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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 2016**

	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>	<b>Change (%)</b>
<b>Results</b>			
Revenue	<b>289,190</b>	329,856	(12.3)
Profit before tax	<b>17,499</b>	30,627	(42.9)
Profit attributable to owners of the Company	<b>12,382</b>	24,900	(50.3)
Basic and diluted earnings per share (expressed in HK cents per share)	<b>5.2</b>	10.4	(50.0)
Dividend per share (expressed in HK cents per share)	–	5.0	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 interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2016*

	<i>Notes</i>	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2015 HK\$'000 (Unaudited)</b>
<b>REVENUE</b>	4	<b>289,190</b>	329,856
Cost of sales		<u><b>(227,506)</b></u>	<u>(250,902)</u>
Gross profit		<b>61,684</b>	78,954
Other income and gains	4	<b>8,745</b>	5,061
Selling and distribution expenses		<b>(10,470)</b>	(13,105)
General and administrative expenses		<b>(38,186)</b>	(38,081)
Other expenses		<b>(953)</b>	(435)
Finance costs	6	<u><b>(3,321)</b></u>	<u>(1,767)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>17,499</b>	30,627
Income tax expense	7	<u><b>(5,117)</b></u>	<u>(5,727)</u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>12,382</b></u>	<u>24,900</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic and diluted		<u><b>HK5.2 cents</b></u>	<u>HK10.4 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2016*

	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2015 HK\$'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b><u>12,382</u></b>	<b><u>24,900</u></b>
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Change in fair value of an available-for-sale investment	<b>371</b>	(304)
Exchange differences on translation of foreign operations	<b><u>(9,134)</u></b>	<u>247</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	<b><u>(8,763)</u></b>	<u>(57)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	–	647
Income tax effect	<b><u>–</u></b>	<u>(162)</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<b><u>–</u></b>	<u>485</u>
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX</b>	<b><u>(8,763)</u></b>	<u>428</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b><u>3,619</u></b>	<b><u>25,328</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2016*

	<i>Notes</i>	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		416,577	410,165
Investment properties		19,633	5,966
Prepaid land lease payments		5,331	5,562
Deposits for purchases of items of property, plant and equipment		10,308	28,283
Deposits		2,097	7,809
Deferred tax assets		7,685	7,651
Available-for-sale investment		2,029	1,697
Loan to an investee		2,106	2,148
		<b>465,766</b>	469,281
<b>CURRENT ASSETS</b>			
Inventories		47,040	44,952
Trade and bills receivables	9	209,835	208,798
Prepayments, deposits and other receivables		10,037	16,175
Tax recoverable		760	760
Pledged deposits and restricted cash		35,870	23,322
Cash and cash equivalents		97,651	100,293
		<b>401,193</b>	394,300
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	109,930	113,611
Other payables and accruals		62,906	93,634
Interest-bearing bank borrowings		205,396	163,277
Finance lease payables		5,887	5,470
Tax payable		11,591	12,390
		<b>395,710</b>	388,382
<b>NET CURRENT ASSETS</b>		<b>5,483</b>	5,918
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>471,249</b>	475,199

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>471,249</b>	475,199
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	<b>16,830</b>	25,655
Finance lease payables	<b>10,531</b>	11,899
Deferred tax liabilities	<b>3,500</b>	342
Other payable	<b>2,573</b>	2,624
Deferred income	<b>5,412</b>	5,895
Total non-current liabilities	<b>38,846</b>	46,415
Net assets	<b>432,403</b>	428,784
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	<b>2,400</b>	2,400
Reserves	<b>430,003</b>	426,384
Total equity	<b>432,403</b>	428,784

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 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, 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"). 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 interim 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.

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2015, except in relation to the following revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that the Group has adopted for the first time for the current period's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on the interim 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

(a) Revenue from external customers

	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Mainland China	128,764	156,054
Europe	83,699	79,665
Hong Kong	15,914	22,861
North America	27,403	37,792
Asia (except Mainland China and Hong Kong)	26,186	23,656
Africa	6,676	9,215
Oceania	548	613
	<u>289,190</u>	<u>329,856</u>

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

(b) Non-current assets

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Hong Kong	3,258	3,810
Mainland China	452,684	456,123
	<u>455,942</u>	<u>459,933</u>

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

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Information about major customers

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

	Six months ended 30 June 2016 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)
Customer A	83,997	91,981
Customer B	32,032	41,403
Sale of goods	<u>116,029</u>	<u>133,384</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:

	Six months ended 30 June 2016 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)
<b>Revenue</b>		
Sale of goods	<u>289,190</u>	<u>329,856</u>
<b>Other income</b>		
Bank interest income	132	223
Rental income	150	105
Government grants	150	4,348
Others	69	385
	<u>501</u>	<u>5,061</u>
<b>Gains</b>		
Fair value gains on investment properties	<u>8,244</u>	–
	<u>8,745</u>	<u>5,061</u>



## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Cost of inventories sold	227,506	250,902
Depreciation	14,779	7,789
Amortisation of land lease payments	125	131
Write-off of items of property, plant and equipment	6	253
Write-off of a deposit paid for purchase of an item of property, plant and equipment	900	–
Write-down/(reversal of write-down) of inventories to net realisable value <sup>^</sup>	(1,611)	1,522
Fair value loss/(gains) on investment properties	(8,244)	132
Reversal of impairment of trade receivables	–	(2,882)
	<u>227,506</u>	<u>250,902</u>

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

## 6. FINANCE COSTS

	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Interest on:		
Bank loans and trust receipt loans	3,322	4,148
Finance leases	344	48
	<u>3,322</u>	<u>4,148</u>
Total interest expense on financial liabilities not at fair value through profit or loss	3,666	4,196
Less: Interest capitalised	(345)	(2,429)
	<u>3,321</u>	<u>1,767</u>

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made for the current period as the subsidiaries incorporated in Hong Kong either did not generate any assessable profits arising in Hong Kong during the period or had available tax losses brought forward from prior years to offset the assessable profits arising in Hong Kong generated during the period.

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period ended 30 June 2015. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

## 7. INCOME TAX (continued)

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 2015: 25%) during the period, except for a subsidiary of the Group which has been 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 2015: 15%) has been applied during the period.

	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Current — Hong Kong		
Charge for the period	–	240
Current — Mainland China		
Charge for the period	<b>1,938</b>	3,595
Underprovision in prior years	<b>147</b>	880
Deferred	<b>3,032</b>	1,012
	<hr/>	<hr/>
Total tax charge for the period	<b>5,117</b>	5,727
	<hr/> <hr/>	<hr/> <hr/>

## 8. 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 2016 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$12,382,000 (period ended 30 June 2015: HK\$24,900,000) and the weighted average number of ordinary shares in issue during the period of 240,000,000 (period ended 30 June 2015: 240,000,000).

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2016 and 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 9. TRADE AND BILLS RECEIVABLES

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Trade receivables	<b>175,119</b>	187,529
Impairment	<b>(3,014)</b>	(3,074)
	<hr/>	<hr/>
Bills receivable	<b>172,105</b>	184,455
	<b>37,730</b>	24,343
	<hr/>	<hr/>
	<b>209,835</b>	208,798
	<hr/> <hr/>	<hr/> <hr/>

## 9. TRADE AND BILLS RECEIVABLES (continued)

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:

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Within one month	103,630	93,404
One to two months	48,356	52,867
Two to three months	48,644	39,390
Over three months	9,205	23,137
	<u>209,835</u>	<u>208,798</u>

## 10. TRADE AND BILLS PAYABLES

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Trade payables	97,932	103,168
Bills payable	11,998	10,443
	<u>109,930</u>	<u>113,611</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 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Within three months	95,793	92,172
Three to six months	13,048	20,319
Over six months	1,089	1,120
	<u>109,930</u>	<u>113,611</u>

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

## 11. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$12.0 million, HK5.0 cents per ordinary share).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group is an original equipment manufacturer (“OEM”) provider of printed circuit board (“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.

However, due to economic slowdown in 2016, the increase in sales orders was not as expected as in early years and less than the last corresponding period. Meanwhile, upon full operation of new production facilities and equipment, depreciation costs increased significantly. Coupled with the operating costs of new production facilities, the gross profit margin of the Group decreased. 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 external market conditions improve with orders and capacity gradually increase.

Our continuous diversification of product mix and market coverage allows the Group 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 becoming 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 PCBs in 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 make further development 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

	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Turnover	<b>289,190</b>	329,856
Gross profit	<b>61,684</b>	78,954
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	<b>35,592</b>	40,091
Net profit	<b>12,382</b>	24,900

The Group's turnover for the six months ended 30 June 2016 was approximately HK\$289.2 million, representing a decrease of approximately 12.3% as compared to approximately HK\$329.9 million for the last corresponding period, which was attributable to reduced sales orders due to economic slowdown, thus causing negative impact on the Group's sales.

The Group's gross profit margin for the six months ended 30 June 2016 was approximately 21.3%, representing a decrease of approximately 2.6% over the gross profit margin of the last corresponding period of approximately 23.9%, due to the full operation of new production facilities and equipment at the end of 2015, leading to significant increase in depreciation charge and operating costs.

The Group's total operating expenses for the six months ended 30 June 2016 were approximately HK\$48.7 million, representing a decrease of approximately 4.9% over the last corresponding period, due to a decrease in commission and transportation expenses.

The Group's EBITDA amounted to approximately HK\$35.6 million for the six months ended 30 June 2016 as compared to approximately HK\$40.1 million for the last corresponding period.

The Group recorded a net profit attributable to owners of the Company of approximately HK\$12.4 million for the six months ended 30 June 2016 as compared to approximately HK\$24.9 million for the last corresponding period.

### *Other income and gains*

Other income and gains increased by approximately HK\$3.6 million or 70.6%, to approximately HK\$8.7 million during the six months ended 30 June 2016 from approximately HK\$5.1 million for the six months ended 30 June 2015, primarily resulting from fair value gains on investment properties amount to approximately HK\$8.2 million for this period. Meanwhile, the Group did not receive the similar amount of grant from the PRC government as per the last corresponding period.

### *Other expenses*

Other expenses increased by approximately HK\$0.6 million to approximately HK\$1.0 million for the six months ended 30 June 2016 from approximately HK\$0.4 million for the six months ended 30 June 2015. The increase was primarily due to the write-off of a deposit paid for purchase of an item of property, plant and equipment.

### *Selling and distribution expenses*

Selling and distribution expenses decreased by approximately HK\$2.6 million or 19.8%, to approximately HK\$10.5 million for the six months ended 30 June 2016 from approximately HK\$13.1 million for the six months ended 30 June 2015. The decrease was primarily due to the decrease in commission and transportation expenses.

### *General and administrative expenses*

The general and administrative expenses for the six months ended 30 June 2016 were approximately HK\$38.2 million, similar to the amount of approximately HK\$38.1 million for the last corresponding period.

### *Finance costs*

Finance costs increased by approximately HK\$1.5 million, or 83.3%, to approximately HK\$3.3 million for the six months ended 30 June 2016 from approximately HK\$1.8 million for the six months ended 30 June 2015. The increase was primarily due to a larger amount of interest capitalised for the last corresponding period.

### *Profit attributable to owners of the Company*

The Group recorded a profit attributable to owners of the Company of approximately HK\$12.4 million for the six months ended 30 June 2016 as compared to approximately HK\$24.9 million for six months ended 30 June 2015, representing a decrease of approximately 50.2%. The decrease of profit attributable to owners of the Company was mainly due to the decrease in gross profit of approximately HK\$17.3 million.

### *Property, plant and equipment*

The net carrying amount as at 30 June 2016 was approximately HK\$416.6 million, representing an increase of approximately HK\$6.4 million from the net carrying amount of approximately HK\$410.2 million as at 31 December 2015. This was mainly due to (i) depreciation of approximately HK\$14.8 million for the Group's property, plant and equipment in the current period; (ii) newly acquired machines and equipment of the Group and the internal construction for the new factory of approximately HK\$31.7 million; and (iii) decrease in exchange realignment of approximately HK\$8.5 million.

### *Trade and bills receivables*

There was an increase in trade and bills receivables as at 30 June 2016 of approximately HK\$1.0 million as compared to 31 December 2015 which was mainly due to increase in bills receivable.

### *Bank and other borrowings*

The Group had bank and other borrowings as at 30 June 2016 in the sum of approximately HK\$238.6 million, increased by approximately HK\$32.3 million from the sum of approximately HK\$206.3 million as at 31 December 2015. The main reason for 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*

As at 30 June 2016, the Group had current assets of approximately HK\$401.2 million (31 December 2015: HK\$394.3 million) which comprised cash and cash equivalents of approximately HK\$97.7 million (31 December 2015: HK\$100.3 million). As at 30 June 2016, the Group had current liabilities amounted to approximately HK\$395.7 million (31 December 2015: HK\$388.4 million), consisting mainly of payables arising from the normal course of operation and bank borrowings. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.0 as at 30 June 2016 (31 December 2015: 1.0).

### *Gearing ratio*

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 0.6 as at 30 June 2016 (31 December 2015: approximately 0.5).

### *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 2016, the Group's operating units had certain cash and cash equivalents, trade receivables and trade payables which are denominated in currencies other than the Group's operating units' functional currencies and consequently we have foreign exchange risk exposure from translation of amount denominated in such currencies as at the report date. During the six months ended 30 June 2016, 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 have been listed on the Main Board of the Stock Exchange since 8 December 2014. There has been no major change in the capital structure of the Company ever since. The capital of the Company comprises ordinary shares, and capital and other reserves.

### *Capital commitments*

As at 30 June 2016, capital commitments of the Group amounted to approximately HK\$19.9 million (31 December 2015: HK\$23.9 million).

### *Information on employees*

As at 30 June 2016, the Group had 1,066 (31 December 2015: 1,124) employees, including the executive Directors. Remuneration is determined with reference to market norms and individual employee's 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 where options to subscribe for shares may be granted to the Directors and employees of the Group.

### *Significant investment held*

Except for available-for-sale investment, during the six months ended 30 June 2016, the Group did not hold any significant investment in equity interest of any other company.

### *Future plans for material investments and capital assets*

Save as disclosed in the prospectus of the Company dated 26 November 2014 (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 2016, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.



### *Charges of assets*

As at 30 June 2016, the Group's bank borrowings and bills payable were secured by certain assets of the Group as set out below:

- (i) the Group's leasehold land and buildings, construction in progress and an investment property with an aggregate net carrying amount of approximately HK\$234.9 million (31 December 2015: HK\$242.3 million).
- (ii) the Group's leasehold lands situated in Mainland China which are classified as prepaid land lease payments with an aggregate carrying amount of approximately HK\$5.6 million (31 December 2015: HK\$5.8 million).
- (iii) pledged deposits with banks and restricted cash amounting to approximately HK\$35.9 million (31 December 2015: HK\$23.3 million).

### *Contingent liabilities*

The Group had no material contingent liabilities as at 30 June 2016 (31 December 2015: 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.

## **PROSPECTS**

We expect the business environment in the remaining of 2016 to remain challenging as the global economy is still uncertain. In order to maintain our competitiveness, we will enhance our 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.

## **EVENTS AFTER THE REPORT DATE**

There were no significant events after the reporting period up to the date of this announcement.

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

As the shares of the Company have been listed on the Stock Exchange since 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 2016.

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 2016.

## **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 of the audit committee), Mr. Yeung Kam Ho and Mr. Chung Yuk Ming.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 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 2016 have been prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$12.0 million).

## **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 2016 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 aforementioned websites in due course.

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

Hong Kong, 25 August 2016

*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.*