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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2014 HK\$'000 (Unaudited)</b>	<b>Change</b>
<b>Results</b>			
Revenue	<b>329,856</b>	329,726	–%
Profit before tax	<b>30,627</b>	21,001	45.8%
Profit attributable to ordinary equity holders of the Company	<b>24,900</b>	18,612	33.8%
Basic and diluted earnings per share (expressed in HK cents per share)	<b>10.4</b>	10.3	1.0%
Dividend per share (expressed in HK cents per share)	<b>5.0</b>	–	N/A

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Yan Tat Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	<i>Notes</i>	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2014 HK\$'000 (Unaudited)</b>
<b>REVENUE</b>	4	<b>329,856</b>	329,726
Cost of sales		<u>(250,902)</u>	<u>(259,363)</u>
Gross profit		<b>78,954</b>	70,363
Other income and gains	4	<b>5,061</b>	3,282
Selling and distribution expenses		<b>(13,105)</b>	(12,206)
Administrative expenses		<b>(38,081)</b>	(33,844)
Other expenses		<b>(435)</b>	(3,516)
Finance costs	6	<u><b>(1,767)</b></u>	<u>(3,078)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>30,627</b>	21,001
Income tax expense	7	<u><b>(5,727)</b></u>	<u>(2,390)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>24,900</b></u>	<u>18,611</u>
Attributable to:			
Owners of the Company		<b>24,900</b>	18,612
Non-controlling interest		<u>–</u>	<u>(1)</u>
		<u><b>24,900</b></u>	<u>18,611</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	9		
Basic and diluted		<u><b>HK10.4 cents</b></u>	<u>HK10.3 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June 2015 HK\$'000 (Unaudited)	Six months ended 30 June 2014 HK\$'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>24,900</b>	18,611
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of an available-for-sale investment	(304)	207
Exchange differences on translation of foreign operations	247	(10,774)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(57)	(10,567)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	647	–
Income tax effect	(162)	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	485	–
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>428</b>	(10,567)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>25,328</b>	8,044
Attributable to:		
Owners of the Company	25,328	8,045
Non-controlling interest	–	(1)
	<b>25,328</b>	8,044

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2015*

	<i>Notes</i>	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>330,703</b>	300,515
Investment property		<b>5,485</b>	–
Prepaid land lease payments		<b>5,957</b>	6,086
Deposits for purchases of items of property, plant and equipment		<b>45,744</b>	8,542
Deferred tax assets		<b>7,188</b>	8,171
Available-for-sale investment		<b>1,046</b>	1,350
Loans to an investee		<b>2,248</b>	2,248
		<hr/>	<hr/>
Total non-current assets		<b>398,371</b>	326,912
<b>CURRENT ASSETS</b>			
Inventories		<b>50,042</b>	51,758
Trade and bills receivables	<i>10</i>	<b>214,075</b>	201,523
Prepayments, deposits and other receivables		<b>12,330</b>	16,604
Pledged deposits		<b>26,226</b>	21,880
Cash and bank balances		<b>117,117</b>	154,137
		<hr/>	<hr/>
Total current assets		<b>419,790</b>	445,902
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>11</i>	<b>121,152</b>	128,827
Other payables and accruals		<b>48,390</b>	51,314
Interest-bearing bank borrowings		<b>140,886</b>	100,174
Finance lease payables		<b>608</b>	2,349
Due to a related company		–	55
Tax payable		<b>14,277</b>	12,498
		<hr/>	<hr/>
Total current liabilities		<b>325,313</b>	295,217
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>94,477</b>	150,685
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>492,848</b>	477,597
		<hr/>	<hr/>

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>492,848</u>	<u>477,597</u>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	44,326	54,435
Finance lease payables	1,002	1,160
Deferred tax liabilities	244	56
Deferred income	<u>3,774</u>	<u>3,772</u>
Total non-current liabilities	<u>49,346</u>	<u>59,423</u>
Net assets	<u><u>443,502</u></u>	<u><u>418,174</u></u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	2,400	2,400
Reserves	<u>441,102</u>	<u>415,774</u>
Total equity	<u><u>443,502</u></u>	<u><u>418,174</u></u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 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 registered office of the Company is 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 period, 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. 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. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The accounting policies, reorganisation and basis of presentation, and basis of preparation adopted in the preparation of the condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2014, except in relation to the following new and revised Hong Kong Financial Reporting Standards, ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the above new and revised HKFRSs has had no significant financial effect on the condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 3. OPERATING SEGMENT INFORMATION

The Group focuses primarily on the manufacturing and selling of printed circuit boards during the period. 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 People's Republic of China (the "PRC"), which is considered as the country of domicile by management.

##### (a) Revenue from external customers

	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2014 HK\$'000 (Unaudited)
Mainland China	<b>156,054</b>	169,968
Europe	<b>79,665</b>	70,164
Hong Kong	<b>22,861</b>	30,759
North America	<b>37,792</b>	32,988
Asia (except Mainland China and Hong Kong)	<b>23,656</b>	17,298
Africa	<b>9,215</b>	8,165
Oceania	<b>613</b>	384
	<b><u>329,856</u></b>	<u>329,726</u>

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

##### (b) Non-current assets

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Hong Kong	<b>2,032</b>	1,526
Mainland China	<b>388,105</b>	315,865
	<b><u>390,137</u></b>	<u>317,391</u>

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

### 3. OPERATING SEGMENT INFORMATION (continued)

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

	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2014 HK\$'000 (Unaudited)
Customer A	91,981	72,136
Customer B	41,403	42,924
	<u>133,384</u>	<u>115,060</u>

### 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:

	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2014 HK\$'000 (Unaudited)
<b>Revenue</b>		
Sale of goods	<u>329,856</u>	<u>329,726</u>
<b>Other income</b>		
Bank interest income	223	254
Rental income	105	–
Government grants received from the PRC government authorities <sup>^</sup>	4,348	314
Others	<u>385</u>	<u>46</u>
	<u>5,061</u>	<u>614</u>
<b>Gains</b>		
Gain on disposal of items of property, plant and equipment, net	–	158
Foreign exchange differences, net	–	2,510
	<u>–</u>	<u>2,668</u>
	<u>5,061</u>	<u>3,282</u>

<sup>^</sup> Government grants have been received from the PRC government authorities in recognition of the Group's efforts in technology development in Shenzhen.



## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2014 HK\$'000 (Unaudited)
Cost of inventories sold	<b>250,902</b>	259,363
Minimum lease payments under operating leases in respect of land and buildings	<b>1,561</b>	823
Depreciation	<b>7,789</b>	8,151
Amortisation of land lease payments	<b>131</b>	132
Research and development costs	<b>6,168</b>	6,479
Write-off of items of property, plant and equipment	<b>253</b>	–
Write-down of inventories to net realisable value <sup>^</sup>	<b>1,522</b>	271
Fair value loss of an investment property	<b>132</b>	–
Reversal of impairment of trade receivables, net	<b>(2,882)</b>	–
Gain on disposal of items of property, plant and equipment, net*	–	(158)
Foreign exchange differences, net*	<b>1,227</b>	(2,510)

\* Gains are included in “Other income and gains” and the losses are included in “Administrative expenses”, as appropriate, in the condensed consolidated statement of profit or loss.

<sup>^</sup> Write-down of inventories is included in “Cost of inventories sold”.

## 6. FINANCE COSTS

	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2014 HK\$'000 (Unaudited)
Interests on:		
Bank loans and trust receipt loans wholly repayable within five years or on demand	<b>4,148</b>	2,418
Bank loans wholly repayable over five years	–	444
Finance leases	<b>48</b>	97
Total interest expenses on financial liabilities not at fair value through profit or loss	<b>4,196</b>	2,959
Less: Interest capitalised	<b>(2,429)</b>	(1,180)
	<b>1,767</b>	1,779
Other finance cost:		
Imputed interest on non-interest-bearing financial arrangement	–	1,299
	<b>1,767</b>	3,078

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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 PRC corporate income tax at a standard rate of 25% (period ended 30 June 2014: 25%) during the period, 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% (period ended 30 June 2014: 15%) had been applied during the period.

	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2014 HK\$'000 (Unaudited)
Current — Hong Kong		
Charge for the period	<b>240</b>	393
Current — Mainland China		
Charge for the period	<b>3,595</b>	3,517
Underprovision in prior years	<b>880</b>	396
Deferred	<b>1,012</b>	(1,916)
	<hr/> <b>5,727</b> <hr/>	<hr/> 2,390 <hr/>
Total tax charge for the period		

## 8. DIVIDEND

At a meeting held on 24 August 2015, the Board declared an interim dividend of HK5.0 cents (period ended 30 June 2014: Nil) per ordinary share, equivalent to a total amount of HK\$12,000,000 (period ended 30 June 2014: Nil).

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

The calculation of the basic earnings per share amount for the period ended 30 June 2015 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$24,900,000 (period ended 30 June 2014: HK\$18,612,000) and the weighted average number of ordinary shares in issue of 240,000,000 (period ended 30 June 2014: 180,000,000), on the assumption that the Reorganisation (as defined in note 2.1 to financial statements of the annual report for the year ended 31 December 2014) and the capitalisation issue had been completed on 1 January 2014. The assumption adopted is the same as that stated in note 13 to financial statements of the annual report for the year ended 31 December 2014.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 10. TRADE AND BILLS RECEIVABLES

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Trade receivables	<b>197,502</b>	196,204
Impairment	<b>(3,219)</b>	(6,100)
	<b>194,283</b>	190,104
Bills receivable	<b>19,792</b>	11,419
	<b>214,075</b>	201,523

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 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:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Within one month	<b>75,117</b>	77,431
One to two months	<b>69,123</b>	54,609
Two to three months	<b>48,642</b>	52,629
Over three months	<b>21,193</b>	16,854
	<b>214,075</b>	201,523

## 11. TRADE AND BILLS PAYABLES

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Trade payables	<b>110,793</b>	124,185
Bills payable	<b>10,359</b>	4,642
	<b><u>121,152</u></b>	<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:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Within three months	<b>103,270</b>	104,013
Three to six months	<b>15,674</b>	23,205
Over six months	<b>2,208</b>	1,609
	<b><u>121,152</u></b>	<u>128,827</u>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

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

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 the completion of renovation and machineries installation, the new production lines will be used in late 2015. The addition of new production facility will reinforce the productivity of the Company. At the same time, the corresponding depreciation expenses will increase the pressure on Group’s cost.

Our responsive production solutions increase very much our competitiveness. Diversified product mix allows the Group to be responsive to the changes in demand from the industry and adjust our production output accordingly. Furthermore, the steady development of automobile industry brings opportunity to the future of the Group.

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.

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

	<b>Six months ended 30 June 2015 HK\$'000</b>	Six months ended 30 June 2014 HK\$'000
Turnover	<b>329,856</b>	329,726
Gross Profit	<b>78,954</b>	70,363
Earnings before interest, taxes, depreciation and amortisation (“ <b>EBITDA</b> ”)	<b>40,091</b>	32,108
Net Profit	<b>24,900</b>	18,611

The Group’s turnover for the six months ended 30 June 2015 (the “**Period**”) was approximately HK\$329.9 million, approximated to the amount of the previous corresponding period. Our Group’s turnover remain relatively stable because the existing production facilities have reached full capacity while the new factory has yet to commence operation in the first half of the year.

The Group’s gross profit margin for the six months ended 30 June 2015 was approximately 23.9%, representing an increase of approximately 2.6% over the gross profit margin of the last corresponding period of approximately 21.3%, due to variety of products mix.

The Group’s total operating expenses for the six months ended 30 June 2015 were approximately HK\$51.2 million, representing an increase of approximately 11.2% over the corresponding period of the previous year, due to increase in salaries and increase in expenses required for the Company as a listed company.

The Group’s EBITDA amounted to approximately HK\$40.1 million for the six months ended 30 June 2015 as compared to approximately HK\$32.1 million for the corresponding period of the previous year.

The Group recorded a net profit attributable to equity holders of the Company of approximately HK\$24.9 million for the six months ended 30 June 2015 as compared to approximately HK\$18.6 million for the corresponding period of the previous year.

### *Other income and gains*

Our other income and gains increased by HK\$1.8 million or 54.5%, to HK\$5.1 million during the six months ended 30 June 2015 from HK\$3.3 million for the six months ended 30 June 2014, primarily resulting from receiving of grants from the PRC government.

### *Other expenses*

Listing expenses for the amount of HK\$3.2 million were incurred during the six months ended 30 June 2014. As no such expenses were incurred for the six months ended 30 June 2015, other expenses decreased significantly.

### *Selling and distribution expenses*

Our selling and distribution expenses increased by HK\$0.9 million or 7.4%, to HK\$13.1 million for the six months ended 30 June 2015 from HK\$12.2 million for the six months ended 30 June 2014. The increase was primarily due to increasing of commission expense.

### *Administrative expenses*

The administrative expenses for the six months ended 30 June 2015 were approximately HK\$38.1 million, representing an increase of approximately 12.7% from approximately HK\$33.8 million for the corresponding period of the previous year. The increase was mainly because of increase in salary and new expenses required for the Company as a listed company.

### *Finance cost*

Our finance costs decreased by HK\$1.3 million, or 41.9%, to HK\$1.8 million for the six months ended 30 June 2015 from HK\$3.1 million for the six months ended 30 June 2014. The reason for this was primarily due to a decrease in imputed interest on non-interest-bearing financial arrangement of approximately HK\$1.3 million.

### *Profit attributable to equity holders of the Company*

The Group recorded a profit attributable to equity holders of the Company of approximately HK\$24.9 million for the six months ended 30 June 2015 compared to approximately HK\$18.6 million for the six months ended 30 June 2014, representing an increase of approximately 33.9%. If excluded the one-off listing expense for the amount of HK\$3.2 million recorded for the six months ended 30 June 2014, the increase in profit attributable to owners of the Company for the six months ended 30 June 2015 would be approximately 14.2%. The increase of profit attributable to equity holders of the Company was mainly due to the increase in gross profit of approximately HK\$8.6 million and no listing expense was incurred for the six months ended 30 June 2015.

### *Property, plant and equipment*

The net carrying amount as at 30 June 2015 was HK\$330.7 million, representing an increase of HK\$30.2 million from 31 December 2014. This was mainly due to (i) depreciation of approximately HK\$7.8 million for the Group's property, plant and equipment in the current period; and (ii) newly purchased equipment of the Group and the internal construction for the new factory of approximately HK\$39.3 million.

### *Trade and bill receivables*

There was an increase in trade and bills receivables as at 30 June 2015 of approximately HK\$12.6 million as compared to 31 December 2014 which was mainly due to increase of bills receivable.

### *Bank and other borrowings*

The Group had bank and other borrowings as at 30 June 2015 in the sum of HK\$186.8 million, increased by HK\$28.6 million from the sum of HK\$158.2 million as at 31 December 2014. The main reason of the increase in borrowings was to finance the internal construction 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*

During the period under the review, the Group had current assets of approximately HK\$419.8 million (31 December 2014: HK\$445.9 million) which comprised cash and cash equivalents of HK\$143.3 million as at 30 June 2015 (31 December 2014: HK\$172.3 million). As at 30 June 2015, the Group had current liabilities amounted to approximately HK\$325.3 million (31 December 2014: HK\$295.2 million), consisting mainly of payables arising in the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.3 as at 30 June 2015 (31 December 2014: 1.5).

### *Gearing ratio*

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 0.4 as at 30 June 2015 (31 December 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 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*

As at 30 June 2015, we had cash and bank balances, trade receivables and trade payables 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 announcement date. During the six months ended 30 June 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 30 June 2015, capital commitments of the Group amounted to approximately HK\$69.3 million (31 December 2014: HK\$78.2 million).

### *Information on employees*

As at 30 June 2015, the Group had 1,137 employees (31 December 2014: 1,027), including the executive Directors. 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 (the "**Share Option Scheme**") where options to subscribe for shares may be granted to the Directors and employees of the Group.

Details of the Share Option Scheme are disclosed in the section headed "Share Option Scheme" below.

### *Share Option Scheme*

The Company has adopted Share Option Scheme on 18 November 2014. The principal terms of the Share Option Scheme was summarized in paragraph headed “Statutory and General Information — Other Information — 13. Share Option Scheme” in Appendix V to the prospectus of the Company dated 26 November 2014 (the “**Prospectus**”).

The purpose of the Share Option Scheme is to provide the Company a flexible means of giving incentive to, rewarding, remunerating, compensating and providing benefits to eligible participants and for such other purposes as the Board approve from time to time.

During the six months ended 30 June 2015, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

### *Significant investments held*

Except for available-for sale investment, during the six months ended 30 June 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, the Group did not have other plans for material investments and capital assets.

### *Material acquisitions and disposals of subsidiaries and affiliated companies*

During the six months ended 30 June 2015, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

### *Charges of assets*

As at 30 June 2015, the Group’s bank borrowings and bills payable are secured by its assets as below:

- (i) the Group’s leasehold land and buildings, construction in progress and an investment property with an aggregate net carrying values of HK\$190.2 million (31 December 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 HK\$6.2 million (31 December 2014: HK\$6.3 million).
- (iii) pledged deposits with banks amounting to HK\$26.2 million (31 December 2014: HK\$21.9 million).

### *Contingent liabilities*

The Group had no material contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

### *New Opportunity*

There was no New Opportunity (as defined in the section headed “Relationship with our Controlling Shareholders — Non-competition Undertakings” in the Prospectus) referred by the controlling shareholders of the Company as provided under the non-competition undertaking.

### *Use of Proceeds*

The Company was listed on the Stock Exchange on 8 December 2014 and raised net proceeds of approximately HK\$45 million. The future plans as stated in the Prospectus were derived from the Group’s reasonable estimation of the future market conditions based on the information available at the time of preparing the Prospectus. During the six months ended 30 June 2015, we have utilised approximately HK\$16.9 million, representing approximately 37.5% of the aggregate net proceeds, for the renovation of the Shenzhen New Facility as defined in the Prospectus and approximately HK\$28.1 million, representing approximately 62.5% of the aggregate net proceeds, for the acquisition of machinery for the Shenzhen New Facility. As at 30 June 2015, all proceeds have been utilised.

## **PROSPECTS**

We expect the business environment in the remaining year of 2015 to remain challenging as the global economy is still uncertain. In order to maintain our competitiveness, we will enhance existing production capacity while considering acquiring additional automated production equipment to better control the product quality, thus meeting different demands from customers for PCBs. We will also continue to diversify into different markets and sectors so as to maintain a broad base of quality customers, which will assure a stable income stream for the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

As the shares of the Company have been listed on the Stock Exchange on 8 December 2014, from the listing date to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE**

The Company confirms that, other than the deviation from Code Provision A.2.1, the Company has complied with all the code provisions (“**Code Provisions**”) set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015.

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 Company 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 Company 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 Company 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. All Directors confirm that, having made specific enquiries of all Directors, they have complied with the required standards of dealing as set out in the Model Code during the six months ended 30 June 2015.

## **AUDIT COMMITTEE**

The Company established an audit committee pursuant to a resolution of the Director passed on 18 November 2014 with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules. The written terms of reference of the audit committee was adopted in compliance with the Code Provisions. Its terms of reference are available on the websites of the Company and the Stock Exchange. The audit committee consists of three independent non-executive Directors, namely Mr. Yau Wing Yiu (Chairman), Mr. Yeung Kam Ho and Mr. Chung Yuk Ming.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 have been reviewed by the audit committee and the audit committee is of the view that the interim results for the six months ended 30 June 2015 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **INTERIM DIVIDEND**

The Board declares the payment of an interim dividend of HK5.0 cents per share (six months ended 30 June 2014: nil).

The Company intends to pay the dividend on or about Friday, 9 October 2015 to the registered shareholders whose names appear in the register of members of the Company at the close of business on Wednesday, 16 September 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 14 September 2015 to Wednesday, 16 September 2015, both days inclusive, for the purpose of determining entitlements to the interim dividend. In order to qualify for the interim dividend, all transfers of shares, 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 Friday, 11 September 2015.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.yantat.com>). An interim report of the Company for the six months ended 30 June 2015 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board  
**Yan Tat Group Holdings Limited**  
**Chan Wing Yin**  
*Chairman*

Hong Kong, 24 August 2015

*As at the date of this announcement, the executive Directors are Mr. Chan Wing Yin, Mrs. Chan Yung, Mr. Chan Yan Kwong and Mr. Chan Yan Wing; the independent non-executive Directors are Mr. Chung Yuk Ming, Mr. Yeung Kam Ho and Mr. Yau Wing Yiu.*