.3 million or 295%, to HK\$31.2 million for the year ended 31 December 2014 from HK\$7.9 million for the year ended 31 December 2013, primarily resulting from the gain on disposal of Hong Kong offices at the amount of 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.

Other expenses

Listing expenses for the amount of HK\$19.8 million were incurred during the year of 2014. As a result, the other expenses increased from HK\$0.9 million for the year ended 31 December 2013 to HK\$22.0 million for the year ended 31 December 2014.

Selling and distribution expenses

Our selling and distribution expenses increased by HK\$3.0 million, or 13.7%, to HK\$24.9 million for the year ended 31 December 2014 from HK\$21.9 million for the year ended 31 December 2013. The increase was primarily due to an increase in sales commission to both sales personnel and customers and transportation costs as a result of the increase in sales volume.

Administrative expenses

Our administrative expenses decreased by HK\$5.8 million, or 7.8%, to HK\$68.1 million for the year ended 31 December 2014 from HK\$73.9 million for the year ended 31 December 2013. The decrease was primarily due to exchange gain instead of exchange loss in 2014.

Finance costs

Our finance costs increased by HK\$2.2 million, or 61.1%, to HK\$5.8 million for the year ended 31 December 2014 from HK\$3.6 million for the year ended 31 December 2013. The reason for this was primarily due to an increase in imputed interest on non-interest-bearing financial arrangement of approximately HK\$2.3 million.

Profit attributable to equity holders of the Company

The Group recorded profit attributable to equity holders of the Company of approximately HK\$44.2 million compared to approximately HK\$39.8 million for the year ended 31 December 2013, representing an increase of approximately 11.1%. The increase of profit attributable to equity holders of the Company was mainly due to the net effect of the increase in gross profit of approximately HK\$5.3 million, the increase in other expenses of approximately HK\$21.1 million which was mainly resulted from the listing expenses of approximately HK\$19.8 million, increase in other gains of approximately HK\$23.3 million which were mainly resulted from gain on disposal of Hong Kong offices of approximately HK\$18.5 million, and the realisation of exchange fluctuation reserve upon deregistration of a subsidiary of approximately HK\$8.4 million.

Property, Plant and Equipment

The net carrying amount as at 31 December 2014 was HK\$300.5 million, representing an increase of HK\$18.0 million from that of 2013. This was mainly due to: (i) depreciation of approximately HK\$16.8 million with respect to the Group's property, plant and equipment in the current period and (ii) the Group's new construction in process of approximately HK\$36.8 million.

Trade and bill receivables

There was a decrease in trade and bills receivables as at 31 December 2014 of approximately HK\$3.0 million as compared to 31 December 2013, 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 2014.

Bank and other borrowings

The Group had bank and other borrowings as at 31 December 2014 in the sum of HK\$158.2 million, which were reduced by HK\$62.9 million from the sum of HK\$221.1 million as at 31 December 2013. The main reason of deduction was the amount due to shareholders was fully settled according to the arrangement disclosed in the Prospectus upon listing in 2014, when there was a great amount of HK\$87.1 million as at 31 December 2013. 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

During the period under the review, the Group had current assets of approximately HK\$445.9 million (2013: HK\$350.3 million) which comprised cash and cash equivalents of HK\$172.3 million as at 31 December 2014 (2013: HK\$61.1 million). As at 31 December 2014, the Group had non-current liabilities of approximately HK\$59.4 million (2013: HK\$133.3 million), and its current liabilities amounted to approximately HK\$295.2 million (2013: HK\$258.0 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 1.5 as at 31 December 2014 (2013: 1.4).

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 0.4 as at 31 December 2014 (2013: approximately 0.8).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. 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

For the year ended 31 December 2014, we had bank balances and cash, 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 2014, 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 2014, capital commitments of the Group amounted to approximately HK\$78.2 million (2013: HK\$38.1 million).

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 December 2014. No dividend has been paid or declared by the Company since its incorporation.

The dividends paid by the Company's subsidiaries to the Controlling Shareholders for the year ended 31 December 2013 was HK\$2.5 million.

Information on employees

As at 31 December 2014, the Group had 1,027 employees (2013: 1,075), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$94.5 million, as compared to approximately HK\$88.2 million for the year ended 31 December 2013. 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 who are employed by 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 ("Share Option Scheme") where options to subscribe for shares may be granted to the Directors and employees of the Group.

Change of auditors

There was no change of our Company's auditors in the preceding three years.

Significant investments held

Except for available-for-sale investment during the year ended 31 December 2014, 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, the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group disposed of the office premises and warehouse located at Workshops 09, 10 and 14 on 8th Floor, Kwong Sang Hong Centre, Nos 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong owned by Yan Tat Technology Limited and Yan Tat (HK) Industrial Limited respectively to Yantek Electronics Company Limited at a consideration of approximately HK\$23.1 million on 18 November 2014.

During the year ended 31 December 2014, save as the above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

Charges of assets

As at 31 December 2014, 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 HK\$165.5 million (2013: HK\$142.8 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 HK\$6.3 million (2013: HK\$6.8 million).
- (iii) pledged deposits with banks amounting to HK\$21.9 million (2013: HK\$16.0 million).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2014 (2013: HK\$7.6 million).

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 Tuesday, 26 May 2015, the register of members will be closed from Thursday, 21 May 2015 to Tuesday, 26 May 2015, 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 Wednesday, 20 May 2015.

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 Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (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 of 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 set out in Appendix 10 of 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 and its code of conduct regarding securities transactions by Directors during the year ended 31 December 2014.

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 2014 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 2014.

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 2014 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, 25 March 2015

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.