Yan Tat Group Holdings Limited

[illegible]

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1480

國泰君安國際
GUOTAI JUNAN INTERNATIONAL
Guotai Junan Capital Limited

國泰君安國際
GUOTAI JUNAN INTERNATIONAL
Guotai Junan Securities (Hong Kong) Limited

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

YAN TAT GROUP HOLDINGS LIMITED
恩達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	**:**	**60,000,000 Shares (subject to the Offer Size Adjustment Option)**
Number of International Placing Shares	**:**	**54,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)**
Number of Hong Kong Public Offer Shares	**:**	**6,000,000 Shares (subject to reallocation)**
Offer Price	**:**	**Not more than HK$1.25 per Offer Share and expected to be not less than HK$1.09 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value per Share	**:**	**HK$0.01**
Stock Code	**:**	**1480**

Sole Sponsor

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Capital Limited

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Securities (Hong Kong) Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. securities law.

The Offer Price is expected to be fixed by an agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or about Tuesday, 2 December 2014 or such other date or time as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) but in any event, not later than Thursday, 4 December 2014. The Offer Price will be not more than HK$1.25 per Offer Share and is expected to be not less than HK$1.09 per Offer Share, unless otherwise announced. Applicants for the Offer Shares are required to pay, on application, the maximum Offer Price of HK$1.25 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK$1.25 (the maximum Offer Price).

Sole Global Coordinator (for itself and on behalf of the other Underwriters), with the consent of our Company, may reduce the indicative Offer Price range below that as stated in this prospectus (which is HK$1.09 to HK$1.25) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such event, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) an announcement and cause to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.yantat.com**) of such change. Further details are set out in the section headed "Structure of the Global Offering" in this prospectus. If, for whatsoever reason, the Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) are unable to reach an agreement at or prior to Thursday, 4 December 2014 or such other date or time as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), the Global Offering will not become unconditional and will lapse immediately. In such event, our Company will issue an announcement to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese).

Prospective investors of the Global Offering should note that the Global Offering will not proceed if the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) terminates the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement after any of the events set out in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Underwriting Agreement — Grounds for termination" in this prospectus occurs prior to 8:00 a.m. on the Listing Date. It is important that you refer to the section headed "Underwriting" in this prospectus for further details.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including, without limitation, the risk factors set out in the section headed "Risk Factors" in this prospectus.

26 November 2014

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement in Hong Kong to be published in English in South China Morning Post and in Chinese in Hong Kong Economic Times and to be posted on the website of our Company at **www.yantat.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk** *(Note 2)*	11:30 a.m. on Monday, 1 December 2014
Application lists of the Hong Kong Public Offering open *(Note 3)*	11:45 a.m. on Monday, 1 December 2014
Latest time for lodging **WHITE** and **YELLOW** Application Forms and to give **electronic application instructions** to HKSCC *(Note 4)*	12:00 noon on Monday, 1 December 2014
Latest time to complete payments for **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Monday, 1 December 2014
Application lists of the Hong Kong Public Offering close *(Note 3)*	12:00 noon on Monday, 1 December 2014
Expected Price Determination Date *(Note 5)*	Tuesday, 2 December 2014
Announcement of (i) the Offer Price; (ii) the indication of the level of interest in the International Placing; (iii) the level of applications in the Hong Kong Public Offering; (iv) the basis of allotment of Hong Kong Public Offer Shares under the Hong Kong Public Offering; and (v) the number of Offer Shares reallocated, if any, between the Hong Kong Public Offering and the International Placing to be published in English in South China Morning Post and in Chinese in Hong Kong Economic Times and on the website of our Company at **www.yantat.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Friday, 5 December 2014
Results of allocation in the Hong Kong Public Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function from	Friday, 5 December 2014
Announcement of results of allotment of the Hong Kong Public Offering (with success applicants' identification document numbers, where applicable) available through a variety of channels as described in the section headed "How to Apply for Hong Kong Public Offer Shares — Publication of results" in this prospectus from	Friday, 5 December 2014

Despatch/collection of share certificates and/or e-Auto Refund payment instructions/refunds cheques on or before *(Notes 6, 7, 8)* . . . . Friday, 5 December 2014

Dealings in the Shares on the Main Board of the Stock Exchange expected to commence on . . . . 9:00 a.m. on Monday, 8 December 2014

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the "Structure of the Global Offering" in this prospectus.

2. You will not be permitted to submit your application to the HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 1 December 2014, the application lists will not open or close on that day. Further information is set out in the section headed "How to Apply for Hong Kong Public Offer Shares — Effect of bad weather conditions on the opening of the application lists" in this prospectus.

4. Applicants who apply for the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Public Offer Shares — Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

5. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Tuesday, 2 December 2014 and, in any event, not later than Thursday, 4 December 2014. If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), the Global Offering will not proceed and will lapse. Applicants must pay the maximum offer price of HK$1.25 per Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but will be refunded the surplus application monies, without interest, as provided in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

6. Share certificates for the Offer Shares are expected to be issued on Friday, 5 December 2014 but will only become valid certificates of title at 8:00 a.m. on Monday, 8 December 2014 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated. If the Hong Kong Public Offering does not become unconditional or either of the Underwriting Agreements is terminated, we will make an announcement as soon as possible.

7. E-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the applicant is made by joint applicants, part of the Hong Kong identity card number or passport number of the first named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.

8. Uncollected share certificates and refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for Hong Kong Public Offer Shares — Despatch/Collection of share certificates and refund monies" in this prospectus.

For details of the structure of the Global Offering, including its conditions, please refer to the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

It is important that prospective investors should note that the Sole Global Coordinator (for itself and on behalf of the other Underwriters) is entitled to terminate the Underwriting Agreement by notice in writing to us upon the occurrence of any of the events set out in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Underwriting Agreement — Grounds for termination" in this prospectus at any time up to 8:00 a.m. on the Listing Date. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout. It is important that prospective investors should refer to the section headed "Underwriting" in this prospectus for further details.

You should rely only on the information contained in this prospectus and the related Application Forms to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus and the related Application Forms. Any information or representation not made in this prospectus and the related Application Forms must not be relied upon by you as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors or affiliates of any of them or any other person or parties involved in the Global Offering.

This prospectus is issued by us solely in connection with the Global Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Global Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the related Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this prospectus and the related Application Forms. Any information or representation not contained or made in this prospectus and the related Application Forms must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OUR BUSINESS AND OPERATIONS

Overview

We are an OEM provider of PCBs, principally engaged in the production of quality PCBs, which meet the industry standards such as IPC Standards, as well as our customers' requirements. Our headquarters are located in Hong Kong. Our Shenzhen Facility is located in Shenzhen, the PRC, where we commenced our PCB production in 1992, covering an aggregate production gross floor area of approximately 17,370 sq.m. and have an installed production capacity of approximately 612,000 sq.m. per annum. To meet an increasing demand of our PCBs, we commenced the construction of the Shenzhen New Facility in 2012 covering an aggregate gross floor area of approximately 53,977 sq.m. adjacent to the Shenzhen Facility. The construction of the Shenzhen New Facility completed in July 2014. As at the Latest Practicable Date, we were in the process of applying for the certificate of completion which we anticipate to obtain by the first quarter of 2015. We anticipate that the trial operations at the Shenzhen New Facility will begin by the first quarter of 2015.

All of our PCBs are made-to-order. We produce PCBs according to the specifications and design provided by our customers. As at the Latest Practicable Date, our PCBs include Conventional PCBs and Special Material PCBs, which comprise of three major product categories, including (i) single-sided PCBs; (ii) double-sided PCBs; and (iii) multi-layered PCBs which usually have even layers. Our multi-layered PCBs range from four to fourteen layers. Our Conventional PCBs usually use glass epoxy laminate sheet, a commonly used PCB material. Our Special Material PCBs primarily use various special laminate materials including polyimide, teflon, stainless steel, copper, ceramics and aluminium. Our PCBs are widely used by our PRC and international customers in a variety of electronic products covering sectors including communication, automobile, industrial automation, consumer electronics and medical.

According to CRI, our independent market consultant, the PRC PCB industry is highly fragmented. Therefore, we are operating in a highly competitive industry. We principally compete with small-to-medium sized local PCB manufacturers in the PRC. However, our Directors believe that we may capture the opportunities of future growth of the global PCB industry. Please refer to the section headed "Industry Overview" in this prospectus for more details.

Competitive strengths

Our Directors believe that our Group possesses the following competitive strengths which are described in the section headed "Business — Our competitive strengths" starting from page 96 of this prospectus:

- *responsive production solutions which address a wide range of PCBs and strong capability to produce PCBs using special materials.* Since our founding in 1989, we have developed production solutions responsive to the production needs of a wide range of PCBs with various specifications. Our diversified product mix allows us 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 capability to produce multi-layered and Special Material PCBs, which require advanced technologies and specialised expertise.

- *broad customer base and extensive international coverage.* For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, we had 193, 178, 190 and 163 active customers, respectively. From 1 January 2014 up to the Latest Practicable Date, our global PCB customers amounted to 180.

- *consistently high quality of PCBs and emphasis on environmental protection enable us to establish strong recognition in customers.* We have received a series of certifications including ISO/TS16949, AS9100C, ISO14001 and UL-796 for our PCBs quality standards and environmental management system. We emphasise environmentally-friendly production processes and ensure our products are in conformity with our customers' expectations.

- *an experienced management team who enable us to achieve our goals.* Mr. Chan Wing Yin, our founder, chairman, executive Director and chief executive officer, has more than 25 years of experience in PCB production and sales.

Business strategies

We aim to become a market leader of PCB providers and to expand our market share. We currently have no concrete plans for any acquisition of subsidiaries or business, nor do we have any acquisition targets. We plan to implement the following strategies to achieve our goals which are described in the section headed "Business — Our Business Strategies" starting from page 98 of this prospectus:

- enhance production capacity and strengthen R&D capabilities to diversify our product offering, reduce costs and optimise profitability

- further penetrate the communication and automobile sectors

- tap demand in the global market and continue to expand our market share

- continue to attract, develop and promote talent

Our production capacity expansion plan

We are currently in the process of expanding our production capacity through constructing our Shenzhen New Facility. We have been foreseeing an increasing trend in customers' demand for our PCBs, which exceeds our existing installed production capacity. We believe that there is a need to expand production capacity to capture the market opportunities. The construction of the Shenzhen New Facility was completed in July 2014 and we anticipate the trial operations at the Shenzhen New Facility will commence by the first quarter of 2015. Upon the full operation of our Shenzhen New Facility, our production capacity will increase by 360,000 sq.m. per annum. We aim to further diversify our product offerings through our enhanced production capacity. We currently occupy and use certain land and building structures with defective titles. We expect to gradually relocate from the affected factory buildings to the Shenzhen New Facility and the estimated date of completion of our relocation plan will be in early December 2015. For details regarding our properties with defective titles, please refer to the section headed "Business — Properties — Properties with defective titles" in this prospectus. After the completion of relocation, the production capacity of the Shenzhen New Facility will increase by 324,000 sq.m. per annum, in addition to the production capacity of 360,000 sq.m. per annum and the production capacity of the Shenzhen Facility will decrease by 324,000 sq.m. per annum from 612,000 sq.m. per annum to 288,000 sq.m. per annum.

The table below sets forth the key details of our Shenzhen New Facility.

Progress	Time frame/investment/ production capacity
Commencement date of trial operation	First quarter of 2015
Expected commencement date of full operation	Second quarter of 2015
Estimated total investment amount	HK$278 million
Total investment amount used as at 30 September 2014	HK$133 million
Estimated maximum designed annual production capacity (sq.m.) (excluding the expected increase in production capacity of 324,000 sq.m. per annum upon the completion of relocation in relation to our properties with defective titles)	360,000
Estimated date of completion of our relocation plan	Early December 2015
Estimated maximum designed annual production capacity after the relocation (sq.m.)	684,000

We plan to use the proceeds from the Global Offering to fund the renovation of the Shenzhen New Facility and acquisition of new machinery for our manufacturing processes for the Shenzhen New Facility. For more details on our Shenzhen New Facility, please refer to the section headed "Business — Production Facilities — Shenzhen New Facility" in this prospectus. Apart from the proceeds from the Global Offering, an additional amount of HK$85.3 million will be required to complete our renovation and acquisition of machinery, which we plan to fund through cash generated from our operating activities and existing unutilised banking facilities. For more details on the use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus. Assuming that our Shenzhen New Facility is fully utilised, our investment for the expansion of production capacity at the Shenzhen New Facility is expected to pay back within thirteen years.

We expect upcoming customers' orders to support our expansion plan through various sources, including, among the others,

(i) we received and accepted, between February 2013 and August 2014, a series of nomination letters from one of our existing customers, being a German subsidiary of a major global supplier of automobile electronics and components with whom we had established a business relationship for approximately four years as at 31 May 2014, which nominated us as the supplier of certain projects ranging from three to ten years. However, the nomination letters do not represent a binding commitment or obligation to purchase our PCBs by such German subsidiary in a specified quantity or for a specific period;

(ii) in April 2014, we entered into a letter of intent to establish a long term cooperative relationship with one of our existing customers with whom we had established a business relationship for approximately nine years as at 31 May 2014, being one of the world's leading automobile component providers, to test and produce certain parts of carbon PCBs applicable to automobile parts and components. Taking into account the demand from such letter of intent, and based on the confirmed purchase orders and other purchase order forecasts provided by this customer in relation to its existing and new projects, the Directors expect additional purchase orders will be placed by this customer in 2015; and

(iii) as at the Latest Practicable Date, apart from the customers mentioned in (i) and (ii) above, we received expressed interests from ten other existing customers. Based on the confirmed purchase orders and purchase order forecasts provided by these customers in relation to their existing projects and new projects, the Directors expect an increase in purchase orders in 2015.

We intend to implement in the Shenzhen New Facility a streamlined production process which covers all major production procedures, from raw material processing to finished product assembly.

We may, from time to time, review our expansion plans but we will ensure the public is kept informed on our expansion plans, including through announcements on a timely basis and relevant disclosures in our interim and annual reports after Listing.

For more details on our business expansion, please refer to the section headed "Business — Our Business Strategies — Enhance production capacity and strengthen R&D capabilities to diversify our product offering, reduce costs and optimise profitability" in this prospectus.

Customers

We have an established sales coverage in the PRC and international markets. We have a broad customer base and extensive international coverage, which demonstrates our strong competitive strengths in the PCB industry. Our major customers include providers of various parts and components as well as end-products, such as power amplifiers, steering angle sensors, solar inverters, washing machines and glucose metres. We are one of the three recognised worldwide exclusive suppliers of a world leading telecommunication company for a key component of its products. We sell our PCBs primarily by way of direct sale through our sales employees in our sales department located in Shenzhen.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, sales to our five largest customers amounted to approximately HK$332.5 million, HK$366.3 million, HK$348.9 million and HK$155.2 million, representing 59.2%, 63.5%, 60.0% and 56.8%, respectively, of our total revenue. In addition, during the Track Record Period, we derived a significant portion of our revenue from our customers from the communication and automobile sectors. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our sales to customers from the communication sector accounted for approximately 47.1%, 41.2%, 17.6% and 17.4%, respectively, of our total revenue. During the same periods, our sales to customers from the automobile sector accounted for approximately 15.2%, 20.4%, 32.9% and 32.5%, respectively, of our total revenue.

During the Track Record Period and up to Latest Practicable Date, we sold PCBs to a French customer group (the "French Customer Group") with delivery to its subsidiary in Tunisia. During the Track Record Period, our sales to the French Customer Group amounted to nil, HK$23,000, HK$10.3 million and HK$6.5 million, representing nil, 0.004%, 1.8% and 2.4% of our total revenue, respectively (of which, nil, nil, HK$10.3 million and HK$6.5 million were under scheduled purchase order ("SPO") arrangements, respectively), and all were sold and delivered to the Tunisian subsidiary of the French Customer Group. The European Union ("EU") imposes sanctions, not against the whole of Tunisia, but against certain individuals in Tunisia ("EU Sanctions"), which are currently limited to asset freezes against certain individuals in Tunisia deemed responsible for the misappropriation of Tunisian State funds (the "List of Sanctioned Individuals"). The asset freeze essentially prohibits the dealing in any way of funds belonging to, owned, held or controlled by the listed individuals and the provision of funds or economic resources, directly or indirectly, to or for the benefit of the individuals on the List of Sanctioned Individuals, unless authorised by the relevant member state of EU. Given that the French Customer Group and its subsidiary in Tunisia are not on the List of Sanctioned Individuals and are not subject to an asset freeze under EU Sanctions, Norton Rose Fulbright LLP, an external counsel specialising in EU sanctions laws, is of the view that there is a remote risk that the EU Sanctions apply to our PCB sales to the French Customer Group with delivery to its subsidiary in Tunisia and presents a remote risk of breaching EU Sanctions to the Company, its investors and shareholders and the Stock Exchange and its related companies. For more details regarding our PCBs delivered to the Tunisian subsidiary, please refer to the section headed "Business — Customers, Sales and Marketing — Sales — Sales to a French customer group with a subsidiary in Tunisia" in this prospectus. For details regarding SPO arrangements, please refer to the section headed "Business — Customer, Sales and Marketing — Scheduled Purchase Order" in this prospectus.

Suppliers and raw materials

Our suppliers are generally providers of the relevant raw materials. We do not foresee any major difficulties in sourcing raw materials required for the production of our products in the future. Most of our raw materials are available from multiple suppliers and we maintain multiple sources for most raw materials so that a delivery or quality problem with any one supplier will not cause a significant adverse impact on our business.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, purchase from our five largest suppliers amounted to approximately HK$193.5 million, HK$189.9 million, HK$181.6 million and HK$127.8 million, representing 44.0%, 42.2%, 40.7% and 60.0%, respectively, of our total costs of sales.

Subcontracting

During the Track Record Period, we engaged independent external manufacturers based on two arrangements in response to the increased customers' demand, including:

- finished PCB subcontracting where subcontracting fees are paid to our subcontractors for the finished PCBs produced. Under such arrangements, the costs of raw materials are borne by the subcontractors.

- production process subcontracting where subcontracting fees are paid to our subcontractors for part of the production processes conducted, usually the processes of drilling and routing, under which circumstances we provide the raw materials.

We usually enter into one-year cooperation agreements, together with standalone quality assurance agreements and non-disclosure agreements, with our subcontractors. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our total subcontracting fees amounted to approximately HK$37.8 million, HK$38.7 million, HK$59.6 million and HK$49.8 million, representing 8.6%, 8.6%, 13.3% and 23.4%, respectively, of our total costs of sales for the same periods.

RISK FACTORS

We believe that our activities may be adversely affected by certain risks, many of which are beyond our control.

The list below sets forth the major risk factors in relation to our operations:

- YT Printed Circuit continues to use certain structures which are built on the land it no longer possesses the valid land use rights located at our Shenzhen Facility. If we are ordered to return the affected land and vacate from the building structures, our business operations which are carried out on the affected land and building structures will be materially and adversely affected.

- YT Printed Circuit had not obtained relevant valid building certificates for certain buildings it owns and occupies located at our Shenzhen Facility. If we are ordered to vacate from the building structures or if any penalties are imposed on us, our business operations which are carried out on the building structures will be materially and adversely affected.

- our non-compliance with certain laws and regulations regarding social insurance and housing provident fund in the PRC could lead to the imposition of fines and penalties on us.

- we may not successfully implement our capacity expansion plans and effectively utilise our Shenzhen New Facility, and such expansion may result in over-capacity, which may materially affect our future plans, profitability and growth.

- we may not successfully implement our relocation plans on a timely basis. If we are ordered to return the affected land and vacate from the building structures before we have successfully implemented our relocation plan, our business operations will be materially and adversely affected.

- we expect to incur substantial financial costs and depreciation expenses from the expansion plan at the Shenzhen New Facility, which may materially and adversely affect our results of operations and financial condition.

- we recorded thin net profit margin during the Track Record Period. If we fail to increase our revenue without an effective control over our operating costs and expenses, our business, results of operations and financial condition may be negatively affected.

- we derive a significant portion of our revenue from our major customers, particularly communication and automobile customers. The decrease in demand from our major customers may materially and adversely affect our business.

A detailed discussion of the aforesaid and other risk factors is set out in the section headed "Risk Factors" starting from page 31 in this prospectus. You should carefully consider the information contained therein before making any investment decision in relation to our Shares.

SHAREHOLDERS' INFORMATION

Immediately after completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Offer Size Adjustment Option or options which have been or may be granted under the Share Option Scheme), Million Pearl will effectively hold 75% of the total issued share capital of our Company. Million Pearl is held as to 70% by Mr. Chan and 30% by Mrs. Chan. Million Pearl, together with Mr. Chan and Mrs. Chan, will continue to control more than 30% of our issued share capital and will remain as the Controlling Shareholders after the Global Offering. For the background of the Controlling Shareholders, (being Mr. Chan and Mrs. Chan, both of whom are Directors), please refer to the section headed "Directors and Senior Management" in this prospectus.

OFFER STATISTICS

We expect to issue 60,000,000 new Shares under the Global Offering.

	Based on the Offer Price of HK$1.09 per Share	Based on the Offer Price of HK$1.25 per Share
Market capitalisation of our Shares(1)	HK$262 million	HK$300 million
Unaudited pro forma adjusted combined net tangible assets of the Group per Share(2)	HK$1.27	HK$1.31

Notes:

(1) The calculation of the market capitalisation of our Shares is based on 240,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering but does not take into account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.

(2) The unaudited pro forma adjusted combined net tangible assets of the Group per Share has been prepared with reference to certain estimations and adjustments. Please refer to Appendix II to this prospectus for further details.

FUTURE PLANS AND USE OF PROCEEDS

We plan to expand production capacity to capture market opportunities. We have completed the construction of the Shenzhen New Facility. We plan to commence trial operation of the Shenzhen New Facility by the first quarter of 2015. The table below sets forth our future plans.

	Total investment	Invested amount as at 31 May 2014	We currently intend to apply these net proceeds for the following purposes	Time frame
Renovation	HK$54.9 million	—	Approximately HK$14.8 million (approximately 37.5% of our total estimated net proceeds) for the renovation of the Shenzhen New Facility.	4th Quarter 2014
Acquisition of machinery	HK$70.0 million	—	Approximately HK$24.6 million (approximately 62.5% of our total estimated net proceeds) for the acquisition of machinery for the Shenzhen New Facility in Shenzhen to expand our production capacity by 360,000 sq.m. per annum.	4th Quarter 2014

Net proceeds of the Global Offering will be approximately HK$39.4 million, assuming an Offer Price of HK$1.17 per Share (being the mid-point of the Offer Price range) and assuming that the Offer Size Adjustment Option is not exercised.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Global Offering and pursuant to the International Underwriting Agreement, we expect to grant an Offer Size Adjustment Option, exercisable by the Sole Global Coordinator (for itself and on behalf of the other International Underwriters) at any time from the date of this prospectus to 5:00 p.m. on the Business Day immediately prior to the date of the announcement of the results of allocations and the basis of allocation of the Hong Kong Public Offer Shares.

The purpose of the Offer Size Adjustment Option is to provide flexibility to the Sole Global Coordinator to meet any excess demand in the International Placing. Under the Offer Size Adjustment Option, the Company may be required to issue, at the Offer Price, up to an aggregate of 9,000,000 additional new Shares, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, to cover over-allocations in the International Placing, subject to the terms of the

International Underwriting Agreement. The Sole Global Coordinator in its sole and absolute discretion may decide to whom and proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, the additional new Shares will represent approximately 3.6% of the enlarged issued share capital of our Company immediately following completion of the Global Offering, the Capitalisation Issue and the exercise of the Offer Size Adjustment Option. Please refer to the section headed "Structure of the Global Offering" in this prospectus for more details.

SUMMARY OF KEY OPERATING INDICATORS

The table below presents a summary of our key operating indicators, namely our actual production volume, production capacity and utilisation rate, during the Track Record Period.

	Year ended 31 December			Five months ended 31 May
	2011	**2012**	**2013**	**2014**
Production volume (sq.m.)[1]	405,185	403,088	484,391	200,797
Conventional PCBs				
Single-sided	3,361	2,889	2,644	1,573
Double-sided	292,556	289,814	336,087	136,332
Multi-layered	94,762	95,198	125,510	54,831
Special Material PCBs				
Single-sided	7,203	7,113	9,484	1,729
Double-sided	7,144	7,930	10,579	6,052
Multi-layered	159	144	87	280
Installed production capacity (sq.m.) for				
— Single-sided PCBs (assuming all existing production lines are used for producing single-sided PCBs)[1]	612,000	612,000	612,000	255,000
— Double-sided PCBs (assuming all existing production lines are used for producing double-sided PCBs)[1]	612,000	612,000	612,000	255,000
— Multi-layered PCBs (assuming all existing production lines are used for producing multi-layered PCBs)[1]	240,000	240,000	240,000	100,000
Utilisation rate (%)[1]				
— Outer layer process (for producing all single-sided, double-sided and multi-layered PCBs)	66.2	65.9	79.1	78.7
— Inner layer process (for producing multi-layered PCBs)	39.5	39.7	52.3	55.1

Note:

(1) Please refer to the section headed "Business — Production Facilities — Production capacity" in this prospectus for information of calculation of these key operating indicators.

SUMMARY OF FINANCIAL INFORMATION

The following tables present a summary of our financial information during the Track Record Period and should be read in conjunction with our financial information included in the Accountants' Report set out in Appendix I to this prospectus, including the notes thereto.

Highlight of our combined statements of profit or loss and other comprehensive income

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
								(unaudited)		
Revenue	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%
Gross profit	121,814	21.7%	127,047	22.0%	135,139	23.2%	53,767	23.6%	59,913	21.9%
Profit before tax	22,259	4.0%	33,972	5.9%	42,822	7.3%	15,779	6.9%	19,138	7.0%
Profit for the year/period	18,444	3.3%	30,178	5.2%	39,767	6.8%	14,334	6.3%	15,680	5.7%

Highlight of certain items of our combined statements of financial position

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	326,149	343,601	350,311	378,102
Current liabilities	321,620	339,734	258,034	292,986
Net current assets	4,529	3,867	92,277	85,116
Non-current assets	201,423	236,180	308,870	317,988
Non-current liabilities	18,541	21,413	133,322	133,036
Net assets	187,411	218,634	267,825	270,068

Key financial ratios

The following table sets forth certain financial ratios as at the dates or for the periods indicated.

	As at or for the year ended 31 December			As at or for the five months ended 31 May
	2011	2012	2013	2014
Current ratio[(1)]	1.0	1.0	1.4	1.3
Quick ratio[(1)]	0.8	0.9	1.1	1.1
Gearing ratio[(1)]	1.0	0.9	0.8	0.8
Net debt to equity ratio[(1)]	0.6	0.5	0.7	0.6
Return on equity[(1)]	9.8%	13.8%	14.8%	13.9%
Return on assets[(1)]	3.5%	5.2%	6.0%	5.4%
Gross profit margin	21.7%	22.0%	23.2%	21.9%
Net profit margin	3.3%	5.2%	6.8%	5.7%

Note:

(1) Please refer to the section headed "Financial Information — Key Financial Ratios" in this prospectus for information of calculation of these ratios.

Analysis of revenue

The following table sets forth our revenue by product category for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Conventional PCBs										
Single-sided	4,472	0.8%	4,532	0.8%	3,684	0.6%	1,772	0.7%	2,242	0.8%
Double-sided	246,398	43.9%	246,954	42.8%	310,873	53.5%	119,186	52.3%	149,865	54.9%
Multi-layered	125,397	22.3%	126,020	21.9%	161,532	27.8%	59,150	26.0%	73,213	26.8%
Subtotal	376,267	67.0%	377,506	65.5%	476,089	81.9%	180,108	79.0%	225,320	82.5%
Special Material PCBs										
Single-sided	160,274	28.6%	171,938	29.8%	65,975	11.3%	30,834	13.6%	23,318	8.6%
Double-sided	22,623	4.0%	25,418	4.4%	38,536	6.6%	16,270	7.1%	22,621	8.3%
Multi-layered	2,421	0.4%	1,801	0.3%	957	0.2%	656	0.3%	1,748	0.6%
Subtotal	185,318	33.0%	199,157	34.5%	105,468	18.1%	47,760	21.0%	47,687	17.5%
Total	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

The table below sets forth our revenue based on geographic locations of our customers and their percentage of our total revenue for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
The PRC	371,136	66.1%	361,908	62.8%	321,219	55.2%	131,032	57.5%	140,043	51.3%
Europe	67,680	12.1%	91,477	15.9%	112,471	19.3%	36,746	16.1%	58,807	21.5%
Hong Kong	44,944	8.0%	48,391	8.4%	55,938	9.6%	22,344	9.8%	24,513	9.0%
North America	49,418	8.8%	47,567	8.2%	52,271	9.0%	22,821	10.0%	27,829	10.2%
Asia (except the PRC and Hong Kong)	25,871	4.6%	23,453	4.1%	28,419	4.9%	10,753	4.7%	14,789	5.4%
Africa	—	—	23	0.0%	10,269	1.8%	3,755	1.7%	6,506	2.4%
Oceania	2,259	0.4%	3,664	0.6%	886	0.2%	334	0.2%	520	0.2%
South America	277	0.0%	180	0.0%	84	0.0%	83	0.0%	—	—
Total	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

The table below sets forth our revenue based on sectors in which our customers operate in and their percentage of our total revenue for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Communication	264,279	47.1%	236,969	41.2%	102,444	17.6%	40,997	18.0%	47,431	17.4%
Automobile	85,329	15.2%	117,903	20.4%	191,288	32.9%	75,889	33.3%	88,832	32.5%
Industrial automation	87,282	15.5%	80,295	13.9%	108,932	18.7%	43,231	19.0%	51,886	19.0%
Consumer electronics	67,489	12.0%	80,259	13.9%	122,998	21.1%	44,277	19.4%	55,679	20.4%
Medical	4,114	0.7%	3,507	0.6%	4,253	0.7%	1,667	0.7%	2,490	0.9%
Others	53,092	9.5%	57,730	10.0%	51,642	9.0%	21,807	9.6%	26,689	9.8%
	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

MARKET AND COMPETITION

We are an OEM provider of PCBs competing primarily in the PRC PCB market. In 2013, the sales value of the global PCB market was US$63.8 billion, while the sales value of the PRC PCB market was US$26.8 billion. Compared to the global PCB market, the PRC PCB market is relatively less mature but had a CAGR of 12.4% from 2009 to 2013 compared with the global PCB market which had a CAGR of 9.3% for the same period. The barriers to entry into the PRC PCB market include capital investment requirements, environmental regulatory standards and advantages of long term relationships with customers.

The PRC PCB industry is highly fragmented and is characterised by intense competition among PRC manufacturers as well as international manufacturers. According to CRI, our independent market consultant, in 2013, top five PCB enterprises in the PRC were Zhen Ding Technology Holding Limited, Tripod Technology Corporation, HannStar Board Corporation, TTM Technologies, Inc. and Unimicron

Technology Corporation, representing approximately 8.0%, 4.3%, 3.6%, 3.2% and 3.1%, respectively, of the PRC PCB market share in terms of sales value in the PRC. All of these top five PCB enterprises are foreign invested enterprises. For further details, please refer to the section headed "Industry Overview" in this prospectus.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, competition in the PCB industry continued to be intense. Our business continued to grow for the nine months ended 30 September 2014, which was mainly attributable to the increase in demand of our PCBs. Manufacturing of PCBs remained our principal business as at the Latest Practicable Date.

The PCB sales volume for the nine months ended 30 September 2014 was 481,993 sq.m., representing an increase of 17.6% as compared to that in the corresponding period in 2013.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant change of our pricing policy and there had been no material change in unit raw material costs. As far as we are aware, there had been no change in the general economic and market conditions in the PCB industry in the PRC that had materially and adversely affected our business operations or financial condition.

On 15 October 2014, we renewed the tenancy agreement entered into between YT Printed Circuit and 深圳市坪山南布股份合作公司 (formerly known as 深圳市坪山南布經濟發展有限公司) for a period of two years, for the property located at No. 8 Yantat Road, Pingshan New District, Shenzhen, the PRC, with a total gross floor area of 4,641 sq.m. The current lease is effective from 15 October 2015 to 14 October 2017, at a monthly rent of RMB37,368 inclusive of land use fee and security management fee.

The Group disposed 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 ("HK Headquarters"), owned by YT Technology and YT Industrial respectively to Yantek Electronics Company Limited at a consideration of approximately HK$23.1 million on 18 November 2014. Yantek Electronics Company Limited (as landlord) has then leased the HK Headquarters to YT Technology for the Group's use on 18 November 2014 for a term from 25 November 2014 to 24 November 2016 ("Headquarters Lease"). The gain before tax on the disposal of the HK Headquarters was approximately HK$18.4 million. The monthly rental under the Headquarters Lease is HK$80,300, which was determined on normal commercial terms and with reference to the prevailing market rates of similar properties in the locality.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, our Company did not declare any dividends to our then shareholders. For each of the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, YT Group declared and paid interim dividends of HK$2.5 million, HK$2.5 million, HK$2.5 million and nil, respectively.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends that we declare. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon various factors as discussed in detail in the section headed "Financial Information — Dividends and Dividend Policy" in this prospectus.

LISTING EXPENSES

Our listing expenses mainly consist of underwriting commissions in addition to professional fees paid to the sponsor, professional valuers, legal advisers and the reporting accountant for their services rendered in relation to the Listing and Global Offering. The total amount of listing expenses and commissions, that will be borne by us in connection with the Global Offering, is estimated to be approximately HK$30.8 million (based on the mid-point of our indicative price range for the Global Offering). We incurred listing fees and expenses in the Track Record Period in the amount of approximately HK$3.6 million, of which HK$1.0 million was recorded as prepayment and HK$2.6 million was charged to our combined statements of profit or loss. We expect that the remaining HK$27.2 million fees and expenses to be incurred, approximately HK$19.5 million will be charged to our combined statements of profit or loss for the year ending 31 December 2014 and approximately HK$7.7 million will be accounted for as a deduction from equity after Listing under the relevant accounting standards. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

Given that listing expenses of approximately HK$22.1 million will be charged to the combined statements of profit or loss and other comprehensive income upon Listing in the year ending 31 December 2014, it is expected that our net profit margin for the year ending 31 December 2014 will be lower than that of the year ended 31 December 2013. Prospective investors should note that the financial performance of the Group for the year ended 31 December 2014 will be materially and adversely affected by the estimated listing expenses mentioned above.

NO MATERIAL ADVERSE CHANGES

Our Directors have confirmed that, up to the date of this prospectus, save as disclosed in the paragraph headed "Listing Expenses" above, there has been no material adverse change in our financial or trading position since 31 May 2014, the end of period reported in the Accountants' Report set out in Appendix I to this prospectus, and there has been no event since 31 May 2014 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

MATERIAL AND SYSTEMIC NON-COMPLIANCE

During the Track Record Period, we had certain historical material and systemic non-compliance incidents. YT Printed Circuit's social insurance contribution and housing fund provident were insufficient from December 2001 to June 2014. YT Printed Circuit occupied and continues to occupy and use certain land and building structures which YT Printed Circuit did not possess or do not possess the relevant title certificates. We also failed to obtain the relevant construction works planning permits and construction works commencement permits before our certain construction. In addition, we failed to timely lay the audited accounts of YT Industrial and YT Technology at the annual general meeting, which is required under Section 122 of the Predecessor Companies Ordinance. As at the Latest

Practicable Date, we had engaged SHINEWING to conduct internal control review and taken actions to rectify the non-compliance. For more details on non-compliance, please refer to the section headed "Business — Compliance — Non-compliance" on page 150 of this prospectus.

LEGAL PROCEEDINGS

During the Track Record Period, we filed lawsuits against two respective customers in connection with overdue payments for goods in the amount of approximately US$369,547 (excluding damages in the amount of RMB495,760) and US$169,915 (excluding interests), respectively. The two cases were ruled in favour of overdue payments and interests during the first instance and both of them were appealed. As at the Latest Practicable Date, the first case was still pending for final judgment, while in the second case, the court, in its final judgment, ruled in favour of us for the overdue payments and interests. King & Wood Mallesons, our PRC legal adviser, is of the opinion that as the two cases were brought by us, it would not materially affect our business operations and financial condition.

Save as disclosed above, as at the Latest Practicable Date, there were no litigation or arbitration proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our business, financial condition or results of operations.

In this prospectus, the following expressions shall have the meanings set out below unless the context requires otherwise. Certain other terms are explained in the section headed "Glossary of Technical Terms".

"affiliates(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Forms"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the Articles of Association of our Company, adopted by us on 18 November 2014, which shall become effective on the Listing Date and as amended, supplemented and otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board of Directors" or "Board"	the board of Directors of the Company
"Business Day"	a day (other than a Saturday, a Sunday or public holiday) on which banks in Hong Kong are normally open for banking business to the public
"BVI"	the British Virgin Islands
"CAGR"	compounded annual growth rate
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed "Statutory and General Information — Information about our Company — Resolutions in writing of the sole Shareholder passed on 18 November 2014" in Appendix V to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, excluding, except the context otherwise requires and for purposes in this prospectus, except for Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CIT"	corporate income tax of the PRC
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
"Companies Ordinance (Miscellaneous Provisions)"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
"Company", "the Company" or "our Company"	Yan Tat Group Holdings Limited (恩達集團控股有限公司), an exempt company incorporated in Cayman with limited liability on 8 July 2014
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transactions"	the transactions specified in Chapter 14A of the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and in the content of this prospectus unless otherwise required, mean Mr. Chan, Mrs. Chan and Million Pearl
"Conventional PCB(s)"	our PCB(s) produced by using common materials, which usually refer to glass epoxy laminated sheets, unless otherwise specified or unless the context otherwise requires

"core connected person(s)"	has the meaning as ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CPCA"	China Printed Circuit Association (中國印製電路行業協會)
"CRI"	China Research and Intelligence Co., Ltd., a research and consultancy services provider
"Deed of Indemnity"	the deed of indemnity dated 18 November 2014 and executed by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries stated therein) with particulars set forth in the section headed "Statutory and General Information — Estate duty, tax and other indemnity" in this prospectus
"Deed of Non-Competition"	the deed of non-competition dated 18 November 2014 and entered into by the Controlling Shareholders in favour of our Company with particulars set forth in the section headed "Relationship with our Controlling Shareholders — Non-competition undertakings" in this prospectus
"Director(s)" or "Board of Directors"	director(s) or the board of directors of our Company, respectively
"Global Offering"	the Hong Kong Public Offering and the International Placing
"Grace YT"	Grace Yan Tat Electronics (Shenzhen) Co., Ltd.* (宏恩達電子(深圳)有限公司), a company established in the PRC with limited liability on 7 August 2012, which is a wholly owned subsidiary of YT Industrial
"**GREEN** Application Form(s)"	the application form(s) to be completed by the HK eIPO White Form Service Provider
"Group", "our Group", "our", "us" or "we"	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK$" or "HK dollars" or "Hong Kong dollars"	Hong Kong dollars respectively, the lawful currency of Hong Kong
"HK eIPO White Form"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of HK eIPO White Form **www.hkeipo.hk**

"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designated by us, as specified on the designated website of HK eIPO White Form at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited
"Hong Kong Public Offering"	the offering by the Company of the Hong Kong Public Offer Shares for subscription by members of the public in Hong Kong at the Offer Price and on the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Public Offer Shares"	the 6,000,000 Shares being initially offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment as described in the section headed "Structure of the Global Offering" of this prospectus)
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriter(s)"	the underwriter(s) of the Hong Kong Public Offering as listed in the section headed "Underwriting — Hong Kong Underwriters" of this prospectus
"Hong Kong Underwriting Agreement"	the conditional underwriting agreement dated 25 November 2014 relating to the Hong Kong Public Offering and entered into between, amongst other parties, our Company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, are independent of the Company or are not its connected persons
"International Placing"	the conditional placing of the International Placing Shares for and on behalf of our Company, to professional, institutional and other investors at the Offer Price, as further described in the section headed "Structure of the Global Offering" of this prospectus

"International Placing Shares"	the 54,000,000 Shares offered for subscription pursuant to the International Placing (subject to adjustment and the Offer Size Adjustment Option as described in the section headed "Structure of the Global Offering" of this prospectus)
"International Underwriter(s)"	the underwriter(s) of the International Placing, who are expected to enter into the International Underwriting Agreement to underwrite the International Placing
"International Underwriting Agreement"	the conditional underwriting agreement expected to be entered into on or about the Price Determination Date, between, amongst other parties, our Company, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters in respect of the International Placing
"Latest Practicable Date"	17 November 2014, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date on which dealings in the Shares commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the main board of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company adopted on 18 November 2014, as amended from time to time, a summary of which is contained in Appendix IV to this prospectus
"Million Pearl"	MILLION PEARL HOLDINGS LTD., a company incorporated in the BVI with limited liability on 19 May 2014, which is owned by Mr. Chan as to 70% and by Mrs. Chan as to 30%, respectively and also one of our Controlling Shareholders
"Mr. Chan"	Mr. Chan Wing Yin (陳榮賢), the spouse of Mrs. Chan and the father of Mr. Chan YK and Mr. Chan YW and also one of our Controlling Shareholders and executive Directors
"Mr. Chan YK"	Mr. Chan Yan Kwong (陳恩光), the son of Mr. Chan and Mrs. Chan and the brother of Mr. Chan YW and also one of our executive Directors

"Mr. Chan YW"	Mr. Chan Yan Wing (陳恩永), the son of Mr. Chan and Mrs. Chan and the brother of Mr. Chan YK and also one of our executive Directors
"Mrs. Chan"	Mrs. Chan Yung (陳勇), the spouse of Mr. Chan and the mother of Mr. Chan YK and Mr. Chan YW and also one of our Controlling Shareholders and executive Directors
"Offer Price"	the final Hong Kong dollars price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) of not more than HK$1.25 per Share and expected to be not less than HK$1.09 per Share, at which the Offer Shares are to be subscribed for and issued pursuant to the Hong Kong Public Offering and the International Placing, to be determined in the manner further described in the section headed "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Public Offer Shares and the International Placing Shares, together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option
"Offer Size Adjustment Option"	the option granted by the Company to the International Underwriters, exercisable by the Sole Global Coordinator (for itself and on behalf of the other International Underwriters), at its sole and absolute discretion, whereby the Company may be required to allot and issue up to an aggregate of 9,000,000 additional Offer Shares, representing 15% of the initial size of the Global Offering, to cover over-allocations in the International Placing as described in the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Government" or "the Government"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or, where the context requires, any of them
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on the 3 March 2014 by the Companies Ordinance and the Companies Ordinance (Miscellaneous Provisions)
"Price Determination Agreement"	the agreement to be entered into among our Company and the Sole Global Coordinator (on behalf of the Underwriter(s)) on the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date on which the Offer Price will be fixed for the purposes of the Global Offering expected to be on or about Tuesday, 2 December 2014 but no later than Thursday, 4 December 2014
"Regulation S"	Regulation S under the Securities Act
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are described under the section headed "History, corporate structure and reorganisation" of this prospectus
"RMB" or "Renminbi"	the lawful currency of the PRC
"SAFE Regulations"	the regulations published by the State Administration of Foreign Exchange of the PRC, as amended and supplemental or otherwise modified from time to time
"Securities Act"	the U.S. Securities Act of 1933, as amended from time to time
"SFC" or "Securities and Futures Commission"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong), as amended and, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of nominal value HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of our Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by our Company, details of which are set out in the section headed "Statutory and general information — Other information — 13. Share Option Scheme" in Appendix V to this prospectus
"Shenzhen Facility"	our existing production facility with the buildings constructed thereon covering a gross floor area of approximately 17,370 sq.m., located at No. 8 Yantat Road, Pingshan New District, Shenzhen, the PRC
"Shenzhen New Facility"	our new production facility with the buildings constructed thereon covering a gross floor area of approximately 53,977 sq.m. located at the Eastern portion of the parcels of land located at No. 8 Yantat Road, Pingshan New District, Shenzhen, the PRC
"Shenzhen Land Bureau"	Land Resources and Housing Management Bureau of Shenzhen Municipality* (深圳市國土資源和房產管理局), which was abolished in September 2009 when its functions were thereafter assumed by Shenzhen Land Commission

"Shenzhen Land Commission"	Urban Planning Land and Resources Commission of Shenzhen Municipality* (深圳市規劃和國土資源委員會)
"SHINEWING"	SHINEWING Risk Services Limited, internal control consultant of the Company
"Sole Global Coordinator", "Sole Bookrunner", "Sole Lead Manager" or "Guotai Junan Securities"	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined in the SFO
"Sole Sponsor" or "Guotai Junan Capital"	Guotai Junan Capital Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities as defined in the SFO
"Special Material PCB(s)"	our PCB(s) produced by using special materials, which generally include polyimide, teflon, stainless steel, copper, ceramics and aluminium, unless otherwise specified or unless the context otherwise requires
"sq.m."	square metres
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the calendar years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014
"Tuoxin"	Tuoxin (Shenzhen) Environmental Equipment Co., Ltd* (深圳市拓鑫環保設備有限公司), a company established in the PRC with limited liability on 2 June 2005, and an Independent Third Party
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	collectively, the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollar(s)"	United States dollars, the lawful currency of the United States

"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Public Offer Shares to be deposited directly into CCASS
"YT Electronics"	Yan Tat Electronics (Shenzhen) Co., Ltd* (恩達電子(深圳)有限公司), a company established in the PRC with limited liability on 17 February 1992 and was deregistered on 4 August 2014. Prior to its deregistration, it had been a wholly owned subsidiary of YT Industrial
"YT Environmental"	Yan Tat Environmental Technology (Nantong) Co., Ltd.* (南通恩達環保科技有限公司), a company established in the PRC with limited liability on 30 December 2006, which is a wholly owned subsidiary of YT Printed Circuit after the Reorganisation
"YT Group"	Yan Tat Group Limited, a company incorporated in the BVI with limited liability on 27 August 2007, which is a wholly owned subsidiary of the Company after the Reorganisation
"YT Industrial"	Yan Tat (HK) Industrial Limited (恩達(香港)實業有限公司), a company incorporated in Hong Kong with limited liability on 23 January 1992, which is a wholly owned subsidiary of YT Group
"YT Nantong"	Yan Tat Printed Circuit Technology (Nantong) Co., Ltd. (恩達電路科技(南通)有限公司), a company established in the PRC with limited liability on 29 June 2005, which is a wholly owned subsidiary of YT Technology
"YT Printed Circuit"	Yan Tat Printed Circuit (Shenzhen) Co., Ltd.* (恩達電路(深圳)有限公司), a company established in the PRC with limited liability on 18 December 2001, which is a wholly owned subsidiary of YT Technology
"YT Technology"	Yan Tat Technology Limited (恩達科技有限公司), a company incorporated in Hong Kong with limited liability on 14 November 2001, which is a wholly owned subsidiary of YT Group
"%"	per cent.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assumes no allotment or issue of any Shares upon the exercise of any options which may be granted under the Share Option Scheme or the exercise of the Offer Size Adjustment Option.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, if there is any inconsistency between the Chinese names of the entities, authorities, organisations, institutions or enterprises established in the PRC or the awards, certificates given in the PRC and their English translations, the Chinese language version shall prevail. The English translation of company names in Chinese which are marked with "" is for identification purposes only.*

This glossary contains certain definitions of technical terms used in this prospectus as they relate to us and as they are used in this prospectus in connection with our business or us. Some of these definitions may not correspond to standard industry definitions.

"AS9100C"	a standardised quality management system for the aerospace industry released by the SAE International and the European Association of Aerospace Industry
"automatic optical inspection" or "AOI"	an automated process where the board is inspected for defects such as short circuits, pin-holes, etc. The computer carries out this process by comparing all boards with a cad file layout image
"blind via"	PCBs manufactured with inner layer(s) that consists of electrolytic copper plated via through holes and involves sequential lamination process to laminate the inner layer(s) to form the PCB(s), thus it will have via holes buried inside as well as via holes in blind form below the surface of the PCB(s)
"dry film"	a form of photoresists that is hot rolled onto the copper clad laminate before circuit image exposure
"etching"	a process where unwanted copper is removed via chemical processes
"glass epoxy laminate"	a laminate composed of one or more layers of glass fabric (i.e. prepreg composed of glass fabric) that is commonly bonded to one layer or bonded to and sandwiched between two layers of copper foil
"impedance control"	impedance control refers to a dual process of designing and manufacturing of high frequency circuit boards. As the frequency of a circuit goes up to a certain point (a few hundred Megahertz), circuit traces will act as transmission lines and require impedance matching. With circuit of this type, trace characteristics are the function of its geometry and impedance control has to be calculated by reference to certain parameters, such as material dielectric constant, board thickness, transmission line width and spacing width. Manufacturing of this circuit type requires strict control of the above-mentioned parameters in order to fix the impedance control at a certain percentage of ohms
"IPC"	IPC, or the Association Connecting Electronics Industries, a U.S.-based electronic trade organisation with global activities and influence

"ISO"	acronym for a series of quality management and quality assurance standards published by the International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ISO14000"	a family of environmental management standards set by ISO for assisting a company to continually improve its ability to efficiently identify, minimise, prevent and manage environmental impacts. ISO14001 is a member of that family and ISO14001:2004 is the current version of ISO14001
"ISO9000"	a family of standards set by ISO for quality management system where an organization needs to demonstrate its ability to provide products that fulfill customers and applicable regulatory requirements and aim to enhance customer satisfaction. ISO9001 is a member of that family and ISO9001:2008 is the current version of ISO9001
"ISO/TS16949"	an ISO technical specification prepared by the International Automotive Task Force and based on the ISO9001 aiming to the development of a quality management system that provides for continual improvement, emphasising defect prevention and the reduction of variation and waste in the supply chain of the automobile industry
"laminate(s)"	a laminate is a basic raw material of a PCB. It consists of a sheet of fully cured resin which is covered by copper foil. The resin serves as an electrical insulator for the PCB and the copper foil produces the necessary electrical circuitry for the PCB
"OEM"	acronym for "original equipment manufacturer"
"PCB(s)"	acronym for "printed circuit board(s)"
"prepreg(s)"	a prepreg is a basic raw material of a PCB. It is an uncured sheet of resin that is used for bonding inner layers together to form a basic multi-layered PCB
"QS9000"	a quality standard developed by the joint effort of automobile manufacturers General Motors, Chrysler and Ford, which was replaced by ISO/TS16949 from 14 December 2006
"R&D"	acronym for "research and development"
"routing"	the process of board edges profiling by running numeric control program

"solder mask(s)"	a non-conductive chemical ink resistant printed on PC board surface to protect circuit from oxidation shorts circuits
"UL" or "Underwriters Laboratories"	Underwriters Laboratories Inc., an independent product safety certification organization whose product certification programs are accredited by the U.S. Occupational Safety and Health Administration, the American National Standards Institute and the Standards Council of Canada
"UL-796"	the standard for PCBs issued by UL

This prospectus contains forward-looking statements, including, but without limitation to, the words and expressions such as "aim", "estimate", "expect", "believe", "plan", "intend", "anticipate", "may", "seek", "will", "would" and "could" and the negative of these words or other similar expressions or statements, in particular, in the sections headed "Business", "Financial Information" and "Future Plans and Use of Proceeds" in this prospectus in relation to future events, business or other performance and development, the future development of our Group's industry and the future development of the general economy of our Group's key markets and globally.

These statements are based on numerous assumptions regarding our Group's present and future business strategy and the environment in which our Group will operate in the future. These forward-looking statements reflecting our Group's current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus and the following:

- our Group's business and operating strategies and our Group's ability to implement such strategies;
- our Group's capital expenditure and expansion plans;
- our Group's ability to further develop and manage our Group's expansion plan as planned;
- our Group's operations and business prospects;
- various business opportunities that our Group may pursue;
- our Group's financial position;
- the availability and costs of bank loans and other forms of financing;
- our Group's dividend policy;
- the regulatory environment of our Group's industry and market in which we operate in general;
- the performance and future developments of our Group's industry and market in which we operate;
- changes in competitive conditions and our Group's ability to compete under these conditions; and
- other factors beyond our Group's control.

One or more of these risks may materialise and various underlying assumptions may prove incorrect.

Subject to the requirements of the applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to the intentions of our Company or any of the Directors are made as at the date of this prospectus. Any such intentions may potentially change in light of future developments.

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making any investment decisions in relation to our Shares. You should pay particular attention to the fact that the Company is incorporated in the Cayman Islands, the legal and regulatory environment of which may differ from that prevailing in Hong Kong. You should also pay particular attention to the fact that we conduct part of our operations in the PRC, the legal and regulatory environment of which may differ in some respects from that which prevails in other countries. Our business, financial condition and results of operations may be materially and adversely affected by any of these risks and uncertainties. Any of the following risks, together with other risks and uncertainties that are deemed currently immaterial, may materially and adversely affect the Group's business, financial condition or results of operations. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

YT Printed Circuit continues to use certain structures which are built on the land it no longer possesses the valid land use rights located at our Shenzhen Facility. If we are ordered to return the affected land and vacate from the building structures, our business operations which are carried out on the affected land and building structures will be materially and adversely affected.

YT Printed Circuit built certain building structures on the parcel of land of approximately 65,297 sq.m. on which our Shenzhen Facility is located and which we were granted the land use right in 2004. YT Printed Circuit subsequently obtained the building ownership for the building structures. However, the land use rights for the parcel of land of an area of approximately 4,429 sq.m. were withdrawn in 2008 by the then Shenzhen Land Bureau due to rezoning and the building ownership for the building structures built above with an aggregate floor area of approximately 1,767 sq.m. was therefore withdrawn accordingly.

The affected building structures are currently used as factory buildings as part of our PCB production purpose including partial of our outer layer process, outer layer image transfer and solder mask coating. During each periods of the Track Record Period, approximately 62.5% of our total production output was generated from the operations carried out on the properties with defective titles, including both the affected building structures caused by the land use right withdrawal and the seven building structures without the respective construction works planning permits and construction works commencement permits. YT Printed Circuit expects to continue using such building structures although it no longer possesses the corresponding valid land use rights or building ownership. For more details on properties with defective titles, please refer to the section headed "Business — Properties in the PRC — Properties with defective titles". Pursuant to the Property Law of the PRC (中華人民共和國物權法) implemented on 1 October 2007, the property right holder may request return of the properties which are under unauthorised possession. As a result, YT Printed Circuit is subject to the relevant authority's order to vacate from the affected building structures, to demolish the structures, and to return the land to the relevant authority. For more details regarding the defective titles, please refer to the section headed "Business — Compliance — Non-compliance" in this prospectus.

Based on the quotations obtained for vacating from all of the properties with defective titles, our Directors estimate that it will incur relocation costs of approximately HK$1.43 million and demolition costs of HK$120,000 in the event that the relevant authority orders us to vacate from the affected building structures, demolish the structures and return the land. It would take approximately 45 working days to arrange for and complete the relocation of operations conducted on the properties with defective titles, including both the affected building structures caused by the land use right withdrawal and the seven building structures without the respective construction works planning permits and construction works commencement permits, but we estimate our loss from operations due to relocation will be minimal by taking into account our existing production capacity, the expected production capacity at our Shenzhen New Facility and subcontracting channels. For more details on the properties with defective titles and relocation plan, please refer to the section headed "Business — Properties in the PRC — Properties with defective titles".

According to the relevant PRC laws and regulations and as advised by King & Wood Mallesons, our PRC legal adviser, YT Printed Circuit's rights as owner or occupant of these properties may be adversely affected due to the absence of such title certificates, such as our rights to transfer or lease the buildings and/or subject the building structures to mortgage loans. If there is any challenge against our rights to the relevant land and buildings that we occupy and use, our business operations which are carried out on the affected land and buildings will be materially and adversely affected.

YT Printed Circuit had not obtained relevant valid building certificates for certain buildings it owns and occupies located at our Shenzhen Facility. If we are ordered to vacate from the building structures or if any penalties are imposed on us, our business operations which are carried out on the building structures will be materially and adversely affected.

YT Printed Circuit had not obtained the construction works planning permits (建設工程規劃許可證) and the construction works commencement permits (建築工程施工許可證) for seven building structures in an aggregate gross floor area of approximately 6,105 sq.m. used for production and ancillary purposes such as office, drilling room and warehouse in our Shenzhen Facility. As a result, YT Printed Circuit is not able to obtain the building ownership certificates for such structures. The total construction costs for the relevant building structures amounted to RMB3,395,454 (equivalent to approximately HK$4.2 million).

Pursuant to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) implemented on 1 January 2008, if a construction project proceeds without obtaining the construction works planning permit or in violation of the requirements thereof, the relevant planning authorities shall order the construction entity to stop construction. If it is still possible for the construction entity to take measures to eliminate the impact on the implementation of the planning, the relevant planning authorities shall order the construction entity to correct within a prescribed time limit and impose a fine ranging from 5% to 10% of the construction cost; if it is impossible to take measures to eliminate the impact, the relevant planning authorities shall order the construction entity to complete the demolitions of the building or structure within a prescribed time limit and confiscate the real objects or the illegal gain when the demolitions are not available, and may also impose a fine not more than 10% of the construction cost. As a result, we are subject to a maximum penalty of RMB339,545 (equivalent to approximately HK$424,000) calculated based on 10% of the construction costs.

Pursuant to the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) implemented on 30 January 2000, the construction entity which starts construction without the relevant construction works commencement permit, or without its construction commencement report being approved, shall be ordered to cease construction activities and take remedial action within a prescribed period of time and shall be subject to a fine ranging from 1% to 2% of the construction cost. In the event that the construction entity delivers the project for use without completion of the inspection for acceptance, it shall be ordered to make corrections and shall be imposed a fine of no less than 2% but no more than 4% of the construction cost; if any loss is caused, the construction entity shall be liable for compensation according to the relevant law. As a result, we are subject to a fine of RMB101,864 to RMB203,727 (equal to approximately HK$127,000 to HK$254,000) calculated based on 3% to 6% of the construction costs of the building structures due to the failure to obtain the relevant building certificates.

For more details, please refer to the section headed "Business — Compliance — Non-compliance" in this prospectus. For the estimated time and costs for relocation from the building without ownership and estimated effect on our business, please refer to the paragraph headed "Risk Factors — Risks relating to our Business — YT Printed Circuit continues to use certain structures which are built on the land it no longer possesses the valid land use rights located at our Shenzhen Facility. If we are ordered to return the affected land and vacate from the building structures, our business operations which are carried out on the affected land and building structures will be materially and adversely affected." in this section of this prospectus.

According to the relevant PRC laws and regulations and as advised by King & Wood Mallesons, our PRC legal adviser, YT Printed Circuit's rights as owner or occupant of these properties may be adversely affected due to the absence of such title certificates, such as our rights to transfer or lease the buildings and/or subject the building structures to mortgage loans. The penalties, if imposed on us, could affect our business and financial conditions.

Our non-compliance with certain laws and regulations regarding social insurance and housing provident fund in the PRC could lead to the imposition of fines and penalties on us.

In accordance with relevant PRC national labour laws and regulations, we are required to contribute to certain employee social welfare schemes including social insurance contribution and housing provident fund. However, during the Track Record Period, we were not in strict compliance with the requisite contribution requirements for some of our PRC employees due to our relatively high employee turnover rate, some employees' preference for cash payment in lieu of their contribution of social insurance and housing provident fund and the inconsistency in the implementation or interpretation of the relevant PRC laws and regulations by the local authorities. As at 31 December 2011, 2012 and 2013 and 31 May 2014, we had made provisions in the amounts of approximately HK$13.5 million HK$15.2 million, HK$17.3 million and HK$17.3 million, respectively, for outstanding social insurance contribution and housing provident fund, assuming a two-year statutory limitation period. For more details, please refer to the section headed "Business — Compliance — Non-Compliance" in this prospectus.

For non-compliance of social insurance laws and regulations before 1 July 2011, pursuant to the Interim Regulations Concerning the Levy of Social Insurance Fees (社會保險費徵繳暫行條例) promulgated on and effective from 22 January 1999, the relevant social security authority may order an enterprise to pay the outstanding contributions within a prescribed time limit. If an enterprise fails to do so at the expiration of the time limit, in addition to the outstanding contributions, a late-payment fine of 0.2% per day from the date when the amount became overdue may be imposed.

For non-compliance of social insurance laws and regulations on or after 1 July 2011, pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated on 28 October 2010 and effective as at 1 July 2011, employers are required to contribute, on behalf of their employees, to a number of social welfare funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, workplace injury insurance and maternity insurance. If the employer does not pay the full amount of social insurance contribution as scheduled, the social insurance contribution collection institution shall order it to make the payment or make up the difference within a prescribed period and impose a daily surcharge equivalent to 0.05% of the overdue payment from the date when the payment is overdue. If payment is not made within the prescribed period, the relevant administration department shall impose a fine in an amount of between one to three times of the overdue payment.

For non-compliance of housing provident fund laws and regulations, pursuant to the Regulations on Administration of Housing Fund (住房公積金管理條例) as amended on and effective from 24 March 2002, enterprises are obliged to pay and deposit housing provident fund for their employees in full amount within a prescribed time limit. If an enterprise fails to deposit the housing provident fund within the time limit or underpays the fund for its employees in accordance with the aforesaid regulations, the competent department may order it to deposit the fund within a time limit. If the enterprise fails to do so at the expiration of the time limit, a penalty ranging from RMB10,000 to RMB50,000 may be imposed.

We cannot assure you that we will not be subject to the penalties by the relevant PRC authorities for our past non-compliance. Any such penalties imposed on us could have an adverse effect on our cash flow, business operation and our reputation.

We may not successfully implement our capacity expansion plans and effectively utilise our Shenzhen New Facility, and such expansion may result in over-capacity, which may materially affect our further plans, profitability and growth.

The installed production capacity of the Shenzhen Facility is approximately 612,000 sq.m. per annum during the Track Record Period. Our Shenzhen Facility has operated at high utilisation rates of 66.2%, 65.9%, 79.1% and 78.7%, respectively, during the Track Record Period. For more details regarding the production capacity and utilisation rate of the Shenzhen Facility during the Track Record Period, please refer to the paragraphs headed "Business — Production Facilities — Production Capacity" in this prospectus. Our ability to increase revenue, net income and cash flow therefore depends on our continued capacity to expand. In order to expand our production capacity to capture market opportunities, we have completed constructing the Shenzhen New Facility in July 2014 adjacent to the Shenzhen Facility and we are in the process of applying for the certificate of completion. We anticipate to begin trial operations in the Shenzhen New Facility by the first quarter of 2015. Our ability to increase our production capacity is subject to certain significant risks and uncertainties, including:

- possible delays in the renovation process of the Shenzhen New Facility;
- possible inability to raise capital to continue the renovation of the Shenzhen New Facility;

- possible insufficient capital to acquire additional raw materials and machinery to expand our production capacity;

- possible delays or denial of the required approvals and certifications by the relevant government authorities.

Any failure to implement our expansion plans may make it difficult to further develop our business operations, take advantage of market opportunities or effectively compete with our competitors.

In addition, higher utilisation rate of our production facilities enables us to allocate fixed costs over a greater number of PCBs produced and further increase our profit margin. The installed capacity of our Shenzhen New Facility will be 360,000 sq.m. per annum (excluding the expected increase in production capacity of 324,000 sq.m. per annum upon the completion of relocation in relation to our properties with defective titles). The utilisation rate of our production facilities primarily depends on the demand for our PCBs, which may be affected by market trends, customers' plans and preferences and other factors beyond our control. If we do not receive sufficient orders from our customers to effectively utilise our Shenzhen New Facility, we may be subject to low utilisation rates of production capacity, over-capacity or high depreciation charges for our Shenzhen New Facility, and thus may not be able to maintain a comparable level of profit and profit margin in the future. If our capacity expansion does not occur as we desire, is not timely completed or does not result in the anticipated benefits, our future plans, profitability and growth may be materially and adversely affected.

We may not successfully implement our relocation plans on a timely basis. If we are ordered to return the affected land and vacate from the building structures before we have successfully implemented our relocation plan, our business operations will be materially and adversely affected.

YT Printed Circuit continues to use certain structures located at our Shenzhen Facility for our business operations which are built on land for which YT Printed Circuit no longer possesses valid land use rights. YT Printed Circuit also uses seven buildings which YT Printed Circuit has not obtained title certificates for production and ancillary purposes. For more details regarding the defective titles, please refer to the section headed "Business — Compliance — Non-compliance" in this prospectus. During a face-to-face interview with Pingshan Branch of Shenzhen Land Commission (深圳市規劃和國土資源委員會坪山管理局), the competent governmental authority for rezoning in Pingshan New District, it was confirmed that we were allowed to occupy and use the relevant properties until 31 December 2015. The aforementioned confirmation was given by Pingshan Branch of Shenzhen Land Commission to YT Printed Circuit during the interview, throughout which representatives from YT Printed Circuit, the Sole Sponsor and King & Wood Mallesons, being our PRC legal adviser, were present. We expect to gradually relocate from the affected structures to the Shenzhen New Facility and we expect to commence trial operations at the Shenzhen New Facility by the first quarter of 2015. We expect that for each relevant zones, the estimated date of completion of relocation for Zone I, Zone II and Zone III will be early December 2015, late November 2015 and late November 2015, respectively. For more details on our relocation plan, please refer to the section headed "Business — Properties in the PRC — Properties with defective titles".

Our ability to successfully implement our relocation plan is subject to certain significant risks and uncertainties, which may be beyond our control, including:

- possible delays in the demolition process by third party service providers contracted by us;

- possible delays in the relocation process by third party service providers contracted by us;
- possible delays caused by the equipment adjustment process as part of the relocation;
- possible delays in the renovation process of the Shenzhen New Facility;
- possible inability to raise capital to continue the renovation and/or purchase of new machinery of the Shenzhen New Facility;
- possible order by relevant government authorities to advance the relocation.

If we are ordered to vacate from the building structures, demolish the structures, and/or to return the affected land to the relevant authority before we have successfully implemented our relocation plan, our business operations which are carried out on the affected land and building structures will be materially and adversely affected. We may also be subject to monetary fines and penalties, which may materially and adversely affect our financial condition. Even if no action is taken by the relevant authority, if our relocation plan is not completed in a timely manner or is not successfully implemented with the desired results, our results of operations and financial condition may also be materially and adversely affected.

We expect to incur substantial financial costs and depreciation expenses from the expansion plan at the Shenzhen New Facility, which may materially and adversely affect our results of operations and financial condition.

The success of our expansion plans and future operational growth rely on the availability of funding and our ability to implement our capital expenditure plan. Our Shenzhen New Facility has required, and expects to increase after Listing, substantial capital expenditures. The estimated total investment amount for the Shenzhen New Facility is approximately HK$278 million. We have incurred significant bank loans primarily to fund the construction of the Shenzhen New Facility. As at 30 September 2014, we estimated that an additional amount of HK$145 million will be required for the construction and renovation of the Shenzhen New Facility and purchase of new machinery for the planned installed capacity of 360,000 sq.m. (excluding the expected increase in production capacity of 324,000 sq.m. per annum upon the completion of relocation in relation to our properties with defective titles). Apart from the net proceeds from the Global Offering, we plan to partly satisfy the additional funding through operating cash flow and available banking facilities. As a result, we expect to incur substantial financial costs arising from the bank loans after Listing. During the Track Record Period, the amounts due to shareholders and amounts due to a minority shareholder in total amounted to approximately HK$81.8 million, HK$96.2 million, HK$89.3 million, and HK$88.5 million, as at 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively. These amounts due to shareholders and amounts due to a minority shareholder were interest free funds and should such amounts have borne interests, at our weighted average effective interest rates of our bank loans, the notional interest charged would have been approximately HK$4.4 million, HK$3.3 million, HK$4.4 million and HK$1.7 million, respectively, during the Track Record Period. During the Track Record Period, our bank loan balances amounted to approximately HK$99.4 million, HK$88.4 million, HK$126.2 million and HK$135.9 million, respectively. We estimate that the Group will have net drawdowns of bank loan of approximately HK$43.7 million for the year ending 31 December 2014 and net drawdowns of bank loans in an amount of approximately HK$8.5 million for the year ending 31 December 2015. During the Track Record Period, the interest rates of the our bank borrowing portfolio ranged from 2.10% to 8.54%, from 1.70% to 6.90%, from 2.00% to 7.36% and from 1.98% to 7.36% per annum. As at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014, the weighted average effective interest rates of our bank loans were 5.35%, 3.67%, 4.71%, 4.62% and 5.05%, respectively. We estimate that additional financial costs associated with our expansion plan at the Shenzhen New Facility will amount to approximately HK$6.1 million and HK$8.6 million for the years ending 31 December 2014 and 2015, respectively. We cannot assure you that we will be able to obtain bank loans with terms that are satisfactory to us. Our interest expenditure may increase significantly in the future. Such financial costs may materially and adversely affect our profitability, results of operations and financial condition. Our level of indebtedness may also affect our ability to secure additional funding adequately to meet our business needs, including subsequent expansion, projects, working capital, investment and other corporate requirements.

In addition, we may be subject to significant depreciation expenses arising from the Shenzhen New Facility when it is ready for use. According to the applicable Hong Kong accounting standard, depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual depreciation rates used for our Group's land and buildings and plant and machinery range from 2% to 4.5%, and 9% to 18%, respectively. For the years ending 31 December 2014 and 2015, we estimate that depreciation expenses associated with our expansion plan at the Shenzhen New Facility will be nil and approximately HK$18.5 million, respectively. Such depreciation expenses would materially and adversely affect our profitability, results of operations and financial condition.

We recorded thin net profit margin during the Track Record Period. If we fail to increase our revenue without an effective control over our operating costs and expenses, our business, results of operations and financial condition may be negatively affected.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our net profit margin was 3.3%, 5.2%, 6.8% and 5.7%, respectively. Our overall gross profit in the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 amounted to HK$121.8 million, HK$127.0 million, HK$135.1 million and HK$59.9 million, respectively. The gross profit margin were 21.7%, 22.0%, 23.2% and 21.9%, respectively, during the same periods. However, we recorded thin net profit margin during the Track Record Period. Our administrative expenses primarily comprise of depreciation, impairment on trade receivables, R&D expenses, salaries for non-sales employees, exchange difference and social insurance payment. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our administrative expenses amounted to HK$74.5 million, HK$70.7 million, HK$73.9 million and HK$28.4 million, representing 13.2%, 12.3%, 12.7% and 10.4% of the total revenue, respectively. Our selling and distribution expenses primarily consist of transportation costs, salaries for our sales persons, commission to sales persons and agents, sales and marketing related expenditure such as commission to our customers and compensation in connection with product sales. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our selling and distribution expenses amounted to HK$17.4 million, HK$22.1 million, HK$21.9 million and HK$10.9 million, representing 3.1%, 3.8%, 3.8% and 4.0% of the total revenue, respectively.

We cannot assure you that we will be able to maintain and improve net profit margin, or at all, in the future. Our ability to maintain and improve net profit margin depends, in part, on our ability to secure purchase orders from customers, effectively control of costs of sales and minimise operating and other costs and expenses, particularly administrative expenses and selling and distribution expenses, such as salaries, transportation costs, and commissions to sales persons and agents. If we fail to increase our revenue at our anticipated rates without an effective control over our operating costs and expenses, our business, results of operations and financial condition may be negatively affected.

We derive a significant portion of our revenue from our major customers, particularly communication and automobile customers. The decrease in demand from our major customers may materially and adversely affect our business.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, sales to our largest customer accounted for approximately 25.1%, 26.8%, 24.1% and 22.3%, respectively, of our total revenue. During the same periods, sales to our five largest customers in aggregate accounted for approximately 59.2%, 63.5%, 60.0% and 56.8%, respectively, of our total revenue. For each of the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our recorded sales to two customers, respectively, which individually exceeded 10% of our revenue for that period. In addition, our sales to communication and automobile customers in aggregate accounted for approximately 62.3%, 61.5%, 50.5% and 49.9% of our total revenue for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014. We experienced a decrease in our sales to communication customers from HK$264.3 million in 2011 to HK$237.0 million in 2012 and to HK$102.4 million in 2013, due to the decrease in sales volume of our copper-based PCBs in respect of a major communication customer who rolled out the copper-based PCB component. We anticipate that we will continue to derive a significant portion of our total revenue from our major customers in the future. We cannot assure you that any of our existing or future major customers will maintain their relationship with us or enter into further purchase agreements or orders with us. The decrease in demand from our major customers may materially and adversely affect our business.

We have no long-term binding agreements with each of our customers. If there is any decrease in these customers' demand for our PCBs or if we lose these customers, our business and results of operations may be adversely affected.

We have no long-term binding agreements with most of our major or other customers. We have signed undertakings with a majority of our customers, with whom we negotiate the terms and conditions on a quarterly basis and our customers are not obliged to purchase a minimum amount of PCBs, or within a specified period from us. If there is an adverse change in our relationship with our customers or a downturn of our customers' businesses, which results in a reduction or cessation of their purchases from us, and if we fail to develop new customers, or fail to obtain comparable purchases in substitution, our business, results of operations and financial condition may be adversely affected.

We are exposed to the risks associated with scheduled purchase order ("SPO") arrangements, including limited control over the PCB inventories that we own but are stored at our customers' warehouses and delay in revenue recognition under SPO arrangements, which may adversely affect our interests in our PCBs, results of operations and financial condition.

During the Track Record Period, we were engaged in SPO arrangements with six customers in the electronics, high technology, telecommunications and automobile sectors to cater for their specific inventory policies and production requirements. Under the SPO arrangements, the finished PCBs are delivered by us to, and will be stored at, our SPO customers' warehouses. We retain the ownership of the PCBs until they are withdrawn from our SPO customers' warehouses. However, we have no control over our SPO customers' warehouses and thus we have limited control over the PCB inventories stored thereunder even though we hold their ownership before the PCBs are withdrawn. During the Track Record Period, we conducted physical observations of SPO inventories which formed part of our annual year-end financial statement closing process, by a majority, but not all, of our SPO customers' warehouses. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the SPO sales revenue generated from customers for which we did not conduct physical observations at the respective SPO warehouses amounted to approximately HK$37.3 million, HK$12.1 million, HK$25.3 million and HK$18.7 million, representing approximately 32.0%, 10.9%, 18.5% and 29.6% of our total SPO sales during the same periods, respectively. As at 31 December 2011, 2012 and 2013 and 31 May 2014, the SPO inventories for which we did not conduct physical observations amounted to approximately HK$0.9 million, HK$1.6 million, HK$5.8 million and HK$7.8 million, representing approximately 8.2%, 19.9%, 41.9% and 46.4% of the total SPO inventories, respectively. We mainly rely on insurance purchased by either us or the respective SPO customer to safeguard our interests in those PCBs before the ownership transfer. For more information regarding SPO arrangements, please refer to the section headed "Business — Customer, Sales and Marketing — Scheduled Purchase Order" in this prospectus. However, there is no assurance that the insurance coverage is sufficient for the damages or losses of the PCBs stored at our SPO customers' warehouses, which may adversely affect our interests in those PCBs.

In addition, the revenue derived from SPO arrangements is recognised upon (i) the PCBs being withdrawn from our SPO customers' warehouses; or (ii) the lapse of a period ranging from 60 days to 180 days upon the delivery of the PCBs to our SPO customers' warehouses, which is agreed with the customers pursuant to the relevant terms of SPO arrangements, whichever is earlier. We partly rely on the notifications, inventory reports and statements provided by our SPO customers regarding the timing and quantity of the PCB withdrawals, apart from physical observation in our SPO customers' warehouses at year-end during stocktakes which form part of our annual financial statement closing process. For more information regarding revenue recognition under SPO arrangements, please refer to the section headed "Business — Customer, Sales and Marketing — Scheduled Purchase Order" in this prospectus. In the event that our SPO customers delay or fail to notify us or provide inventory reports and statements to us on a timely basis, or the information contained in the inventory reports and statements has material omissions or mistakes, we may not be able to properly and timely recognise the revenue generated, which may adversely affect our results of operations and financial condition.

Our business operations and reputation may be materially and adversely affected if our independent subcontractors could not achieve the quality standards we require.

During the Track Record Period, we engaged subcontractors for finished PCBs and production processes. During the Track Record Period, our total subcontracting fees amounted to approximately HK$37.8 million, HK$38.7 million, HK$59.6 million and HK$49.8 million, respectively, representing 8.6%, 8.6%, 13.3% and 23.4% of our total costs of sales of the same period. We take measure to ensure the competence of our independent subcontractors and the quality of PCBs produced by them. For more information, please refer to the section headed "Business — Production Facilities — Subcontracting" in this prospectus. If the quality and efficiency of our existing subcontractors could not meet our customers' requirements or if we are not able to identify and engage qualified subcontractors, we cannot assure you we will always be able to make timely delivery of our PCBs to our customers or maintain our production costs. Our reputation may also be materially and adversely affected.

We may not be entitled to the preferential tax treatment we received, which may adversely affect our results of operations and financial condition.

Pursuant to the new Corporate Income Tax Law ("**CIT Law**") issued by the National People's Congress and the Regulations on the Implementation of the CIT Law of the PRC issued by the State Council, both of which became effective on 1 January 2008, foreign-invested enterprises and domestic enterprises were subject to a unified CIT rate of 25% (reduced from the original CIT rate of 33%) effective from 1 January 2008.

Furthermore, the CIT Law provides a preferential tax treatment for high and new technology enterprises eligible for key support from the state in the form of a reduced CIT rate of 15% subject to competent authorities' review and approval. YT Printed Circuit was recognised by the local provincial level Science and Technology Commission, Finance Bureau, and State and Local Tax Bureaus as high and new technology enterprise and was registered with the local tax authorities to be eligible to the reduced 15% corporate income tax rate the years ended 31 December 2011, 2012 and 2013. The eligibility to the reduced 15% corporate income tax rate during the year ending 31 December 2014 is subject to competent governmental authorities' review and approval.

The continued qualification as a high and new technology enterprise will be subject to a three-year review by the relevant authorities in the PRC. Preferential tax treatment granted to our subsidiary by the local authorities is subject to such review and may be adjusted or revoked at any time. The current high and new technology enterprise certificate of YT Printed Circuit expired on 31 October 2014. YT Printed Circuit submitted the application for the renewal of the high and new technology enterprise certificate on 4 July 2014. The renewal of YT Printed Circuit's high and new technology certificates is subject to the satisfaction of certain conditions. For more details on the conditions, please refer to the section headed "Laws and Regulations of the Industry — Taxation — Income Tax Law" in this prospectus. YT Printed Circuit appeared in the name list of the proposed enterprises to be recognised as high and new technology enterprises of Shenzhen in 2014 published by the local authority on 30 September 2014. The publication was subject to a statutory period of 15 days for the public's comment upon its release. According to such publication, YT Printed Circuit has fulfilled the substantive conditions pertaining to the renewal of its high and new technology enterprise certificate and was proposed to be granted the same. As at the Latest Practicable Date, YT Printed Circuit had not received the formal approval of renewal or the renewed high and new technology enterprise certificate from the relevant authorities. If any objection to granting the renewal to YT Printed Circuit has been received by the relevant authorities during the statutory period of the publication for the public's comments, there will be uncertainties as to whether YT Printed Circuit will successfully renew its high and new technology enterprise certificate.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our current PRC CIT amounted to HK$2.9 million, HK$2.4 million, HK$1.9 million and HK$3.9 million, respectively. There can be no assurance that we can successfully renew our high and new technology enterprise certificate or continue to enjoy the same preferential tax treatments in the future. In the event that the PRC Government changes its tax policy of supporting new technology development, or YT Printed Circuit ceases to be eligible for such preferential tax treatments, we may be subject to higher tax rates. Our performance and profitability may be adversely affected by any unfavourable changes, in part or in whole, of the preferential tax policies.

Our international sales and marketing plans and strategies expose us to certain risks which may adversely affect our business, financial condition and results of operations, as well as prospects and our ability to expand our markets internationally.

Our international sales have historically, and are expected to continue to, constitute a substantial portion of our revenue. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our sales to customers in the PRC and Hong Kong amounted to approximately HK$416.1 million, HK$410.3 million, HK$377.2 million and HK$164.6 million, respectively. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our sales to customers outside of the PRC and Hong Kong amounted to HK$145.5 million, HK$166.4 million, HK$204.4 million and HK$108.5 million, representing approximately 25.9%, 28.9%, 35.1% and 39.7% of the total sales, respectively. The international sales, marketing and distribution of our products, however, expose us to a number of risks, including:

- increased costs associated with developing and maintaining our marketing and distribution in various countries;
- challenges in providing customer service and support in these markets;
- difficulties and costs of exporting our products overseas while complying with the different commercial, legal and regulatory requirements of the overseas markets in which we offer our products;
- failure to develop appropriate risk management and internal control structures tailored to overseas operations;
- unanticipated changes in prevailing economic conditions and regulatory requirements; and
- government policies favouring domestic companies in certain foreign markets or trade barriers including export requirements, tariffs, taxes and other restrictions and expenses.

If we are unable to effectively manage these risks, they could impair our ability to expand our markets internationally and have a material adverse effect on our business, financial condition, results of operations and prospects.

We do not make long-term legally binding arrangements with each of our raw material suppliers and therefore our production costs and schedule, financial condition and results of operations may be adversely affected if we are unable to secure supply.

The key raw materials required by the production of our PCBs include copper clad laminates, prepregs, solder masks, printing ink, copper foils, leaded solder, lead free solder and a variety of chemicals. We procure majority of our raw materials, in terms of purchase amount, in the PRC, United States and Malaysia. For more details, please refer to the section headed "Business — Suppliers and Raw Materials" in this prospectus. We do not enter into any long-term legally binding supply arrangements with our raw material suppliers as we intend to take advantage of the flexibility in the contractual relationship with our suppliers. We screen and identify qualified suppliers of our key raw materials in the market as our regular suppliers according to our requirements. We also procure raw materials from suppliers designated by our customers. However, we cannot assure you that we are able to seek satisfactory suppliers, or our suppliers will be able to supply the required raw materials to our satisfaction in a timely manner or that they will not significantly increase the prices at the time of our purchases. If we are unable to secure supply, or if we cannot pass the increase in the costs of raw materials to our customers, our production costs, production schedule, financial condition and results of operations may be materially and adversely affected.

Fluctuation in exchange rates may adversely affect our business.

We conduct our PCB production in the PRC and a significant portion of our costs of sales were dominated in Renminbi during the Track Record Period. However, we recognise our sales to international customers in U.S. dollars. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our sales to customers outside of the PRC amounted to HK$190.4 million, HK$214.8 million, HK$260.3 million and HK$133.0 million, representing approximately 33.9%, 37.2%, 44.8% and 48.7% of the total sales, respectively. We also recognise a small portion of our revenue in Hong Kong dollars for the sales to our customers in Hong Kong. We are therefore subject to significant risks associated with foreign currency fluctuations and we currently do not have arrangements to hedge exchange rate risks.

The exchange rates between the Renminbi and the Hong Kong dollars, the U.S. dollars and other foreign currencies are affected by, among other things, changes in the PRC's political and economic conditions. On 21 July 2005, the PRC Government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollars. Under the new policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall by as much as 0.5% each day. This change in policy has resulted in the value of the Renminbi appreciating significantly against U.S. dollars between July 2005 and December 2009. In June 2010, the PRC Government indicated that it would increase the flexibility of the Renminbi exchange rate. On 16 April 2012, the PRC Government widened the daily trading band to 1%. The daily trading band was further widened from 1% to 2% by the PBOC on 17 March 2014.

There remains significant international pressure on the PRC Government to adopt a more flexible currency policy. The Renminbi may be revalued further against the U.S. dollars or other currencies, or may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the U.S. dollars or other currencies, any of which could give rise to uncertainties in the value of products, our financial condition and results of operations.

In May 2005, the Hong Kong Monetary Authority broadened the 22-year old trading band from the original rate of HK$7.80 per U.S. dollars to a rate range of HK$7.75 to HK$7.85 per U.S. dollars. The Hong Kong government has stated its intention to maintain the link at that rate, and it, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. Under the Basic Law, the Hong Kong dollars will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollars will remain freely convertible into other currencies, including the U.S. dollars. However, no assurance can be given that the Hong Kong government will maintain the link at HK$7.75 to HK$7.85 per U.S. dollars, or at all.

We currently do not hedge any of our exchange rate exposure, any significant fluctuation in the exchange rates between Renminbi and U.S. dollars or vice versa, and between Hong Kong dollars and U.S. dollars or vice versa, may have a significant impact on our business.

Any unexpected disruption, damage or destruction in our Shenzhen Facility could materially and adversely affect our business, financial condition and results of operations.

Our business is significantly dependent on our Shenzhen Facility, which is subject to operating risks and disruption, such as suspension of utilities supplies, including water and electricity, breakdown or failure of equipment, labour disputes, natural disasters and industrial accidents. Although we have not experienced any material disruption in our production due to power and water supply failure or any other reasons during the Track Record Period, the occurrence of any of these may limit or disrupt our ability to operate our Shenzhen Facility, and subject us to substantial losses, including revenue losses from disrupted production. We may also be subject to substantial additional expenses resulting from repair or replace any damaged equipment or facility. We may not have adequate insurance coverage and payments for any uninsured liabilities and losses. In addition, our ability to produce and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be negatively impacted, which could have a material and adverse effect on our business, financial condition and results of operations.

We may be subject to potential product liability claims or suffer losses due to product returns or recalls, which may adversely affect our business operations, financial condition and reputation.

If our products fail to perform as expected, or prove to be defective or result in industrial accidents, personal injuries or financial losses to our customers, we may be subject to product liability claims. Although we were not materially affected by product liability claims during the Track Record Period, we cannot assure you that we will not be exposed to future material product liability claims. As a result, we may have to incur significant legal costs. Any product liability claims, lawsuits and complaints may significantly divert our efforts and financial resources despite their outcomes. In addition, any adverse determination in such claims, lawsuits and complaints may cause us to pay damages and further adversely affect our customer relationships and our goodwill. We may also be subject to increased scrutiny by regulatory authorities over our business operations.

In the event that any of our products is found defective, our customers may request sales compensation and we may also initiate product recalls. We have incurred sales compensation for defective products of approximately HK$6.6 million, HK$5.2 million, HK$5.8 million and HK$2.4 million for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively. As a percentage of revenue, the sales compensation for defective products accounted for approximately 1.2%, 0.9%, 1.0% and 0.9%, respectively, for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014. For more details regarding sales compensation, please refer to the section headed "Business — After-sales Services — Product returns and warranty" in this prospectus. Any future product returns or recalls may result in substantial and unexpected capital expenditure and could materially reduce our operating profit and cash flows.

We may be subject to any labour shortages, increased labour costs or other factors affecting labour force, which may materially affect our business operation and financial condition.

Labour shortage, work stoppage or slowdowns at our production facilities may significantly disrupt our business operations or delay our expansion plan. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our direct labour costs amounted to approximately HK$46.8 million, HK$53.9 million, HK$52.0 million and HK$22.9 million, respectively, representing approximately 10.6%, 12.0%, 11.7%, and 10.8%, respectively, of our total cost of sales. Although we did not experience operational difficulty due to labour shortage, we may have difficulties in hiring or retaining employees or may be subject to additional direct labour costs in the future. Any failure to attract qualified employees at reasonable cost level and in a timely manner, an increase in our direct labour costs and future disputes with our employees may materially and adversely affect our business, financial condition and results of operations.

Personal injuries may occur in the course of our production processes, which may result in personal injury claims, cessation of business or civil and criminal penalties.

Our production processes involve the manipulation of equipment and chemicals which may be dangerous. In addition to complying with the necessary safety requirements and standards, we bear the related risks associated with such production processes, including work injury accidents or geological hazards. Such dangers may result in personal injuries and damage to property and equipment. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, we had fourteen, nine, fifteen and five, respectively, of our employees sustained personal injuries in connection with our production processes. From 1 June 2014 to the Latest Practicable Date, five of our employees were injured during our production processes. For more information, please refer to the section headed "Business — Health and Safety" in this prospectus. Accidents similar to any of these may result in personal injury claims, cessation of business, or civil and criminal penalties. If we fail to protect ourselves from such potential liabilities, we may incur significant costs, which would have a material and adverse effect on our financial condition and results of operations.

We may be in the future exposed to intellectual property infringement claims by third parties, which could subject us to significant liability to third parties and could adversely affect our business operations.

Our success partly depends on our ability to use and develop our patents, know-how and brand name without infringing upon the intellectual property rights of third parties. We may be in the future involved in various intellectual property infringement claims. There may also be patents licenced to and relied on by us in our product offerings that are subject to infringement or other similar allegations or claims by third parties which may damage our ability to rely on such intellectual property rights. The defence of intellectual property claims, including infringement lawsuits and related legal and administrative proceedings, can be both costly and time consuming and may significantly divert the efforts of our management personnel and our financial resources. Furthermore, an adverse determination in any such litigation or proceeding to which we may become a party could cause us to pay damage awards, seek licences from third parties, or be restricted by injunctions. These factors could prevent us from pursuing some or all of our business operations, which may have a material and adverse effect on our business, financial condition and results of operations.

We experienced the seasonality in our sales due to our customers' purchase patterns. As a result, our quarterly or periodical performance may not be an indicator of our performance.

Our sales are subject to the seasonality due to our customers' purchase patterns. Our purchase orders received from customers tend to slightly decrease around Chinese New Year period (usually during January or February of each year) and therefore our production volume tends to be lower accordingly. We believe this is due to a temporary slowdown in the overall industry during the same period, which is a common phenomenon in the PRC. As a result, our first quarter results may not be a meaningful indicator of our overall performance.

Our future success depends on the continuing services of our senior management team and other key personnel, and our ability to attract and retain talents.

Our success is significantly dependent on the continuing services of our senior management and other key personnel and their expertise and experience. For more details on our Directors and senior management, please refer to the section headed "Directors and Senior Management" in this prospectus. Our Directors and senior management have extensive experience in the PCB industry. For example, Mr. Chan, our founder, chairman, executive Director and chief executive officer, has over 25 years' experience in PCB production and sales. However, we cannot assure you that we will be able to retain our senior management team and other key personnel or recruit additional competent personnel for our future development. If we have any difficulties in retaining or recruiting senior management or professional personnel, our business operations and prospects will be materially and adversely affected.

Our financial performance for the year ending 31 December 2014 would be adversely affected by expenses incurred in connection with the Listing.

The total amount of listing expenses, commissions together with SFC transaction levy and Stock Exchange trading fee that will be borne by us in connection with the Global Offering (assuming the Offer Size Adjustment Option is not exercised) is estimated to be HK$30.8 million (based on the mid-point of our indicative price range for the Global Offering). We incurred listing fees and expenses in the Track Record Period in the amount of approximately HK$3.6 million, of which HK$1.0 million was recorded as prepayment and HK$2.6 million was charged to our combined statements of profit or loss. We expect that the remaining HK$27.2 million fees and expenses to be incurred, approximately HK$19.5 million will be charged to our combined statements of profit or loss for the year ending 31 December 2014 and approximately HK$7.7 million will be accounted for as a deduction from equity after the Listing under the relevant accounting standards.

You should note that our financial performance for the year ending 31 December 2014 would be materially and adversely affected by the estimated expenses in relation to the Listing, and our net profit is expected to be significantly lower than that for the year ended 31 December 2013.

RISKS RELATING TO OUR INDUSTRY

The PCB industry we operate in is highly competitive, which may result in our loss of market share, which may have a material and adverse effect on our business, financial condition and results of operations.

The PCB industry we operate in is characterised as highly competitive and we compete with a number of PRC domestic and international PCB manufactures. Some of our competitors may have greater financial, research and other resources, access to proprietary technology, greater expertise and more extensive technical capabilities, greater pricing flexibility and name recognition. In addition, more specialised manufacturers with greater financial resources may enter our market in the future. Our ability to compete successfully in the PCB industry depends on various factors, including our reputation, high quality products, integrated production system and strong relationships with our customers. We cannot assure you that we will be able to compete effectively against current and future competitors. Intensified competition may result in our price reduction, decrease in our profitability and loss of market share, which may have a material and adverse effect on our business, prospects, financial condition and results of operations.

If the PCB market does not grow at a rate as we expect, or at all, or if we fail to keep pace with PCB technological changes, our business, results of operations and financial condition may be adversely affected.

Our growth depends, to a significant extent, on the continued growth in the demand for our PCBs in the relevant sectors, such as communication, automobile, industrial automation, medical and consumer electronics. Although the demand has grown rapidly in the past, such growth rate may not remain the same or increase in future periods. We experienced a decrease in our sales to communication customers from HK$264.3 million in 2011 to HK$237.0 million in 2012 and to HK$102.4 million in 2013, due to the decrease in sales volume of our copper-based PCBs in respect of a major communication customer who rolled out the copper-based PCB component. Our sales to communication customers remained stable from HK$47.4 million for the five months ended 31 May 2014 when compared to HK$41.0 million for the five months ended 31 May 2013. Any future reduced demand or any downturn in the relevant sectors could materially and adversely affect our sales and profitability. Furthermore, we are subject to the technology development for PCBs and production processes. If there is a change in market preference or if we fail to keep pace with PCB technology changes, we may not be able to achieve the growth as expected and our business may be adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Changes in the economies, political and social conditions in the PRC may have a material adverse effect on our business, financial condition and results of operations.

A majority of our assets are located in the PRC, and our business operation is mostly located in the PRC. Accordingly, our business, financial condition, results of operations and prospects are, to a significant degree, subject to the economic, political and social developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC Government's economic reforms have emphasised the independence of enterprises, the use of market mechanism, and the improvement of corporate governance, the PRC Government continues to exercise significant control in regulating industry developments, allocating resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the economy of the PRC has experienced significant growth over the past decade, growth has been uneven, both geographically and among various sectors of the economy. The PRC Government has implemented various measures to guide the allocation of resources. While some of these measures may benefit the overall economy of the PRC, they may have a negative effect on us. For example, our financial results may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. Any changes in the PRC economic, political and social conditions may have a material adverse effect on our present and future operations.

The PRC's legal system is still evolving and the uncertainties as to the interpretation and enforcement of PRC laws could have a material adverse effect on us.

Most of our business and operations are conducted in the PRC, and thus we are subject to PRC laws and regulations. The PRC legal system is a civil law system based on written statutes and past court decisions have limited precedential value and are cited for reference only. Since the late 1970s, the PRC Government has made significant progress in the development of its laws and regulations governing economic matters, such as trading of securities, shareholder rights, foreign investment, company organisation and governance, commerce, tax and trade. As these laws and regulations are still evolving and because of the limited number of published cases and the non-binding nature of prior court decisions, there exist uncertainties about the interpretation and enforcement of the laws and regulations. For the same reasons, any legal protections available to us under these laws and regulations may be limited and temporary. Any litigation or regulatory enforcement action in the PRC may be protracted and could result in substantial costs and diversion of resources and management attention.

The PRC Government's control over the conversion of foreign exchange may have a material adverse effect on your investment and limit our ability to utilise our cash effectively.

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approval from the SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. In addition, since a significant amount of our future cash flow from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of the PRC or otherwise fund our business activities that are conducted in foreign currencies.

Dividends paid to our Hong Kong subsidiary might not qualify for the reduced PRC withholding tax rate under the special arrangement between Hong Kong and the PRC.

Under the PRC CIT Law and its implementation regulations, PRC-sourced income of foreign enterprises that are "non-PRC resident enterprises" that do not have an establishment or place of business in the PRC or, despite the existence of such establishment or place in the PRC, the relevant income is not actually connected with such establishment or place in the PRC, such as dividends paid by a PRC subsidiary to its overseas parent, is generally subject to a 10% withholding tax unless the jurisdiction of such foreign enterprises has a tax treaty with the PRC that provides a different withholding arrangement.

Pursuant to a special arrangement between Hong Kong and the PRC, the withholding tax rate is lowered to 5% if a Hong Kong resident enterprise is qualified as the beneficial owner and owns more than 25% of a PRC company distributing the dividends. However, according to the Circular of the State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises Regarding Favourable Treatment Under Taxation Treaties (for Trial Implementation) (國家稅務總局關於印發《非居民享受稅收協議待遇管理辦法(試行)》的通知), which was issued by the SAT on 24 August 2009 and became effective on 1 October 2009, the 5% withholding tax rate does not automatically apply and approvals from competent local tax authorities are required before an enterprise can enjoy any benefits under the relevant taxation agreements or treaties. Moreover, according to the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (國家稅務總局關於執行稅收協定股息條款有關問題的通知) issued by the SAT on 20 February 2009, if the main purpose of an offshore arrangement is to obtain preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. There is no assurance that the PRC tax authorities will grant approvals on the 5% withholding tax rate on dividends paid by our PRC subsidiaries and received by our subsidiaries in Hong Kong.

Our business operation, including our PCB production and distribution, may be adversely affected by an outbreak of epidemics, such as severe acute respiratory syndrome (SARS), influenza A (H1N1) and avian influenza (H5N1, H7N9 and H10N8).

The PRC has, during the past few decades, experienced an outbreak of epidemics, such as severe acute respiratory syndrome (SARS), influenza A (H1N1) and avian influenza (H5N1, H7N9 and H10N8). Any recurrence of such epidemics or other adverse public health problem in the PRC may result in the contraction of such diseases among our employees, which may further cause the suspension of our production and distribution of our PCBs. In addition, the public transportation may be disrupted by the outbreak of public health problem, which may result in the restriction of our ability to arrange delivery of our PCBs to our customers in the PRC. In the event that our suppliers and customers are also materially affected by the outbreak of public health problem, our PCB product production and sales may be significantly interrupted. Although our business operations were not historically affected by the outbreak of epidemics, we cannot assure you that our business operations will not be materially affected by public health problem in the future.

RISKS RELATED TO THE GLOBAL OFFERING

There has been no public market for our Shares prior to this Global Offering, and the liquidity, market price and trading volume of our Shares may be volatile.

There has been no public market for our Shares prior to this Global Offering. We have applied for the listing of and permission to deal in our Shares on the Stock Exchange. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop following the Global Offering or that our Shares will always be listed and traded on the Stock Exchange. We cannot assure you that an active public trading market for our Shares will develop or be sustained.

The Offer Price for our Offer Shares will be determined by us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) and may differ significantly from the market price for our Shares following the Global Offering. We cannot assure you that the market price of our Shares will not decline below the final Offer Price.

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flows, and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for our products and services or fluctuations in market prices for comparable companies could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade.

In addition, the Stock Exchange has experienced substantial price and volume fluctuations from time to time that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our Shares.

We are controlled by Mr. Chan and his family, and their interests may not be consistent with your interests.

Mr. Chan and his family, through Million Pearl, will hold approximately 75% of our issued Share capital upon the completion of this Global Offering, assuming no exercise of the Offer Size Adjustment Option. As a result, Mr. Chan and his family, through their representatives on our Board and their shareholding, will be able to influence the decisions of our Company, including our overall strategies, investments, dividend plans, adjustments to our capital structure and other actions that require Shareholders' approvals. Mr. Chan and his family will also be able to influence Board members and therefore indirectly control the selection of our senior management. However, the interests of Mr. Chan and his family may not always be consistent with your interests. If Mr. Chan and his family's interests conflict with the interests of our other Shareholders, those other Shareholders' interests may be prejudiced as a result.

Investors for our Shares may face difficulties in protecting their interests under Cayman Islands law, which may provide different remedies to minority shareholders when compared with the laws of Hong Kong or other jurisdictions.

Our corporate affairs are governed by, among other things, the Articles of Association, the Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands and the Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For detailed information, please refer to the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix IV to this prospectus.

Our historical dividend payments should not be taken as an indication of our future dividend policy or our payment of dividends in the future.

We may distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. The Board will review dividend policy from time to time in light of various factors such as our results of operations, our cash flows, our financial conditions, our Shareholders' interests, general business conditions and strategies, our capital requirements, the payment by our subsidiaries of cash dividends to us and other factors the Board may deem relevant in determining whether dividends are to be declared and paid.

During the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, YT Group declared and paid interim dividend in the amount of HK$2.5 million, HK$2.5 million, HK$2.5 million and nil, respectively. These historical dividend payments should not be regarded as an indication of future dividend policy or our payment of dividends in the future.

Any future issuance of our Shares may dilute the investor's shareholding in our Company.

Any future capital issuance to expand our business or otherwise may lead to the dilution of investors' shareholding in our Company. We may also issue additional Shares pursuant to our Share Option Scheme. We may need to raise additional funds in the future to finance expansion of or new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by our Offer Shares. Purchasers of our Shares may experience dilution in the net tangible asset book value per share of their Shares if we issue additional Shares or securities convertible into Shares in the future at a price which is lower than the net tangible asset book value per Share.

Any future offerings or sales of our Shares could materially and adversely affect their prevailing market price.

Any future offerings or sales of our Shares by us or other Shareholders in the public market, or the perception that such offerings or sales could occur, may negatively impact the market price of our Shares. Please refer to the section headed "Underwriting" in this prospectus for details of restrictions that may apply to future sales of our Shares. Following the expiration of their respective lock-up periods, the market price of our Shares may decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares (including the issuance of new Shares pursuant to the exercise of share options granted by us) or the perception that such sales or issuances may occur. We cannot predict what effect, if any, any perception or actual occurrence of such significant future sale will have on the market price of our Shares.

You should read the entire prospectus carefully (including the risks disclosed) and we strongly caution you not to place any reliance on any information in press articles, other media and/or research analyst reports regarding us, our business, our industry and the Global Offering.

You should read the entire prospectus carefully and rely solely upon the information in this prospectus in making your investment decisions regarding the Shares. You should note that undue reliance should not be placed on any forward looking statements contained in this prospectus which may not occur in the way we expect or may not materialise at all as set out in the section headed "Forward-looking Statements" of this prospectus. There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media and/or research analyst coverage regarding us, our business, our industry and the Global Offering. We do not accept any responsibility for the accuracy or completeness of the information in such press articles, other media and/or research analyst reports nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analysts regarding the Shares, the Global Offering, our business, our industry or us.

We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information in this prospectus only and should not rely on any other information.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance (Miscellaneous Provisions), the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering will be fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters). The Global Offering is managed by the Sole Global Coordinator. The International Placing will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company on or around Tuesday, 2 December 2014 (Hong Kong time) or such later time as may be agreed between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company, but in any event no later than Thursday, 4 December 2014 (Hong Kong time). If, for any reason, the Offer Price is not agreed among our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), the Global Offering will not proceed.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the U.S., except in compliance with the relevant laws and regulations of such jurisdiction.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Global Offering to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Global Offering.

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

Prospective applicants for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or the options which may be granted under the Share Option Scheme).

No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or currently proposed to be sought in the near future.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our register of members to be maintained in Hong Kong by Tricor Investor Services Limited, our Hong Kong Branch Share Registrar. Our principal register of members will be maintained in the Cayman Islands by our Company's principal share registrar, Appleby Trust (Cayman) Ltd..

Dealings in Shares registered in our Hong Kong Branch Share Registrar will be subject to Hong Kong stamp duty. Only Shares registered on our Hong Kong register of members may be traded on the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for or purchasing, holding or disposing of or dealing in the Offer Shares, you should consult your professional advisers. None of the Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Underwriters, their respective directors and any other person involved in the Global Offering accepts responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of or dealing in the Offer Shares.

OFFER SIZE ADJUSTMENT OPTION

Details of the arrangements relating to the Offer Size Adjustment Option are set out in the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURE FOR APPLICATION FOR THE HONG KONG PUBLIC OFFER SHARES

The procedure for application for the Hong Kong Public Offer Shares is set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including conditions of the Global Offering, are set out in the section headed "Structure of the Global Offering" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or such other date HKSCC chooses. Investors should seek the advice of their stockbroker or other professional advisers for details of those settlement arrangements as such arrangements will affect their rights, interest and liabilities.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after a trading transaction.

All necessary arrangements have been made for the Shares to be admitted to CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, 8 December 2014.

The Shares will be traded in board lots of 2,000 Shares each.

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates.

Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rate:

RMB0.80 to HK$1.00

RMB1.00 to US$0.16

HK$1.00 to US$0.13

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

DIRECTORS

Name	Residential address	Nationality
Executive Directors:		
Mr. Chan Wing Yin (陳榮賢)	Flat E, 15/F, Tower 5 One Beacon Hill No.1 Beacon Hill Road Kowloon Hong Kong	Chinese
Mrs. Chan Yung (陳勇)	Flat E, 15/F, Tower 5 One Beacon Hill No. 1 Beacon Hill Road Kowloon Hong Kong	Chinese
Mr. Chan Yan Kwong (陳恩光)	Flat D1, 2/F., Chermain Heights 9 Eastbourne Road Kowloon Tong Hong Kong	Chinese
Mr. Chan Yan Wing (陳恩永)	Flat A, 36/F., Seymour 9 Seymour Road Hong Kong	Chinese
Independent Non-executive Directors:		
Mr. Chung Yuk Ming (鍾玉明)	RM E, 46/F, Block 8, East Point City Tseung Kwan O Kowloon Hong Kong	Chinese
Mr. Yeung Kam Ho (楊錦浩)	Flat E, 8/F, Block 5, Aria Kowloon-Peak 51 Fung Shing Street Kowloon Hong Kong	Chinese
Mr. Yau Wing Yiu (邱榮耀)	Flat F, 36/F, Tower 2 8 Pui Shing Road Nan Fung Plaza Tseung Kwan O Kowloon Hong Kong	Chinese

For further information regarding our Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Guotai Junan Capital Limited** 27/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong (a licensed corporation to conduct type 6 (advising on corporate finance) regulated activities under the SFO)
Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager	**Guotai Junan Securities (Hong Kong) Limited** 27/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong (a licensed corporation to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO)
Co-Managers	**Ever-Long Securities Company Limited** 18th Floor, Dah Sing Life Building 99–105 Des Voeux Road Central Hong Kong **Luk Fook Securities (HK) Limited** Units 502–6, 5th Floor Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong **Telecom Digital Securities Ltd** Units 3608–12, Tower 2, Metroplaza 223 Hing Fong Road Kwai Fong Hong Kong

Legal advisers to the Company	*As to Hong Kong law* **Li & Partners** 22/F., World-Wide House Central, Hong Kong *As to PRC Law* **King & Wood Mallesons** 28th Floor, Landmark 4028 Jintian Road, Futian District Shenzhen The PRC *As to Cayman Islands law* **Appleby** 2206–19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **DLA Piper Hong Kong** 17th Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* **Jingtian & Gongcheng** Suite 1202–1204, K.Wah Centre 1010 Huaihai Road (M) Xuhui District Shanghai 200031 The PRC
Auditors and reporting accountants	**Ernst & Young** *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong

Property Valuer	**Cushman & Wakefield Valuation Advisory Services (HK) Limited** 9th Floor, St George's Building 2 Ice House Street, Central Hong Kong
Compliance adviser	**Guotai Junan Capital Limited** 27/F, Grand Millennium Plaza 181 Queen's Road Central Hong Kong (a licensed corporation to conduct type 6 (advising on corporate finance) regulated activities under the SFO)
Independent market consultant	**China Research and Intelligence Co., Ltd** 7K, West Building No. 668, Beijing East Road Huangpu Shanghai The PRC
Internal control consultant	**SHINEWING Risk Services Limited** 43/F, the Lee Gardens 33 Hysan Avenue, Causeway Bay Hong Kong
Receiving bank	**Standard Chartered Bank (Hong Kong) Limited** 15/F, Standard Chartered Tower 388 Kwun Tong Road, Kowloon Hong Kong

Registered Office	Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Room 809–810 Kwong Sang Hong Centre 151–153 Hoi Bun Road Kwun Tong, Kowloon Hong Kong
Headquarters in the PRC	No. 8 Yantat Road Pingshan New District Shenzhen The PRC (中國深圳坪山新區恩達路8號)
Company's website address	www.yantat.com *(information contained in the website does not form part of this prospectus)*
Company secretary	Mr. Lai Hau Yin, *FCPA, FCPA (Aust.)* 32B, Sheung Tsuen Pat Heung Kam Sheung Road Yuen Long, New Territories Hong Kong
Compliance adviser	**Guotai Junan Capital Limited** 27/F, Grand Millennium Plaza 181 Queen's Road Central Hong Kong (a licensed corporation to conduct type 6 (advising on corporate finance) regulated activities under the SFO)
Authorised representatives	Mr. Chan Yan Wing Flat A, 36/F., Seymour 9 Seymour Road Hong Kong Mr. Lai Hau Yin 32B Sheung Tsuen, Pat Heung Kam Sheung Road, Yuen Long, New Territories Hong Kong
Audit committee	Mr. Yau Wing Yiu *(Chairman)* Mr. Yeung Kam Ho Mr. Chung Yuk Ming

Remuneration committee	Mr. Chung Yuk Ming *(Chairman)* Mr. Yeung Kam Ho Mr. Yau Wing Yiu Mr. Chan Yan Kwong Mr. Chan Yan Wing
Nomination committee	Mr. Yeung Kam Ho *(Chairman)* Mr. Chung Yuk Ming Mr. Yau Wing Yiu Mr. Chan Yan Kwong Mr. Chan Yan Wing
Principal share registrar and transfer office in the Cayman Islands	**Appleby Trust (Cayman) Ltd.** Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	**The Hongkong and Shanghai Bank Corporation Limited** 1 Queen's Road Central Hong Kong **Standard Chartered Bank** 4–4A Des Voeux Road Central Hong Kong **Dah Sing Bank, Ltd.** 36/F., Dah Sing Financial Centre 108 Gloucester Road Hong Kong **Bank of China (Shenzhen Pingshan Branch)** 1/F., Block 4 Shenye Dongcheng Shangdi Zhongshan Avenue Pingshan New District Shenzhen The PRC* (中國深圳市坪山新區中山大道深業•東城上邸4棟)

This section contains certain information which has been derived from official and other public sources and the research report prepared by CRI. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy. The information may not be consistent with other information complied within or outside the PRC.

SOURCES OF INFORMATION

We commissioned CRI, an Independent Third Party, to conduct an analysis of, and to prepare a report on, the PCB industry in the PRC and Hong Kong for the period from 2009 to 2018. The report prepared by CRI for us is referred to as CRI Report in this prospectus. We have agreed to pay a fee of approximately US$23,700 for preparing and updating the CRI Report, which we believe that it reflects market rates. The payment of such amount was not contingent upon our Listing or on the results of the CRI Report. Our Directors are of the view that the payment of the fee does not affect the fairness of conclusions in the CRI Report.

About CRI

Founded in 2007, CRI is a research and consulting company focusing on various industries and markets. Through its office in the PRC, CRI provides customised industry research services for initial public offerings, corporate mergers and acquisitions, business development, market launch and financing for clients varying from private companies to the government entities. It also produces a variety of market research reports, industry analytical reports and publications covering different industries. Over the years, CRI has established strategic partnerships with many institutions in the United States, Canada, Australia and Hong Kong.

Research Methodology

CRI prepared the CRI Report based on data and intelligence collected from various sources including but not limited to government statistics, industry reports and industry associations' publications and data. CRI also conducted primary research such as interviews with manufacturers, distributors, consumers and experts in the PCB industry to gather and synthesise market information.

To ensure the credibility, accuracy and reliability of the forecasts, the market specialists at CRI firstly assessed and recalculated, if necessary, relevant data from different institutions according to actual conditions. They subsequently integrated a variety of information, including the assessed and recalculated data, and opinions gathered from the market research process and put forward their own views. Such views, in conjunction with (i) the aforesaid parameters such as the global and the PRC's macroeconomic data; and (ii) forecasts on economic trends, were then internally discussed on for validating the forecast data. Before finalising the CRI Report, the market specialists verified the reliability and logic of the forecast data by sample inspecting various data or information in the reports and results of the interviews.

The CRI Report includes both historical and forecast information on the global and the PRC PCB market, which has been quoted in this prospectus. Forecasted data was projected on the basis of analysis of the global macroeconomic data as well as that of historical data of global and the PRC PCB market and specific industry related drivers. In compiling and preparing the research, CRI also adopted certain assumptions and relied on other sources of information and conventions while making projections for the PCB industry in the globe and the PRC, including the following:

(i) global economy will keep increasing in 2014 to 2018. It is estimated that the global economic growth rate will be 3.7% in 2014.

(ii) the economic growth rate of emerging markets, such as the PRC, is expected to surpass developed countries. The PRC economy is expected to maintain the annual growth rate of approximately 7% in the next three to five years, with large investment in fixed assets from the PRC Government stimulating economic growth; and

(iii) PCB downstream markets are expected to continue to grow, including consumer electronics, communication and automobile sectors.

Based on the above, our Directors and the Sole Sponsor are satisfied that the disclosure of future projection and industry data included in this section is not misleading.

Our Directors confirmed that, as at the Latest Practicable Date, after taking reasonable care, there is no adverse change in the market information since the date of the CRI Report which may qualify, contradict or have an impact on the information in this section.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CRI Report.

OVERVIEW OF PCB INDUSTRY

Introduction

PCBs connect electronic components using conductive pathways, pads and other features etched from copper clad laminate sheets onto a non-conductive substrate. By number of layers, PCBs are classified into three major categories, namely (i) single-sided PCBs, (ii) double-sided PCBs, and (iii) multi-layered PCBs.

Single-sided PCBs

Single-sided PCBs are the most basic type of PCBs. On single-sided PCBs, all components are on one side while all the conductors are on the other side. The conductors cannot intersect and must have their own circuits, leading to many strict restrictions on the design of circuits.

Double-sided PCBs

Double-sided PCBs have conductors on both sides. Conductors on different layers are connected with plated-through holes called vias. A via is an electrical connection between layers in a physical electronic circuit that goes through the plane of one or more adjacent layers. With the area twice as large as single-sided board, double-sided board solves the difficulty in arrangement of conductors, which can be connected through vias. It is suitable for more complicated electric circuits.

Multi-layered PCBs

Multi-layered PCBs, including four-layer, six-layer and more layers PCBs, use double-sided PCBs as inner layers and two single-sided boards as outer layers. The layers are connected by the positioning system and insulating adhesive materials alternately while the conductive pattern is connected in accordance with the design. The number of PCBs does not necessarily equal to that of independent conductor layers. On special occasions, empty layers are added to control the thickness of the board. Usually, the number of layers is even, including the outermost two layers.

Conventional and special material PCBs

PCBs usually use common materials such as glass epoxy laminate sheets. PCBs can also use special materials in their base raw materials, such as polyimide, teflon, stainless steel, copper, ceramic and aluminum.

Our Group is an OEM PCB provider. Our Group's PCBs include single-sided PCBs, double-sided PCBs and multi-layered PCBs, with a focus on the latter two categories. Our Group also focuses on developing the capabilities of manufacturing special material PCBs.

Raw Materials

PCBs are made-to-order and their pricings depend on the specifications of the PCBs ordered. The costs of raw materials account for more than half of the total costs of PCBs.

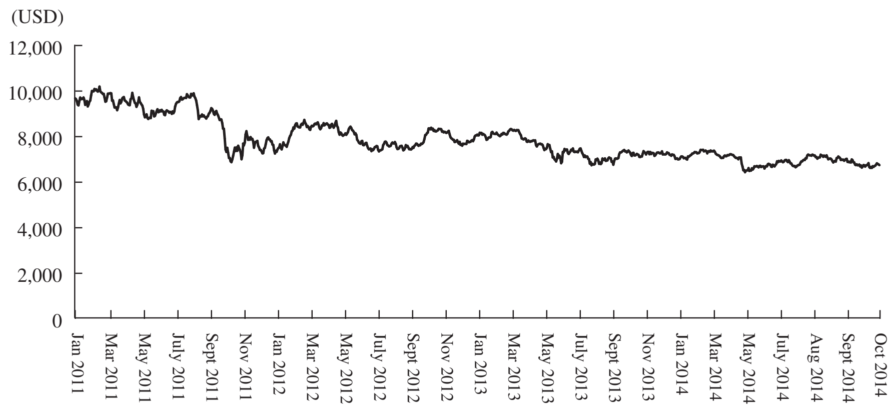
Raw materials of PCBs include (i) main materials (mostly base materials), including copper clad laminate, prepreg and copper foil; and (ii) auxiliary materials, including films, dust cleaning materials, filtering materials, positioning drilling materials, tape and plastic materials, laboratory consumables and various chemicals.

According to the CRI Report, copper foil accounts for 30% to 50% of the cost of copper clad laminate, depending on the thickness of the laminate. As a result, the increase in copper foil price would cause an increase in copper clad laminate price, and vice versa. The copper foil price is generally influenced by copper price, which experienced a significant decrease during the second half of 2011. However, enhanced technical requirements lead to a decrease in the number of copper foil suppliers, which may resulted in tightened domestic supply of copper foil in the PRC. High-end copper foil, which features high-extensity, high tensile strength, high stability, high rigidity and eco-friendly resin-coated copper foil, and 3 micrometer / 9 micrometer ultra-thin copper foil, remains to place a heavy reliance on importation from overseas. This to certain extent offsets the effect of the decrease in copper price or the copper foil price and copper clad laminate price during the same period.

Historical Price Trends of Raw Materials

The chart below illustrates the monthly average copper price (per tonne) in LME for the period indicated.

Monthly average copper price in LME



Source: LME

Finished PCB Price

According to the CRI Report, the prices of PCBs are a function of raw material costs, manufacturing process and related techniques, production specification (including complexity and quality demanded) and order volume. PCBs are generally made-to-order for electronics products with various applications and the specifications are set by downstream customers. Therefore, PCBs are not generic products with common, unified market prices. Furthermore, shortening of electronics product life cycle results in frequent upgrades and short life cycle of a PCB. As confirmed by CRI, there is no reliable source for the market price of PCBs.

PCB Industry Indicators

Given PCBs are made-to-order, PCB sales represent the actual demand from the downstream industries. In addition, the PCB industry is fragmented with a large number of market players. As a result, as confirmed by CRI, neither PCB book-to-bill ratio nor other demand indicators is currently available. The global and PRC PCB industries are generally evaluated through sales and production. Due to the same reason, PCB output is approximately equal to PCB sales, with a minimal security surplus to compensate unforeseen production waste and/or damages during transportation.

GLOBAL PCB INDUSTRY OVERVIEW

Macroeconomic Indicators

The global PCB industry is closely correlated with the global economy. Since 2003, the global PCB industry prospers as the major downstream application sectors, such as communication sector, develop rapidly. The global PCB industry declined sharply in 2009 due to the influence of global financial crisis. From 2013, as the market of smart phones and consumer electronics increased, the global PCB industry experienced further developments.

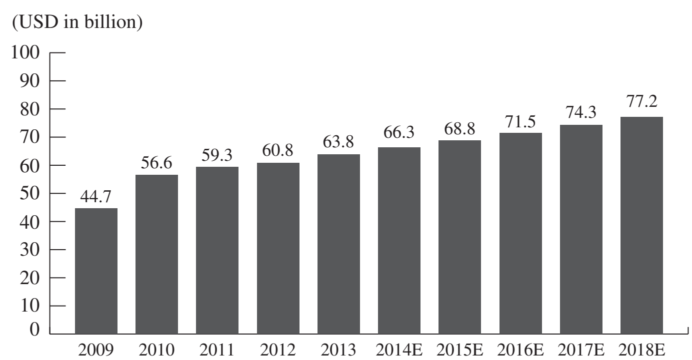
The global annual economic growth rate was approximately 3.9%, 3.1%, 3.0% in 2011, 2012 and 2013, respectively. Our Group's PCB sales cover more than 30 countries and regions in the world including the PRC and Hong Kong. Our Group's PCB business is thus to a certain extent affected by the global economic developments.

Global PCB Industry Maturity and Size

The global PCB industry is relatively mature, with a comparatively low annual growth rate in market size of below 5%. The global market size of PCBs kept increasing from 2009 to 2011. 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%. It is estimated that the sales value of the global PCB market will increase from US$66.3 billion in 2014 to US$77.2 billion in 2018, representing a CAGR of 3.9%.

The chart below illustrates the global PCB market size in terms of sales value for the period indicated.

Global PCB market size in terms of sales value (2009–2018E)



Source: CRI

According to the CRI Report, the PRC PCB market size increased from US$16.8 billion in 2009 to US$26.8 billion in 2013, representing a CAGR of 12.4%, as the PRC become the large producer of electronic products which drove the overall PCB demand. It is estimated that the sale value will increase from US$28.5 billion in 2014 to US$35.9 billion in 2018, representing a CAGR of 5.9%, with the expected growth in the mobile market and 4G network infrastructure.

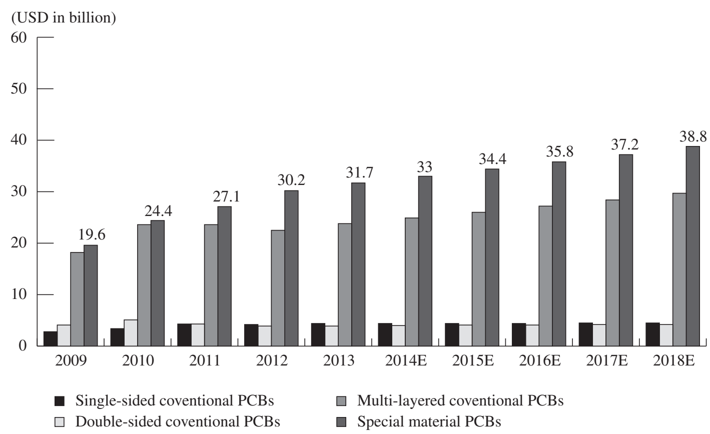
PCB market in Asia (except the PRC and Hong Kong) expanded from US$21.8 billion in 2009 to US$30.1 billion in 2013, representing a CAGR of 8.4%, which was mainly due to the development of 3G network infrastructure and more consumer electronics manufacturers setting up production bases in the region. It is estimated that the sale value will increase from US$30.1 billion in 2013 to US$33.7 billion in 2018, representing a CAGR of 2.3%.

PCB market in North America increased slightly from US$3.2 billion in 2009 to US$3.6 billion in 2010 and then decreased to US$2.7 billion in 2013. PCB market in Europe expanded slightly from US$2.4 billion in 2009 to US$3.4 billion in 2011, and remained relatively stable from 2011 to 2013.

In terms of product type, multi-layered conventional PCB and special material PCB in aggregate accounted for 87.0% of the global PCB market in 2013. From 2009 to 2013, global sales value of multi-layered conventional PCB and special material PCB increased by CAGR 6.9% and 12.8%, respectively.

The chart below illustrates the global PCB market size by product in term of sales value for the period indicated.

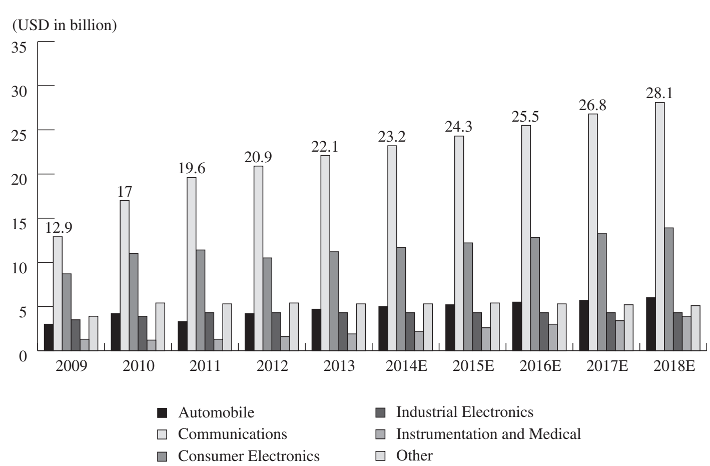
Global PCB market size by product in terms of sales value (2009–2018E)



Source: CRI

According to the CRI Report, downstream sectors of PCB mainly include automotive, business retail, communication, computer, consumer electronics, military and aerospace, industrial electronics, instrumentation and medical. Our Group mainly focuses on automobile, communication, consumer electronics, industrial automation and medical sectors. Communication and consumer electronics sectors were the first and second largest downstream sectors for PCB, in aggregate accounted for over 50% of the global PCB market in 2013. The chart below illustrates the global PCB market size by downstream sectors on which our Group focused for the period indicated.

Global PCB market size of certain industry in terms of sales value (2009–2018E)



Source: CRI

Supply

According to CRI Report, the global output value of PCBs equals to the sale value of PCBs, based on the assumption that PCBs are in general made-to-order. Output value of PCBs in the PRC and Asia (excluding the PRC and Hong Kong) accounted for nearly 90% of the global output value.

The output value in the PRC increased from US$16.3 billion in 2009 to US$26.6 billion in 2013, representing a CAGR of 13.0%. In 2006, the PRC surpassed Japan to become the world's largest PCB manufacturing base. In 2013, the PRC contributed to 48.1% of the global output value. It is estimated that the output value will further increase to US$35.5 billion in 2018, representing a CAGR of 5.9%.

Output value in Asia (excluding the PRC and Hong Kong) increased from US$22.4 billion in 2009 to US$30.7 billion in 2013, representing a CAGR of 8.2%. It is estimated that the output value will further increased to US$34.7 billion in 2018, representing a CAGR of 2.5%.

Key Suppliers

In 2012, there were 103 PCB enterprises with output values exceeding US$100 million in the world. The figures for number of PCB enterprises with output values exceeding US$100 million in the world was not available at the Latest Practicable Date. CRI identified the following as the top five enterprises in the world by sales value in 2013:

	Enterprises	**Market share** *(%)*
1	Nippon Mektron Ltd. (Japan)	4.0
2	Young Poong Electronics Co., Ltd. (South Korea)	3.5
3	Zhen Ding Technology Holding Limited (Taiwan)	3.4
4	Unimicron Technology Corporation (Taiwan)	3.3
5	Systems Engineering & Management Company (SEMCO)(South Korea)	2.7

Drivers of the Global PCB Market

According to CRI Report, 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 sectors, have undergone technological advancement combined with an influx of new generation of products.

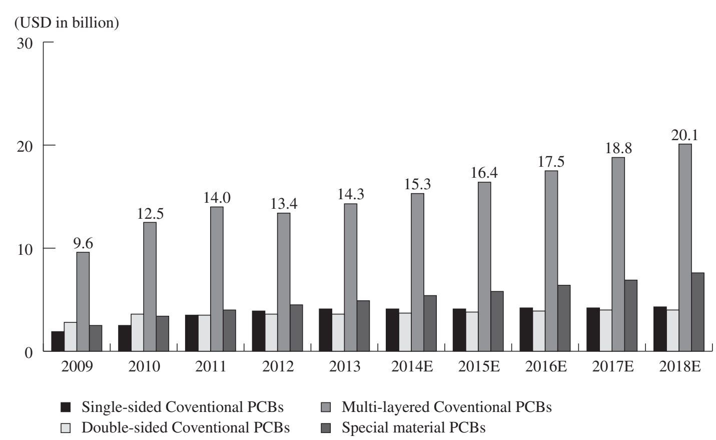
In particular, since new products are introduced with sophisticated and complex design and technologies in the consumer electronics, communications and automobile sectors, the consumption of PCBs increases in a single unit of products. For example, cloud technology has set up a stage for the development of multi-layered PCBs, especially of 18 layers, which are applied in servers and network devices. The smart phone market in the emerging countries is another factor to drive the global PCB market. The developments in the medical equipment market also contributed to the continuously increased demand of PCBs.

PRC PCB INDUSTRY

According to the CRI Report, the PRC PCB 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$28.5 billion in 2014 to US$35.9 billion in 2018, representing a CAGR of 5.9%.

We mainly focus on double-sided and multi-layered PCBs. We also focus on developing the capabilities of Special Material PCB manufacturing. According to the CRI Report, double-sided conventional PCBs, multi-layered conventional PCBs and special material PCBs in aggregate accounted for 84.8% of the PRC PCB market in 2013. From 2009 to 2013, sales value of double-sided conventional PCBs, multi-layered conventional PCB and special material PCB increased by CAGR of 6.5%, 10.5% and 18.3%, respectively. The chart below illustrates the PRC PCB market size by product in term of sales value for the period indicated.

PRC PCB market size by product in terms of sales value (2009–2018E)

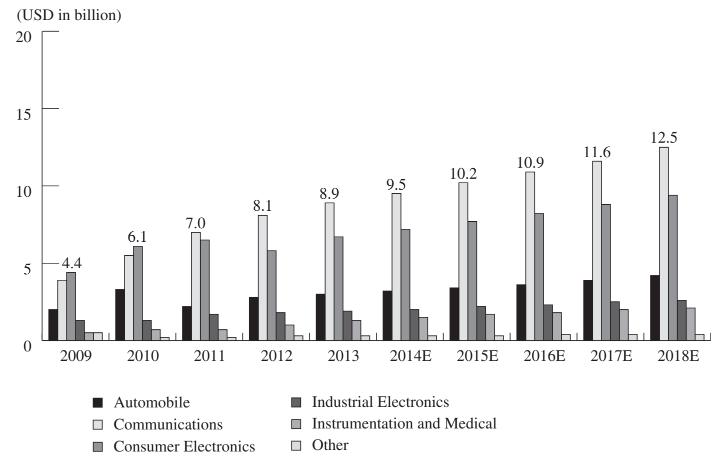


Source: CRI

In 2013, our Group's sales value of single-sided PCBs, double-sided PCBs, multi-layered Conventional PCBs and Special Material PCBs amounted to HK$3.7 million, HK$310.9 million, HK$161.5 million and HK$105.5 million, respectively, representing approximately 0.01%, 1.11%, 0.15% and 0.28% of the total market share under each of the categories, respectively.

In 2013, according to the CRI Report, 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. The chart below illustrates the PRC PCB market size by downstream sectors on which our Group focused for the period indicated.

PRC PCB market size by industry in terms of sales value (2009–2018E)



Source: CRI

Supply

Global production capacity of PCBs gradually migrates to the PRC as it becomes a large manufacturer of electronic products. Domestic PCB manufacturers expand the production capacity while foreign-invested enterprises increase investments in the PRC PCB industry. The PRC surpassed Japan and became the world's largest production base of PCBs in 2006. Being a country with the largest output value, the PRC becomes the major driving force of global PCB industry. The output value in the PRC was US$26.6 billion, accounting for over 40% of the total global output value in 2013.

An industrial belt of PCBs is formed around the Pearl River Delta and the Yangtze River Delta in the PRC. By the end of 2013, there were over 2,000 PCB enterprises in the PRC, of which approximately 50% were located at the Pearl River Delta and approximately 40% were located at the Yangtze River Delta. The output value of PCBs in the Pearl River Delta and the Yangtze River Delta accounted for over 90% of the total output value in the PRC. The two regions enjoy unique advantages of location, human resources and economic environment.

The PRC PCB output value increased from approximately US$16.3 billion in 2009 to US$26.6 billion in 2013, representing a CAGR of 13.0%. It is estimated that the PRC PCB output value will increase to US$35.5 billion in 2018.

Drivers of the PRC PCB Market

According to the CRI Report, the PRC PCB market is primarily driven by the following drivers:

Supportive governmental policies

The electronic information industry is an important strategic pillar industry in the PRC. As a basic product of the electronic information industry, 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.

Rapid growth of the PRC economy

The PRC economy developed rapidly with a globally leading growth rate especially after its entry into the World Trade Organisation. The annual growth rate of the PRC economy is expected to remain above 7% in the next few years. Economic growth and increasing household income stimulate consumption of electronic products and further drive the PRC demand of PCBs.

Demand from downstream

Communications, consumer electronics and computer sectors remain the driving force of the PRC PCB market in the future. Smart phones, tablet PCs, cloud technology and medical electronic products may become the focus to promote the development of the PRC PCB market. For instance, there expects to be 0.4 million 4G base stations under construction in the PRC in 2014, which will stimulate demand for PCBs and bring opportunities to PCB manufacturers.

COMPETITIVE ANALYSIS

Competitive landscape of PCBs and nature of competition

The PCB market is highly fragmented in the PRC. In 2013, there were 126 PCB enterprises achieving a sales value of RMB100 million in the PRC, including 79 domestic enterprises and 47 foreign-invested enterprises.

CRI identified the following as the top five enterprises by sales value in the PRC in 2013:

	Enterprises	**Market share** *(%)*
1	Zhen Ding Technology Holding Limited	8.0
2	Tripod Technology Corporation	4.3
3	HannStar Board Corporation	3.6
4	TTM Technologies, Inc	3.2
5	Unimicron Technology Corporation	3.1

Barriers to entry

According to the CRI Report, major barriers to entry for potential competitors include:

- capital Investment. Capital investments are required to purchase advanced production equipment to fulfill different products' technical requirements and to ensure the product quality;

- environmental regulatory compliance. PCB manufacturers in the PRC are subject to various environmental protection laws and regulations such as the Cleaner Production Standard: Printed Circuit Board Manufacturing (清潔生產標準：印刷電路板製造業), which would require extra set up efforts and costs; and

- relationships with customers. PCBs are components to almost all electronic products which have a wide range of industry applications including communications, automobile, consumer electronics, computer, military and aerospace, industrial electronics, instrumentation and medical equipment. PCB's electrical properties, physical properties, performance and stability are crucial for the useful life and performance of the electronic products. Therefore, customers generally prefer to maintain stable relationship with PCB manufacturers with sound track record. Well established trust and long term relationship with downstream customers would put existing PCB manufacturers in an advantage.

Future opportunities

Multi-layered PCBs are listed among key products to develop in the PRC's Twelfth Five-Year Plan. According to the Guiding Catalogue of Industrial Structure Adjustment (adopted in 2011 and as revised in 2013), the PRC Government encourages and supports the development of the multi-layered PCB industry.

In addition, rapid development of electronic product industry in the PRC creates a favourable market environment for the PCB industry, including:

- the emerging of domestic PRC mobile phone brands spurs further demand for PCBs. This in turn stimulates PCB manufacturers to innovate and develop advanced technology;

- the increase in output volume of electronic products, such as electronic communication equipment, computers, tablet PC and household appliances, stimulates the rapid growth in the PCB industry; and

- the issuance of 4G licenses attracts large-scale investments in telecommunications and large demand for servers and equipment for storage and network, which increases the demand for multi-layered PCBs.

Threats and challenges

According to the CRI Report, PCB industry faces the following threats and challenges:

- increased operating cost and capital investment. PCB manufacturers face tightening environmental policies which required more capital investments and surge in labour costs. Therefore, operating costs are expected to increase in the long run for PCB manufacturers;

- increased in competition in the PRC and overseas. The PRC PCB production capability continues to increase which results in intensified competition amongst PCB manufacturers. Further, the dominant players in the PCB industry from around the world, such as Europe, North America, South Korea and Taiwan, seek to increase their PRC PCB market shares. This further results in challenges for local PRC companies.

Competitive advantages of Our Group

Our Directors believe that we are able to compete on the basis of our responsive production solutions which address a wide range of PCBs, broad customer base, high quality of PCBs and emphasis on environmental protection. As mentioned above, the PRC PCB market is driven by demand from downstream sectors including communications, consumer electronics and automobile sections which in aggregate accounted for nearly 70% of the PRC PCB market. Our responsive production solutions and strong capability to produce PCBs using special materials will enable us to compete in the industry. For more details on our competitive strengths, please refer to the paragraphs headed "Business — Our Competitive Strengths" in this prospectus.

OVERVIEW

This section sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our business and operation.

WHOLLY FOREIGN-OWNED ENTERPRISE

The establishment, operation and management of our subsidiaries in the PRC is governed by the Company Law of the PRC (中華人民共和國公司法) (the "PRC Company Law"), which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 29 December 1993, effective as at 1 July 1994 and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013. The PRC Company Law generally governs two types of companies: limited liability companies and joint stock limited companies. All limited liability companies and joint stock limited companies are enterprise legal persons, and liable for their debts with all their assets. Liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of registered capital they have subscribed and contributed. The PRC Company Law is also applicable to foreign-invested companies, save as otherwise set out in any other regulations.

The establishment procedures, examination and approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are governed by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) (the "Wholly Foreign-owned Enterprise Law"), which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) and effective on 12 April 1986, amended on 31 October 2000, and the Implementation Rules for the Wholly Foreign-owned Enterprise Law (中華人民共和國外資企業法實施細則), which was promulgated by the State Council (國務院) on 12 December 1990 and amended on 12 April 2001 and 29 February 2014. According to the Wholly Foreign-owned Enterprise Law and its Implementation Rules, the establishment of foreign-invested enterprises shall be subject to the examination and approval by the Ministry of Commerce or its local hands, which will issue a certificate of approval in respect thereof. Profits and other legal rights obtained by foreign investors in the PRC shall be subject to legal protection, and legitimate profits, other lawful income and post-liquidation funds received by foreign investors from the foreign-invested enterprises may be remitted abroad.

INDUSTRY POLICIES REGARDING PRINTED CIRCUIT BOARD PRODUCTION

According to the Provisions on Guiding Foreign Investment Direction (指導外商投資方向規定) which was promulgated on 11 February 2002 by the State Council (國務院) and came into force on 1 April 2002, all foreign investment projects are classified into four categories: encouraged industries projects, permitted industries projects, restricted industries projects and prohibited industries projects. The Catalogue for the Guidance of Foreign Invested Industries (外商投資產業指導目錄) (the "Catalogue"), which was promulgated on 24 December 2011 and came into force on 30 January 2012 by the National Development and Reform Commission (國家發展與改革委員會) and Ministry of Commerce (商務部), contains specific provisions guiding market access of foreign capital, stipulates in detail the areas of entry pertaining to the categories of encouraged industries, restricted industries and prohibited industries. Any industry not listed in the Catalogue is a permitted industry unless specifically prohibited or restricted by other PRC laws and regulations. Development and production of new technology-based circuit boards falls within the encouraged industries in accordance with the Catalogue.

According to the Catalogue for Guidance of Industrial Restructuring (2011) (Revised) (國家產業結構調整指導目錄 (2011本) (修正)), which was promulgated by the National Development and Reform Commission on 27 March 2011 and amended on 16 February 2013 and came into force on 1 May 2013, the production of multiple types of PCB falls into the categories of encouraged industries. According to the Guidance on the Current Key Areas with Development Priority for the Industrialization of High Technology (2011) (當前優先發展的高技術產業化重點領域指南 (2011年度)), which was promulgated by the National Development and Reform Commission, Ministry of Science and Technology (科學技術部), Ministry of Industry and Information Technology (工業和信息化部), Ministry of Commerce, and State Intellectual Property Office (國家知識產權局) and became effective on 23 June 2013, the production of multiple types of PCB falls into the current key areas with development priority for the industrialization of high technology.

ENVIRONMENTAL PROTECTION LAWS

We are subject to PRC environmental protection laws and regulations promulgated by state and local government concerning environmental protection regarding construction projects; use, discharge and disposal of toxic and hazardous materials; and discharge and disposal of waste water, solid waste and waste gases and industrial noise.

Pursuant to The Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the "Environmental Protection Law") which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on and effective from 26 December 1989, and, was further amended on 24 April 2014 and shall become effective on 1 January 2015, the environmental protection administration department of the State Council shall establish national standards for environmental quality control. For items not provided in the national standards, provincial, autonomous region and municipal government may establish local standard for environmental quality control. The Environmental Protection Law stipulates that all enterprises and institutions which emit environmental pollution shall adopt measures to prevent and control pollution and damage to the environment from waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities. Pollution prevention device for a construction project shall be designed, built and commissioned with the principal part of the construction project. Enterprises and institutions discharging pollutants must report to and register with the competent environmental protection authorities in accordance with the provisions of the environmental protection authority under the State Council. Enterprises that manufacture, store, transport, sell or use toxic chemicals and materials containing radioactive substances must comply with the relevant regulations to prevent environmental pollution. The relevant authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations, including fines, restriction or suspension of operation, shut-down, detention of office-in-charge, etc.

According to the Law of the PRC on Prevention and Control of Water Pollution (中華人民共和國水污染防治法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 11 May 1984, effective as at 1 November 1984 and amended on 15 May 1996 and 28 February 2008 and the Implementation Rules of the Law of the PRC on Prevention and Control of Water Pollution (中華人民共和國水污染防治法實施細則) which was promulgated by the State Council (國務院) on 12 July 1989, effective as at 1 September 1989 and amended on 20 March 2000, new construction projects, expansion projects, reconstruction projects and other installations on water which directly or indirectly discharge pollutants into the water body shall be subject to environmental impacts appraisal. Enterprises and institutions that discharge pollutants directly or indirectly into a water body shall report to and register with the local environmental protection department at or above the county level for discharging and treating water pollutants, and the categories, quantities and concentrations of water pollutants discharged under their ordinary operation conditions, and also submit technical information concerning prevention and control of water pollution to such department. Enterprises and institutions that directly discharge pollutants into a water body shall pay pollutant discharge fee calculated on the basis of categories, quantities and collection standards of the water pollutants discharged.

According to the Law of the PRC on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 5 September 1987, effective as at 1 June 1988 and amended on 29 August 1995 and 29 April 2000, new construction projects, expansion projects or reconstruction projects that discharge pollutants into the air shall be subject to state regulations in relation to construction projects environmental protection. Enterprises and institutions that discharge atmospheric pollutants shall report their discharges and treatment facilities for pollutants and the categories, quantities and concentrations of pollutants discharged under ordinary operation conditions to the local environmental protection department, and also submit technical information concerning prevention and control of atmospheric pollution to such department. The PRC Government implements a system of collecting fees for discharging pollutants on the basis of the categories and quantities of the atmospheric pollutants discharged and establishes standards for collecting the fees.

According to the Law of the PRC on Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 29 October 1996 and became effective as at 1 March 1997, new construction project, expansion project, or reconstruction project shall be subject to the state regulations on environmental protection of construction projects. If noise pollution is generated due to the use of fixed facilities during industrial production, the industrial enterprise shall report to the competent local administrative department of environmental protection at or above the county level about the categories and quantities of noise discharging facilities, the noise volume of noise discharged under ordinary operation conditions and the conditions of the facilities that prevent and control noise pollution. Meanwhile, the enterprise shall submit to the same department their technical information concerning prevention and control of noise pollution. Industrial enterprises which discharge noise shall take treatment measures and pay a fee for excess discharge according to State regulations.

According to the PRC on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 30 October 1995, effective as at 1 April 1996 and amended on 29 December 2004 and 29 June 2013, producers, distributors, importers and users of a product shall be responsible for the prevention and control of the solid wastes it generates or discharges.

According to the Law of the PRC on Environment Impacts Appraisal (中華人民共和國環境影響評價法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 28 October 2002 and became effective as at 1 September 2003, the PRC Government has set up a system to appraise environmental impacts caused by construction projects, and classify and administer the environmental impact appraisals in accordance with the degree of the environmental impacts. If the construction project may have a material impact on the environment, construction unit shall compile an environmental impact report which appraises all potential environmental impacts; if the construction project may have a slight impact on the environment, the construction unit shall compile an environmental impact record which analyses or specifically appraises environmental impact; and if the construction project may have very little impact on the environment and no environmental impact appraisal is required, the construction unit shall file an environmental impact form. The environmental impact report, record and form must be approved by the relevant PRC authority before construction commences.

Construction within the territory of the PRC which has impact on the environment shall be governed by the Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例) which was promulgated by the State Council (國務院) and became effective as at 29 November 1998. Industrial construction projects should adopt clean production techniques with low energy consumption, low materials consumption and low pollutants generation; rational used natural resources and prevention of environmental pollution and ecological damage. Measures must be adopted in reconstruction, expansion projects and technological transformation projects to handle environmental pollution and ecological damage which have been caused by the said projects.

According to the Regulation on Construction Projects Environmental Protection Acceptance upon Completion (建設項目竣工環境保護驗收管理辦法) which was promulgated by the Ministry of Environmental Protection (環境保護部) on 27 December 2001 and became effective as at 1 February 2002, after a construction project is completed, the construction unit shall apply to competent environmental protection administrative authorities for environmental protection acceptance upon completion. If the construction project is being operated or used while the environmental protection device ancillary to such project is not completed, not being applied for acceptance or not accepted, the environmental protection administrative authorities may impose penalties according to Article 71 of the PRC on Prevention and Control of Water Pollution (中華人民共和國水污染防治法), Article 47 of the Law of the PRC on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), Article 69 of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) or Article 69 of the Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例).

The production of PCB must comply with the Cleaner Production Standard: Printed Circuit Board Manufacturing (清潔生產標準：印刷電路板製造業) (HJ 450-2008) (the ''Cleaner Production Standard'') which was promulgated on 21 November 2008 by the Ministry of Environmental Protection (環境保護部) and became into force on 1 February 2009. The Cleaner Production Standard sets forth general requirements for cleaner production which are applicable to PCB manufacturers. According to the Cleaner Production Standard, cleaner production requirements are divided into five categories, including (i) the production process and equipment requirements, (ii) resources and energy utilisation index, (iii) the pollution index, (iv) waste recycling index and (v) environmental management requirements. The Cleaner Production Standard is also applied in the examination on cleaner production and evaluation on the potential of cleaner production for PCB manufacturers, as well as in the environmental impacts appraisal and management of waste discharge permit.

INTELLECTUAL PROPERTY LAWS

Trademark Law

According to the Trademark Law of the PRC (中華人民共和國商標法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 23 August 1982 and amended on 30 August 2013 and became effective on 1 May 2014, any natural person, legal person or other organisation that needs to obtain the exclusive right to use a trademark for its goods or services during production and business operations shall apply for trademark registration with the Trademark Office (商標局). The principle of good faith shall be upheld in the application for trademark registration and in the use of trademarks. The users of a trademark shall be responsible for the quality of their goods bearing that trademark. A trademark registrant that changes, without authorisation, the registered trademark, the name or address of the registrant or other registration items during the use of the registered trademark shall be ordered to make correction within the prescribed time period by the relevant local administration for industry and commerce, and shall have its registered trademark cancelled by the Trademark Office if it fails to make correction by the prescribed deadline.

Patent Law

According to the Patent Law of the PRC (中華人民共和國專利法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 12 March 1984 and amended on 27 December 2008, and became effective on 1 October 2009, the Intellectual Property Administrative Department under the State Council (國務院專利行政部門) is responsible for receiving, examining and approving patent applications. A patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation or designs used primarily for the identification of pattern, colour or the combination of the two on printed flat works. A patent is valid for a term of 20 years in the case of an invention and a term of 10 years in the case of a utility model or design, starting from the application date. A third-party user must obtain consent or a proper licence from the patent owner to use the patent except for certain specific circumstances provided by law. Otherwise, the use will constitute an infringement of the patent rights.

According to the Administrative Measure for the Internet Domain Names of PRC (中國互聯網絡域名管理辦法), which was promulgated by the Ministry of Information Industry on 5 November 2004 and became effective as at 20 December 2004, "domain name" shall refer to the character identifier for identifying and locating the hierarchical structure of a computer on the Internet, which corresponds to the Internet protocol (IP) address of the computer concerned. A domain name registration service shall observe the principle of "first apply, first register". Where the domain name registration is completed, the applicant for the domain name registration shall be the holder of the domain name. The holder of the domain name shall pay operation fees for a registered domain name on a regular basis. If the domain name holder fails to pay the corresponding operation fees as required, the original domain name registry shall write it off and notify the holder of the domain name in written form.

CHEMICAL USAGE REGULATIONS

Usage of hazardous chemicals is subject to the Regulations on Safety Administration of Dangerous Chemicals (危險化學品安全管理條例) promulgated on 26 January 2002, effective as at 15 March 2002 and amended on 2 March 2011. According to the regulations, "hazardous chemicals" shall mean extremely toxic chemicals or other hazardous chemicals that are toxic, corrosive, explosive, flammable, or of accelerant nature, which damage human health, facilities and environment. Enterprises which use hazardous chemicals in production processes and the amount of use reaches the quantitative criteria (excluding enterprises engaging the production of hazardous chemicals) shall acquire the permit for safe use of hazardous chemicals in accordance with the requirements of the regulations.

Pursuant to the Administrative Regulations regarding Precursor Chemicals (易製毒化學品管理條例) promulgated on 26 August 2005 and effective as at 1 November 2005, in the event that enterprises purchase precursor chemicals they should obtain relevant permit or record with competent administrative authorities, and shall abide by other administrative rules during the use and purchase precursor chemicals. Precursor chemicals include, without limitation, hydrochloric acid (鹽酸), sulphuric acid (硫酸) and potassium permanganate (高錳酸鉀).

LABOUR LAWS

According to the Labour Contract Law of the PRC (中華人民共和國勞動合同法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 29 June 2007 and became effective as at 1 January 2008 and further amended on 28 December 2012, employment contracts shall be concluded in writing if employment relationships are to be or have been established between enterprises or institutions and the employees. Enterprises and institutions are forbidden to force the employees to work beyond the statutory time limit and employers shall pay employees for overtime work in accordance with national regulations. In addition, the wages shall not be lower than local standards on minimum wages and shall be paid to the employees timely.

According to the Labour Law of the PRC (中華人民共和國勞動法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 5 July 1994 and became effective as at 1 January 1995, enterprises and institutions shall establish and improve their system of work place safety and sanitation, strictly abide by State rules and standards on work place safety, educate labourers in labour safety and sanitation in the PRC. Labour safety and sanitation facilities shall comply with national standards. The enterprises and institutions shall provide labourers with work place safety and sanitation conditions which are in compliance with State stipulations and relevant articles of labour protection.

According to the Production Safety Law of the PRC (中華人民共和國安全生產法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 29 June 2002 and became effective as at 1 November 2002, as amended on 27 August 2009, the production and business operation entities shall be equipped with the conditions for safe production as provided therein and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not equipped with the conditions for safe production may not engage in production and business operation activities. The production and business operation entities shall provide labour protection articles that meet the national standards or industrial standards to the employees thereof, supervise and educate them to wear or use these articles according to the prescribed rules. The production and business operation entities shall arrange funds for buying labour protection articles and holding training in production safety.

Pursuant to Law of the PRC on the Prevention and Treatment of Occupational Diseases (中華人民共和國職業病防治法) ("the Occupational Diseases Law") which was first promulgated on 27 October 2001 and last amended on and became effective from 31 December 2011, the employers shall effect the workplace injury insurance in accordance with applicable laws. The expenditure required by the facilities of the prevention and treatment of occupational diseases of construction project shall be included in the budget of construction project engineering, and said facilities shall be designed, constructed, put into production, and utilised with the main body of the construction project simultaneously. The owner shall assess the effect of the treatment of occupational diseases prior to the completion acceptance of construction projects. No construction projects may be put into formal operation and utilisation unless their facilities of the prevention and treatment of occupational diseases are accepted by the work safety regulatory department upon the completion acceptance of such construction projects.

PRODUCT QUALITY AND CONSUMER PROTECTION LAWS

According to the Product Quality Law of the People's Republic of China (中華人民共和國產品質量法) ("the Product Quality Law") implemented on 1 September 1993 and amended on 8 July 2000 and the Regulations on Quality Responsibility for Industrial Products (工業產品質量責任條例) implemented on 1 July 1986, manufacturers are liable for the quality of products that they produce. The quality of a product must be inspected and proved to be conformed to the standards. Industrial products which may be hazardous to health or safety of human life and property must be in compliance with national and industrial standards safeguarding the health and safety of human life and property; in the absence of such national or industrial standards, such products must meet the requirements for safeguarding health and safety of human life and property.

The principal legal provisions governing product liability are set out in the Product Quality Law. The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality in accordance with the Product Quality Law. According to the Product Quality Law, consumers or other victims who suffer personal injury or property losses due to product defects may demand compensation from the producer as well as the seller. Where the responsibility for product defects lies with the producer, the seller shall, after settling compensation, have the right to recover such compensation from the producer, and vice versa. Violations of the Product Quality Law may result in the imposition of fines. In addition, the seller or the producer may be ordered to suspend operation and its business licence may be revoked. Criminal liability may be incurred in serious cases.

The principal legal provisions for the protection of consumer interests are set out in the Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法) (the "Consumer Protection Law"), which was last amended on 25 October 2013 and came into effect from 15 March 2014. According to the Consumer Protection Law, the rights and interests of the consumers who buy or use commodities for the purposes of daily consumption or those who receive services are protected and all manufacturers and distributors involved must ensure that the products and services will not cause damage to persons and properties. Violations of the Consumer Protection Law may result in the imposition of fines. In addition, the operator may be ordered to suspend operations and its business licence may be revoked. Criminal liability may be incurred in serious cases.

SOCIAL INSURANCE AND HOUSING FUND REGULATIONS

Pursuant to the Interim Regulations Concerning the Levy of Social Insurance Fees (社會保險費徵繳暫行條例) which was promulgated by the State Council (國務院) and became effective on 22 January 1999, the Interim Measures Concerning the Maternity Insurance of Enterprise Employees (企業職工生育保險試行辦法) which was promulgated by the former Ministry of Labour on 14 December 1994 and became effective as at 1 January 1995, the Regulation Concerning the Administration of Housing Fund (住房公積金管理條例) which was promulgated by the State Council (國務院) and became effective on 3 April 1999, as amended on 24 March 2002, the Regulation on Occupational Injury Insurance (工傷保險條例) which was promulgated by the State Council (國務院) on 27 April 2003 and became effective as at 1 January 2004, as further amended on 20 December 2010, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational insurance fund, maternity insurance fund and housing provident fund for the employees.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 28 October 2010 and became effective as at 1 July 2011, the state establishes social insurance systems such as basic pension insurance, basic medical insurance, workplace injury insurance, unemployment insurance and maternity insurance so as to protect the right of citizens in receiving material assistance from the State and the society in accordance with the law when getting old, sick, injured at work, unemployed and giving birth. Employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, workplace injury insurance and maternity insurance. If an employing entity does not pay the full amount of social insurance premiums as scheduled, the social insurance premium collection institution shall order it to make the payment or make up the difference within the stipulated period and impose a daily surcharge equivalent to 0.05% of the overdue payment from the date on which the payment is overdue. If payment is not made within the stipulated period, the relevant administration department shall impose a fine from one to three times the amount of overdue payment.

According to the Regulations on Management of Housing Fund (住房公積金管理條例), enterprises must undertake registration at the competent administrative centre of housing fund and then, upon the examination by such administrative centre of housing fund, undergo the procedures of opening the account of housing fund for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing fund for their employees in full amount. Where an enterprise fails to deposit the housing provident funds within the time limit or underpays the funds for its employees in accordance with the aforesaid regulations, the competent department shall order it to deposit the funds within a time limit, failing in which the competent department may apply to the people's court for enforcement.

TAXATION

Income Tax Law

The Corporate Income Tax Law (企業所得稅法) ("CIT Law"), which was adopted and promulgated by the Fifth Session of the Tenth National People's Congress on 16 March 2007 and became effective as at 1 January 2008 imposes a uniform income tax rate of 25% on all enterprises in the PRC (including foreign-invested enterprises). In order to clarify some of the provisions of the CIT Law, the Regulations on the Implementation of the Corporate Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) ("Implementation Rules") were promulgated by the State Council (國務院) on 6 December 2007 and became effective on 1 January 2008.

Under the EIT Law, enterprises are classified as either resident enterprises or non-resident enterprises. A resident enterprise is an enterprise that is incorporated under PRC law or that is incorporated under the law of a jurisdiction outside the PRC with its de facto management organisation located within the PRC. Under the Implementation Rules, "de facto management organisation" is defined as the organisation of an enterprise with substantial and comprehensive management and control over the manufacturing and business operations, personnel, accounting and properties of the enterprise. A non-resident enterprise is an enterprise that is incorporated under the law of a jurisdiction outside the PRC with its de facto management organisation located outside of the PRC, but which has either set up institutions or establishments in the PRC or has income originating from the PRC without setting up an institution or establishment in the PRC.

According to the CIT Law and Implementation Rules, income such as dividends, bonus, rental, interest and royalty from the PRC derived by a non-resident enterprise which have not set up institutions or establishment within the PRC, or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the institutions or establishments within the PRC, such income is subject to a 10% withholding tax, which may be reduced if the foreign jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement, unless the relevant income is specifically exempted from tax under the applicable income tax laws, regulations, notices and decisions.

According to the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) promulgated on 21 August 2006 and became effective on 1 January 2007, for the dividends income derived on 1 January 2007 or onwards, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% of the sum of dividends, if the Hong Kong enterprise as the beneficial owner holds at least 25% of equity interests of the PRC enterprise. According to the Notice of the State Administration of Taxation on issues relating to the administration of the dividend provision in tax treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知) which was promulgated by the State Administration of Taxation and became effective on 20 February 2009, the corporate recipients of dividends distributed by PRC enterprises must satisfy the direct ownership thresholds at all times during the twelve consecutive months preceding the receipt of the dividends.

According to the CIT Law and the Implementation Rules, certain high and new technology enterprises which have independent intellectual property rights and simultaneously meet the prescribed requirements as stipulated in the Implementation Rules and other relevant regulations is permitted to enjoy a reduced 15% corporate income tax rate. The Notice on Printing and Distributing the Administrative Measure for the Determination of High and New Technology Enterprises (關於印發《高新技術企業認定管理辦法》的通知) which was jointly issued by the Ministry of Science and Technology, the Ministry of Finance and State Administration of Taxation on 14 April 2008 and became effective retrospectively from 1 January 2008, provides for the specific criteria and procedures for the high and new technology enterprises certification. Pursuant to the Notice on Printing and Distributing the Administrative Measure for the Determination of High and New Technology Enterprises (關於印發《高新技術企業認定管理辦法》的通知) renewal of our high and new technology enterprise certificate is mainly subject to the satisfaction of the following conditions:

- the enterprise possesses independent intellectual property rights of the core technologies in its major products by way of independent R&D, acceptance of transfer, donation or merger during the immediately preceding three years or through exclusive licensing for a minimum period of five years;

- the enterprise's products fall within the range prescribed in the high and new technology sector eligible for the key support of the state ("國家重點支持");

- the enterprise has scientific and technological personnel in its employment with a minimum educational background of junior college graduation, and who account for at least 30% of the total number of its employees during the current year, of which the personnel in R&D constitute at least 10%;

- the enterprise has been conducting continuous R&D activities for purposes of making pioneering discoveries in science or technology (excluding humanities and social sciences), making creative use of new scientific and technological knowledge, or substantially improving technologies or products, and the proportion of its total R&D expenditure and its total revenue during the immediately preceding three accounting years meets the prescribed requirements. The proportion of the total R&D expenditure of the enterprise incurred within China and the total R&D expenditure shall not be less than 60%;

- the revenue from high and new technology products accounts for at least 60% of the total revenue of the enterprise during the current year; and

- the enterprise's level of organization and management of R&D, capacity of transformation of scientific and technological achievements, the number of independent intellectual property rights, growth in sales and total assets as well as other indicators conform to the requirements mentioned in the Guidelines on the Administration of Determination of High and New Technology Enterprises.

Value Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例) ("VAT Regulations") which was promulgated by the State Council (國務院) on 13 December 1993, and became effective as at 1 January 1994, as further amended on 10 November 2008 and effective as at 1 January 2009, all units and individuals engaged in the sale of goods, provision of processing, repair and replacement services, and importation of goods within the territory of the PRC are taxpayers of value-added tax ("VAT"), and must pay VAT in accordance with the VAT Regulations. According to the VAT Regulations, a VAT tax rate at 13% or 17% applies to the PRC enterprises unless otherwise exempted or reduced according to the VAT Regulations and other relevant regulations.

CUSTOMS REGULATIONS

According to the Customs Law of the PRC (中華人民共和國海關法), which was promulgated by the Standing Committee of National People's Congress (全國人民代表大會常務委員會) on 22 January 1987 and was revised by the Standing Committee of National People's Congress on 29 June 2013, import goods, throughout the period from the time of arrival in the territory to the time of customs clearance, export goods, throughout the period from the time of declaration to the customs to the time of departure from the territory, and transit, transhipment and through goods, throughout the period from the time of arrival in the territory to the time of departure from the territory shall be subject to customs control. Duties shall be imposed and paid by the consignee for import goods, the consigner for export goods and the owner of inward and outward articles unless otherwise exempted or reduced according to the laws or regulations.

According to the Provisions of the Customs of the PRC for the Administration of Registration of Declaration Entities (中華人民共和國海關對報關單位註冊登記管理規定) which was promulgated by the General Administration of Customs (海關總署) on 31 March 2005 and became effective as at 1 June 2005, as further amended on 13 March 2014, consignors and consignees of imported and exported goods shall undergo customs declaration entity registration formalities with their respective local customs in accordance with the applicable provisions. After the registration with the customs, consignors and consignees of imported and exported goods may handle their own customs declarations at any customs port or any locality where customs supervisory affairs are concentrated within the customs territory of the PRC.

FOREIGN CURRENCY EXCHANGE

According to the Foreign Currency Administration Rules (中華人民共和國外匯管理條例) which was promulgated by the State Council (國務院) on 29 January 1996 and became effective as at 1 April 1996, as further amended on 14 January 1997 and 5 August 2008 and various regulations issued by the State Administration of Foreign Exchange (國家外匯管理局) ("SAFE"), and other relevant PRC Government authorities, Renminbi is freely convertible for current account items, including dividend distribution, interest payments and trade service related foreign exchange transaction. However, for capital account items, such as direct investments, loans, repatriating investments and investments in securities outside the PRC, prior approval of the SAFE are required.

Under the Administration Rules of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which was promulgated by SAFE on 20 June 1996 and became effective as at 1 July 1996 and relevant regulations, enterprises in the PRC generally may purchase foreign exchange without the approval or review of SAFE for trade and service related foreign exchange transactions by providing commercial documents evidencing these transactions. Foreign-invested enterprises in the PRC may also retain foreign exchange, subject to a cap determined by SAFE, under current account items. Foreign invested enterprises are permitted to remit their profits or dividends in foreign currencies out of their foreign exchange accounts or exchange Renminbi for foreign currency through banks authorised to conduct such business.

BUSINESS HISTORY

The following is a summary of our Group's key business development milestones:

Year	Key Business Development Milestones
1989	Mr. Chan set up Yan Tat (HK) Industrial Co. as sole proprietorship and started to engage in PCB production business.
1992	YT Industrial was established. We commenced operations at our Shenzhen Facility.
1996	We received QS9000 certification for quality standard in automobile sector.
2001	YT Printed Circuit and YT Technology were established.
2004	We established quick turnaround ordering and delivery facilities.
	We received ISO14001 certification of environmental management system.
2006	We received ISO/TS16949 certification on quality management system on production in the automobile sector.
2008	We were recognised as a high and new technology enterprise.
2009	We received AS9100C certification on basic quality system standard in aviation.
	We commenced the construction of a water treatment station.
2012	We commenced the construction of our Shenzhen New Facility and completed the construction of waste water station.
	We were recognised as a qualified supplier by a first tier Japanese automobile manufacturer.
2014	We mark the 25th anniversary of our business operations and we completed the construction of our Shenzhen New Facility.

For further information in relation to our business, please refer to the section headed "Business" in this prospectus.

OUR CORPORATE DEVELOPMENT

The history of our Group started in 1992 when the founder, Mr. Chan, one of our Controlling Shareholders, established YT Industrial in Hong Kong as a limited liability company. Our business can be traced back to 1989 when Mr. Chan started to engage in PCB production business under a sole proprietorship in the name of Yan Tat (HK) Industrial Co., Mr. Chan financed the contribution to YT Industrial and Yan Tat (HK) Industrial Co. with his own savings.

The following describes the corporate history of our Company and subsidiaries.

Our Company

Our Company was incorporated in the Cayman Islands as a company with limited liability on 8 July 2014. As at the Latest Practicable Date, our Company had an authorised share capital of HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each, where 100 shares allotted and issued Shares were held by Million Pearl.

As a result of the Reorganisation, our Company is the holding company of our subsidiaries. Please refer to the paragraph "Reorganisation" below in this section for further details about the Reorganisation.

The intermediate holding company in the BVI

YT Group

YT Group was incorporated in the BVI on 27 August 2007 as a limited liability company with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.0 each. Since the date of incorporation and immediately before Reorganisation, YT Group had been owned as to 70% by Mr. Chan and 30% by Mrs. Chan.

YT Group serves as an intermediate holding company in our Group.

The operating subsidiaries in Hong Kong and the PRC

YT Industrial

YT Industrial was incorporated in Hong Kong on 23 January 1992 as a limited liability company with an authorised share capital of HK$10,000 and subsequently increased to HK$5,000,000 on 28 August 2007. At the time of incorporation, Mr. Chan and Mr. Tan Henoch Sutanto (the brother of Mrs. Chan) held 70% and 30% interest in YT Industrial, respectively.

On 9 September 1996, Mr. Tan Henoch Sutanto, in order to focus on his own business, transferred all of his 30% interest of the issued share capital of YT Industrial, being HK$500,000 at the material time, to Mrs. Chan for a consideration at par value of HK$150,000.

In September 2007, YT Group (as owned by Mr. Chan and Mrs. Chan) obtained 100% interest in YT Industrial through subscribing for new shares and acquiring the remaining shares held by Mr. Chan and Mrs. Chan. Since then, YT Industrial had been owned 100% by YT Group.

YT Industrial commenced its business in around January 1992 and is principally engaged in trading of the printed circuit boards.

YT Technology

YT Technology was incorporated in Hong Kong on 14 November 2001 as a limited liability company with an authorised share capital of HK$10,000 which was subsequently increased to HK$1,000,000 on 28 August 2007. On 14 November 2001, Mr. Chan and Mrs. Chan held 70% and 30% beneficial interest in YT Technology respectively.

In September 2007, YT Group obtained 100% interest in YT Technology through subscribing for new shares and acquiring remaining shares from Mr. Chan and Mrs. Chan. As a result, YT Technology was owned as to 100% by YT Group as at the Latest Practicable Date.

YT Technology commenced its business in around November 2001 and is principally engaged in trading of the printed circuit boards.

YT Printed Circuit

YT Printed Circuit was established on 18 December 2001 in the PRC, as a wholly-foreign owned limited liability company with a registered capital of HK$26,000,000 which was subsequently increased to HK$80,000,000 on 19 May 2004 and HK$110,000,000 on 12 May 2005. At the time of establishment, YT Printed Circuit was beneficially owned by Mr. Chan through a sole proprietorship, Yan Tat (HK) Industrial Co. The equity interest of YT Printed Circuit was transferred to YT Technology in 17 May 2002 at the consideration equivalent to the then invested capital being RMB7,195,300. Since then, YT Printed Circuit has been owned as to 100% by YT Technology.

YT Printed Circuit commenced its business in around December 2001 and is principally engaged in trading and manufacturing of printed circuit boards.

YT Nantong

YT Nantong was established on 29 June 2005 in the PRC, as a wholly-foreign owned limited liability company with a registered capital of US$20,000,000 which was subsequently decreased to US$8,000,000 on 5 September 2012. Since the commencement of the Track Record Period, YT Nantong has been owned as to 100% by YT Technology.

YT Nantong has not yet commenced business since its incorporation as the management of the Group decided to postpone its business development plan of a production plant in the Nantong city, Jiangsu province, the PRC in order to focus on the operation of the existing plant in Shenzhen, the PRC.

Grace YT

Grace YT was established on 7 August 2012 in the PRC as a wholly foreign-owned limited liability company with a registered capital of RMB1,000,000. Since its establishment, Grace YT has been owned as to 100% by YT Industrial.

Grace YT has not yet commenced any substantive business since its incorporation and is currently holding a workshop and dormitory in Shenzhen which form part of Shenzhen Facility, the PRC.

YT Environmental

YT Environmental was established on 30 December 2006 in the PRC as a limited liability company with a registered capital of RMB50,000,000 which was subsequently increased to RMB80,000,000 on 8 November 2007, and was then decreased to RMB43,100,000 on 1 February 2013. Since then and prior to the Reorganisation, YT Environmental has been owned as to 99.07% by YT Printed Circuit and 0.93% by Tuoxin, an Independent Third Party.

YT Environmental has not yet commenced any substantive business since its incorporation and is currently holding a property in Nantong city, Jiangsu province, the PRC as a staff quarter to be used by staff.

Deregistered subsidiaries

During the Track Record Period, the following subsidiaries were deregistered due to their cessation of operation.

High Creation Limited

High Creation Limited was incorporated in Hong Kong on 7 May 2007 as a limited liability company with an authorised share capital of HK$10,000.

High Creation Limited was initially owned by Mr. Chan and Mrs. Chan and was subsequently owned by YT Group. The directors of High Creation Limited applied for deregistration of the company in April 2014 and was deregistered on 5 September 2014 pursuant to section 751 of the Companies Ordinance.

Prior to its deregistration, High Creation Limited was principally engaged in providing consultancy services of waste water treatment to the Group through a consultant employed by High Creation Limited. Due to the departure of consultant in High Creation Limited in 2011, High Creation Limited ceased operation and the management decided to deregister High Creation Limited.

YT Electronics

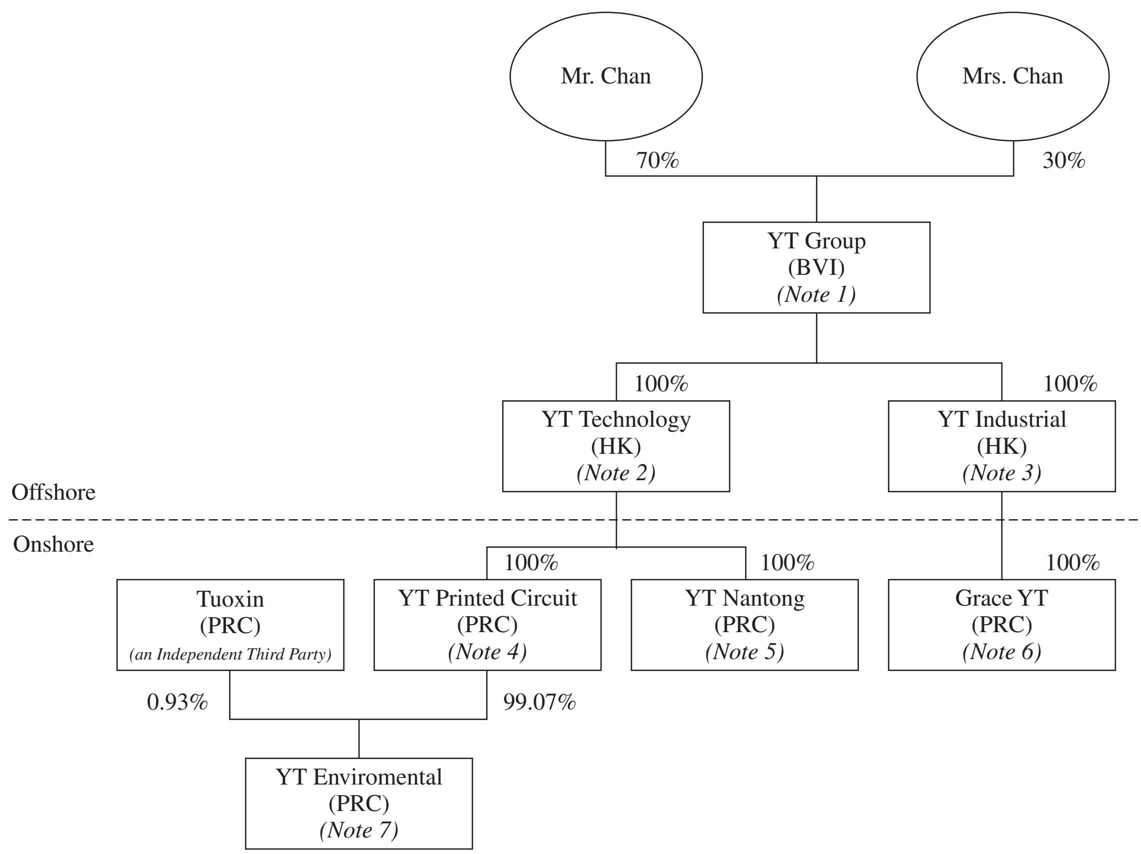
YT Electronics was established on 17 February 1992 in the PRC as a wholly foreign-owned limited liability company with a registered capital of RMB25,000,000 which was subsequently decreased to RMB24,000,000 on 7 August 2012. YT Electronics was deregistered on 4 August 2014. Since commencement of the Track Record Period and immediately before its deregistration, YT Electronics had been owned as to 100% by YT Industrial. The financial results of YT Electronics have been consolidated to the Group's financial statements since its incorporation and prior to its deregistration.

Prior to its deregistration, YT Electronics was principally engaged in manufacturing single-sided, double-sided and multi-layered circuit board, music card and electronic toys. In order to focus on the operation of YT Printed Circuit and to minimize the administrative costs and effectively allocate and manage resources, YT Electronics ceased to take any new orders since 2009 and any new orders are taken up by YT Printed Circuit. YT Electronics was subsequently deregistered in August 2014.

As advised by our PRC legal adviser, YT Electronics did not have any material non-compliance matters with the applicable laws and regulations since commencement of the Track Record Period and prior to its deregistration, the deregistration has been properly and legally completed.

REORGANISATION

Set out below is the shareholding and corporate structure of our Group immediately prior to the implementation of our Reorganisation.



Notes:

(1) YT Group was owned as to 70% by Mr. Chan and 30% by Mrs. Chan immediately before the Reorganisation.

(2) YT Technology has been owned as to 100% by YT Group.

(3) YT Industrial has been owned as to 100% by YT Group.

(4) YT Printed Circuit has been owned as to 100% by YT Technology with registered capital of HK$110,000,000.

(5) YT Nantong has been owned as to 100% by YT Technology with registered capital of US$8,000,000.

(6) Grace YT has been owned as to 100% by YT Industrial with registered capital of RMB1,000,000.

(7) YT Environmental with a registered capital of RMB43,100,000 has been owned as to 99.07% by YT Printed Circuit and 0.93% by Tuoxin, an Independent Third Party, before the Reorganisation.

In preparation for the Global Offering, we carried out a series of restructuring steps for the purpose of preparing our corporate structure for the Listing. The principal steps involved in the Reorganisation are summarised as below:

1. Incorporation of Million Pearl by Mr. Chan and Mrs. Chan

On 19 May 2014, Million Pearl was incorporated in the BVI with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. On the same day, 7 shares and 3 shares of Million Pearl were issued at par value to Mr. Chan for a consideration of US$7 and Mrs. Chan for a consideration of US$3, respectively. Accordingly, Million Pearl has been owned as to 70% by Mr. Chan and 30% by Mrs. Chan since its incorporation. Mr. Chan is the spouse of Mrs. Chan.

2. Incorporation of our Company

On 8 July 2014, our Company was incorporated in the Cayman Islands with an authorised share capital of HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each. On 8 July 2014, 100 Shares was issued to Million Pearl for a consideration of HK$1. Accordingly, our Company has been owned as to 100% by Million Pearl since its incorporation.

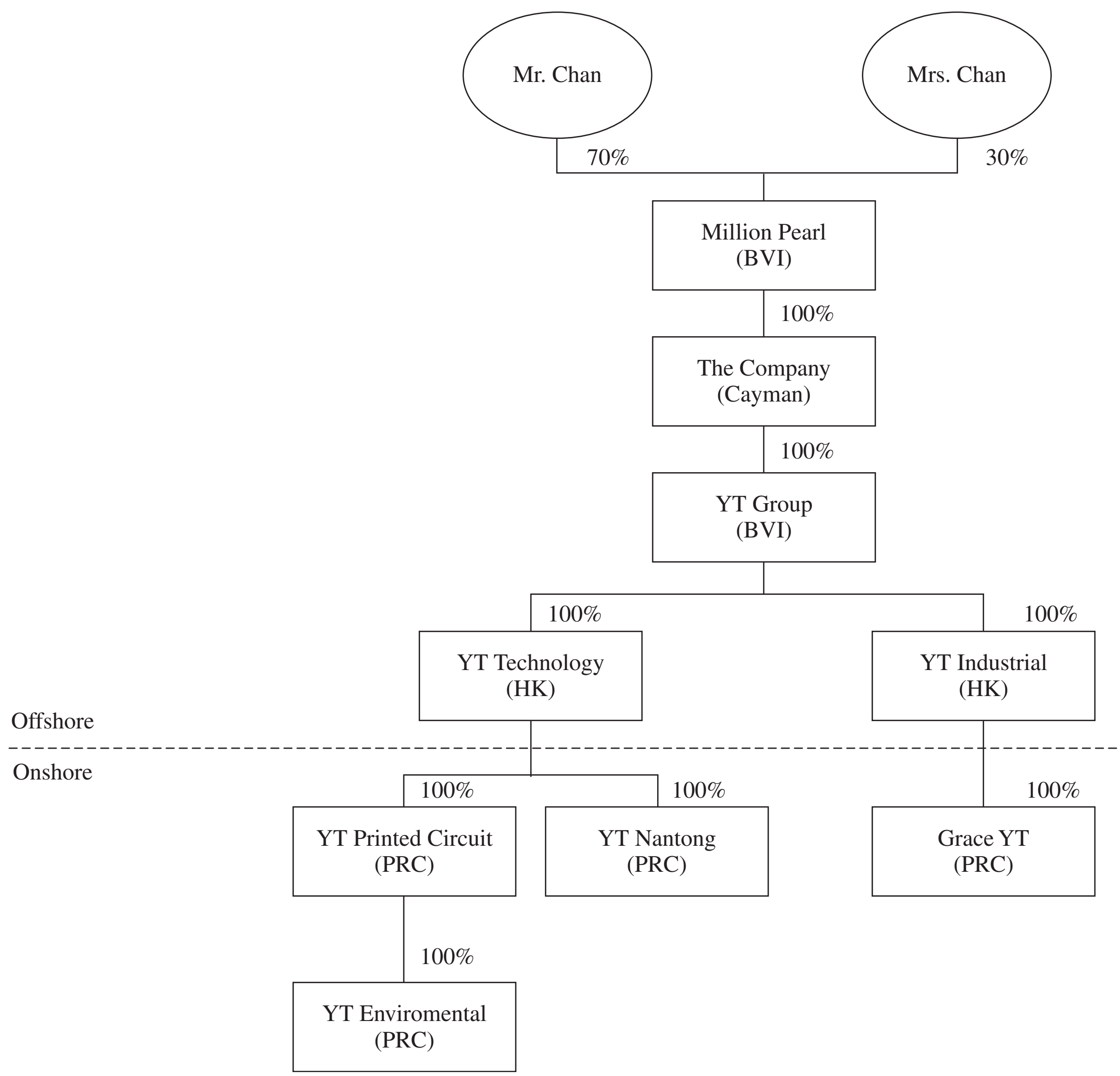
3. Transfer of interest in YT Environmental from Tuoxin

On 3 June 2014, Tuoxin transferred the 0.93% interest in YT Environmental to YT Printed Circuit for a consideration of RMB400,000, being the capital paid by Tuoxin prior to the transfer. The transfer was completed on 16 June 2014. Accordingly, YT Environmental became an indirect wholly owned subsidiary of our Company.

4. Transfer of YT Group by way of nominal consideration

On 11 August 2014, Mr. Chan and Mrs. Chan transferred 70% and 30% of interest in YT Group to our Company respectively at par value for a total consideration of US$100. Accordingly, YT Group became a direct wholly owned subsidiary of our Company.

The following chart sets forth the Group's shareholding structure immediately prior to the Global Offering and Capitalisation Issue.

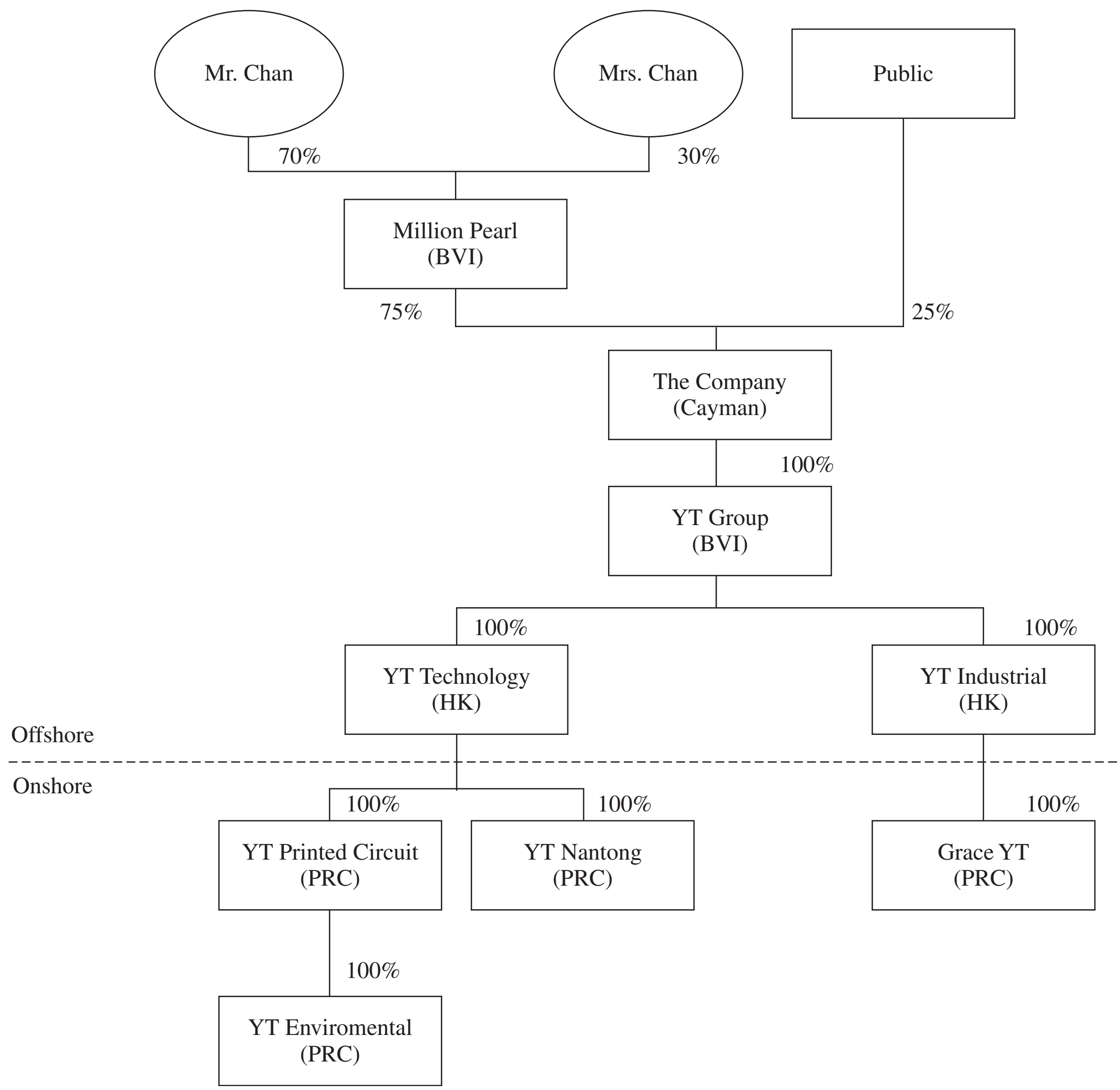


The Company confirmed that it has obtained all necessary approvals for effecting the Reorganisation from the relevant authority in the PRC and that the Reorganisation complies with relevant applicable laws and regulations.

5. Global Offering and Capitalisation Issue

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, a sum of HK$1,799,999 standing to the credit of the share premium account of our Company will be capitalised by way of applying such sum in paying up in full 179,999,000 Shares in our Company for the issue ("Capitalisation Issue") to Million Pearl immediately before the Global Offering.

The following chart sets forth the corporate structure and shareholding structure of our Group upon completion of the Global Offering and the Capitalisation Issue.



SAFE REGULATIONS

Pursuant to Circular of the State Administration of Foreign Exchange on Issues Concerning the Administration of Foreign Exchange in Offshore Financing and Return Investments by Domestic Residents through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "SAFE Circular No. 37"), which was promulgated by the State Administration of Foreign Exchange and became effective from 4 July 2014, where the PRC individual residents conduct investment to the offshore Special Purpose Vehicles ("SPVs") with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. The SAFE Circular No. 37 also requires the PRC individual residents to file changes to their registration where their offshore SPVs undergo material events such as the change of basic information including PRC individual residence shareholder, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

Since the Controlling Shareholders, being Mr. Chan and Mrs. Chan are not PRC domestic residents as defined under the SAFE Regulations, Mr. Chan and Mrs. Chan are not subject to the requirements under the SAFE Regulations for the Reorganisation and the Listing.

OVERVIEW

We are an OEM provider of PCBs, principally engaged in the production of quality PCBs, which meet the industry standards such as IPC Standards, as well as our customers' requirements. Our headquarters are located in Hong Kong. Our Shenzhen Facility is located in Pingshan New District, Shenzhen, the PRC, where we commenced our PCB production in 1992, covering an aggregate production gross floor area of approximately 17,370 sq.m. and have an installed production capacity of approximately 612,000 sq.m. per annum. To meet an increasing demand of our PCBs, we commenced the construction of the Shenzhen New Facility in 2012 covering an aggregate gross floor area of approximately 53,977 sq.m. adjacent to our Shenzhen Facility. The construction of the Shenzhen New Facility completed in July 2014. As at the Latest Practicable Date, we were in the process of applying for the certificate of completion which we anticipate to obtain by the first quarter of 2015. We anticipate that the trial operation at the Shenzhen New Facility will begin by the first quarter of 2015.

All of our PCBs are made-to-order. We produce PCBs according to the specifications and design provided by our customers. As at the Latest Practicable Date, our PCBs include Conventional PCBs and Special Material PCBs, which comprise of three major product categories, including (i) single-sided PCBs; (ii) double-sided PCBs; and (iii) multi-layered PCBs which usually have even layers. Our multi-layered PCBs range from four to fourteen layers. Our Conventional PCBs usually use glass epoxy laminate sheet, a commonly used PCB material. Our Special Material PCBs primarily use various special laminate materials including polyimide, teflon, stainless steel, copper, ceramics and aluminium. Our PCBs are widely used by our PRC and international customers in a variety of electronic products covering sectors including communication, automobile, industrial automation, consumer electronics and medical.

We enjoy a strong recognition among our customers worldwide for the quality and reliability of our PCBs. We have established a broad customer base in more than 30 countries and regions in the world including the PRC and Hong Kong. Our major customers of our PCBs include manufacturers of various parts and components as well as end-products, such as power amplifiers, steering angle sensors, solar inverters, washing machines and glucose metres. We are a major supplier to certain of our key customers in the communication and automobile sectors. Our sales have increased in the recent years.

We focus on quality control and monitor our production process closely at key stages to optimise our PCB quality. We conduct performance and reliability testing to ensure our PCBs comply with the industry standards and our customers' requirements. Our operation is integrated, involving the coordination of raw materials and components, internal production processes and external distribution processes. We not only employ common production practices but also optimise our operational efficiencies through resources consolidation and production process refinement.

As at the Latest Practicable Date, we have a team of 62 employees to focus on our production efficiency enhancement, particularly to optimise our production processes. As at the Latest Practicable Date, we had successfully registered seven patents and had one patent pending registration in the PRC. We had also successfully registered two trademarks in the PRC as at the Latest Practicable Date. In Hong Kong, we had one trademark pending registration as at the Latest Practicable Date. As at the Latest Practicable Date, we had two registered domain names. We completed the construction of our R&D centre in July 2014 near our Shenzhen Facility and Shenzhen New Facility, covering an area of 11,340 sq.m. As at the Latest Practicable Date, we were in the process of applying for the certificate of completion, which we anticipate to obtain by the first quarter of 2015. By establishing the R&D centre, we aim to capture the opportunities for cooperation with our customers and universities to develop new technology and products in the PCB industry. We also aim to enhance our in-house R&D capabilities. We plan to continue enhancing our production processes to maintain and expand our competitive advantage and market share.

We have achieved a stable track record of sustainable growth. Our revenue increased by 2.7% from HK$561.6 million in 2011 to HK$576.7 million in 2012 and by 0.8% to HK$581.6 million in 2013. Our revenue increased by 19.8% from HK$227.9 million for the five months ended 31 May 2013 to HK$273.0 million for the five months ended 31 May 2014. Our profit for the year increased by 64.1% from HK$18.4 million in 2011 to HK$30.2 million in 2012 and increased by 31.8% to HK$39.8 million in 2013. Our profit for the period increased by 9.8% from HK$14.3 million for the five months ended 31 May 2013 to HK$15.7 million for the five months ended 31 May 2014. For the years ended 31 December 2011, 2012 and 2013 and for the five months ended 31 May 2014, our net profit margins amounted to 3.3%, 5.2%, 6.8% and 5.7%, respectively.

OUR COMPETITIVE STRENGTHS

We believe our sustainable growth is attributable to the following competitive strengths, which will continue to enable us to compete effectively in the PRC and international markets:

Responsive production solutions which address a wide range of PCBs and strong capability to produce PCBs using special materials

Our PCBs are produced based on the specifications provided by our customers. Since our founding in 1989, we have developed production solutions responsive to the production needs of a wide range of PCBs with various specifications. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our PCBs produced covered variations of specifications of more than 6,500, 6,400, 6,500 and 4,100, respectively.

Our diversified product mix allows us to be responsive to the changes in demand from certain sectors and adjust our production output accordingly. Our sales to communication customers decreased from HK$264.3 million in 2011 to HK$237.0 million in 2012 and to HK$102.4 million in 2013. Our sales to communication customers slightly increased from HK$41.0 million for the five months ended 31 May 2013 to HK$47.4 million for the five months ended 31 May 2014. During the Track Record Period, we maintained a comparable level of revenue by seeking more purchases from other sectors such as automobile, industrial automation and consumer electronics. For example, our sales to automobile customers increased from HK$85.3 million in 2011 to HK$117.9 million in 2012 and to HK$191.3 million in 2013. Our sales to automobile customers increased from HK$75.9 million for the five months ended 31 May 2013 to HK$88.8 million for the five months ended 31 May 2014.

We target the market demand for Conventional PCBs with a well-developed capability to produce multi-layered and Special Material PCBs, which require advanced technologies and specialised expertise. We have over ten years' experience providing PCBs using special laminate materials, including polyimide, teflon, stainless steel, copper, ceramics and aluminium, through our know-how, in-house specialists and the acquisitions of special machines such as plasma machine and hipot testers. In connection with the Special Material PCBs, we introduced a patent "a system of making metal-based PCB with high frequency (一種高頻金屬基印製板的製造系統)", which we apply to produce high frequency teflon with copper heat sink PCBs. In April 2014, we also entered into a letter of intent to establish a long term cooperative relationship with one of the world leading automobile component providers to test and produce carbon PCBs applicable to automobile parts and components. We believe the diversity of our PCBs allows us to reduce our business and operational risk. Our strong capability to produce Special Material PCBs further differentiate us from our competitors.

Broad customer base and extensive international coverage

We have an established sales coverage in the PRC and international markets, primarily through sales personnel in Shenzhen, our Hong Kong headquarters and intermediaries located in France and the United States. Our Hong Kong headquarters serve as the central coordinator for our international sales. Our sales efforts allow us to capture market opportunities and reach a large base of existing and potential new customers. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, we had 193, 178, 190 and 163 active customers, respectively. From 1 January 2014 up to the Latest Practicable Date, our global PCB customers amounted to 180. We have maintained a stable business relationship with our major customers. As at the Latest Practicable Date, we had established business relationship with all of our top five customers for more than seven years, with the longest period of relationship being 20 years. We are one of the three recognised worldwide exclusive suppliers of a world leading telecommunication company for a key component of its products. We believe that our success in PCB product offerings in the PRC and diverse geographical markets overseas demonstrate our strong competitive strengths in the PCB industry.

Consistently high quality of PCBs and emphasis on environmental protection enable us to establish strong recognition in customers

The consistently high quality of our PCBs is well recognised by our customers in the PRC and overseas. We have received a series of certifications including ISO/TS16949, AS9100C, ISO14001 and UL-796 for our PCB quality standards and environmental management system. For more details about our certifications, please refer to the paragraph headed "Quality Control" in this section of this prospectus.

To ensure the product quality, we have implemented strict quality control and quality assurance procedures in key steps of our production processes. Our Directors and senior management oversee the quality control and quality assurance procedures and review respective standards. In addition, we comply with a strict review process for our existing and potential raw material suppliers and subcontractors. We prefer suppliers and subcontractors who have relevant experience, certification, operating scale and overall production capability.

We have received recognition from our major customers in relation to our premium quality products that meet their needs and expectation. For example, we are recognised as a qualified supplier by a large privately held manufacturer and provider of irrigation products and services. We believe the reliability of our PCBs enables us to achieve higher profit margin by creating more value for our customers.

We emphasise environmentally-friendly production processes and ensure our products are in conformity with our customers' expectations. We comply with the relevant applicable laws and regulations on waste discharge during our operations. We introduced a patent "a heavy metal scavenger and the method of making it (一種重金屬捕捉劑及其製備方法)", which is applied to waste water recycling reduce pollutant discharge. In addition, we received various recognition regarding our efforts in environmental protection. For example, we were recognised as Shenzhen Hygienic Manufacturing Garden by Economy, Trade and Information Commission of Shenzhen Municipality, Science, Technology and Innovation Commission of Shenzhen Municipality and Habitation and Environment Commission of Shenzhen in 2012. For more details, please refer to the paragraph headed "Awards and Recognition" in this section of prospectus. Our emphasis on the environmental protection as well as energy saving during our operations further enhances the recognition in our customers.

An experienced management team who enable us to achieve our goals

Our management team have extensive experience with in-depth knowledge in the PCB industry. Mr. Chan Wing Yin, our founder, chairman, executive Director and chief executive officer, has more than 25 years of experience in PCB production and sales. Mr. Chan has contributed to the developments of more than five patents. Mr. Chan is currently the vice chairman of CPCA since March 2010. Mr. Chan is the vice chairman of The Employers' Federation of Shenzhen since September 2004 and currently as honorary president of the highest ranking members since 2010. Mr. Chan was recognised as "Pioneer Worker" by CPCA in 2012. Our executive Directors and senior management, most of whom have been with us for more than ten years, have led the development of our business and our expansion in the PRC and international markets. We believe that our management team will continue to effectively implement our business strategies and enable us to achieve our goal.

OUR BUSINESS STRATEGIES

We aim to become a market leader of PCB providers and to expand our market share. We currently have no concrete plans for any acquisition of subsidiaries or businesses, nor do we have any acquisition targets. We plan to implement the following strategies to achieve our goals:

Enhance production capacity and strengthen R&D capabilities to diversify our product offering, reduce costs and optimise profitability

We are currently in the process of expanding our production capacity through constructing our Shenzhen New Facility. We have been foreseeing an increasing trend in customers' demand for PCBs, which exceeds our existing installed production capacity. During the Track Record Period, we received growing numbers of orders, which we catered for, subject to the in-house production line and planned production schedules, through in-house production capacity and subcontracting (either finished PCB subcontracting and production process subcontracting). We believe that there is a need to expand production capacity to capture the market opportunities. We commenced construction of the Shenzhen New Facility adjacent to the Shenzhen Facility in 2012. Our Shenzhen New Facility covers a gross floor area of approximately 53,977 sq.m. The entire Shenzhen New Facility will be used for production purpose. The construction of the Shenzhen New Facility was completed in July 2014 and we are in the process of applying for the certificate of completion, which we anticipate to obtain by the first quarter of 2015.

The estimated total investment amount is approximately HK$278 million for the Shenzhen New Facility. As at 30 September 2014, the total investment amount amounted to approximately HK$133 million, which were incurred with respect to land and construction costs.

We plan to commence renovation for the Shenzhen New Facility. Renovation includes air filtered recirculation, clean room and epoxy coated floor. We also plan to purchase new automatic machinery for efficient production of our PCBs, including Conventional PCBs and Special Material PCBs. In particular, we plan to acquire new machinery for each procedure of our manufacturing processes, such as outer layer image transfer and lamination, AOI, immersion tin, drilling and solder mask coating, mainly from the PRC. We anticipate the trial operations at the Shenzhen New Facility will commence by the first quarter of 2015. For more details on our Shenzhen New Facility, please refer to the paragraph headed "Production Facilities — Shenzhen New Facility" in this section of this prospectus.

We plan to use the proceeds from the Global Offering to fund the renovation of the Shenzhen New Facility and the acquisition of new machinery for the Shenzhen New Facility. Apart from the proceeds from the Global Offering, an additional amount of HK$85.3 million will be required to complete our renovation and acquisition of machinery, which we plan to fund through cash generated from our operating activities and existing banking facilities. For more details on the use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

The following table sets out a breakdown of our use of proceeds and capital expenditure plan for the expansion of our production capacity, specifically investments in renovation and new machinery acquisition for the years ending 31 December 2014 and 2015.

	2014	**2015**	**Description**	**Source of funding**
	HK$'000	*HK$'000*		
Construction	—	19,752	Retention monies retained by us and will be released to construction constructors one year after the completion of construction	80% will be funded by cash from our operating activities and 20% will be funded by existing banking facilities
Renovation	54,851	—	Expansion of our production capacity	Net proceeds of approximately HK$14.8 million from the Global Offering, the remaining will be approximately HK$40.0 million, all of which will be funded by existing banking facilities
New machinery acquisition	69,975	—	Expansion of our production capacity	Net proceeds of approximately HK$24.6 million from the Global Offering, the remaining will be approximately HK$45.3 million, all of which will be funded by existing banking facilities
Total	124,826	19,752		

Assuming that our Shenzhen New Facility is fully utilised, our investment for the expansion of production capacity at the Shenzhen New Facility is expected to pay back within thirteen years. Upon the operation of our Shenzhen New Facility, our existing production capacity will increase by 360,000 sq.m. per annum (excluding the expected increase in production capacity of 324,000 sq.m. per annum upon the completion of relocation in relation to our properties with defective titles). We aim to further diversify our product offerings through the enhanced production capacity. We expect upcoming customers' orders to support our expansion plan through various sources, including, among the others,

(i) we received and accepted, between February 2013 and August 2014, a series of nomination letters from one of our existing customers, being a German subsidiary of a major global supplier of automobile electronics and components with whom we had established a business relationship for approximately four years as at 31 May 2014, which nominated us as the supplier of certain projects ranging from three to ten years. While the nomination letters do not represent a binding commitment or obligation to purchase our PCBs by such German subsidiary in a specified quantity or for a specific period, the Directors expect additional purchase orders will be placed by this customer as a result of the nomination letters;

(ii) in April 2014, we entered into a letter of intent to establish a long term cooperative relationship with one of our existing customers with whom we had established a business relationship for approximately nine years as at 31 May 2014, being one of the world's leading automobile component providers, to test and produce certain parts of carbon PCBs applicable to automobile parts and components. Taking into account the demand from such letter of intent, and based on the confirmed purchase orders and other purchase order forecasts provided by this customer in relation to its existing and new projects, the Directors expect additional purchase orders will be placed by this customer in 2015; and

(iii) as at the Latest Practicable Date, apart from the customers mentioned in (i) and (ii) above, we received expressed interests from ten other existing customers. Based on the confirmed purchase orders and purchase order forecasts provided by these customers in relation to their existing projects and new projects, the Directors expect an increase in purchase orders in 2015.

We believe our successful operating history is partly attributable to our cost effective production process. We are committed to the improvement of our production solutions and processes to increase the utilisation rate of our raw materials and increase profitability of our operations. We intend to implement in the Shenzhen New Facility a streamlined production process which covers all major production procedures, from raw material processing to finished product assembly. We are currently utilising our R&D capabilities to develop new processes with environmentally friendly features. In addition, we have completed the construction of our R&D centre, which will serve as the platform for our customers and universities to develop new technology and products in the PCB industry. We expect that the customers and universities who station in our R&D centre will be responsible for the renovation and purchase of their machineries. As at each of 31 May 2014 and 30 September 2014, the contracted but not provided for capital commitment amounted to approximately HK$3.0 million for construction of the R&D centre. We believe that we will leverage the enhanced production capacity to grow our business as well as minimising production costs by applying production automation. We will also leverage on our strengthened R&D capability to offer value-added products.

Further penetrate the communication and automobile sectors

We plan to continue expanding our market penetration in the communication and automobile sectors. According to CRI, our independent market consultant, in major production countries and regions of PCBs, downstream sectors are automobiles, communication, computers, consumer electronics, industrial electronics, military industry, aerospace, commercial retail and medical appliances. In 2013, according to CRI, our independent market consultant, 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. This demand demonstrates opportunity to further penetrate the communication and automobile sectors. During the Track Record Period, our PCBs applied in the communication and automobile sectors in aggregate accounted for 62.3%, 61.5%, 50.5% and 49.9% of our total revenue. We intend to continue to expand our sales to the customers in the communication and automobile sectors in the PRC and overseas. We also intend to further enhance our recognition among our customers in the communication and automobile sectors. With the enhanced production capacity at the Shenzhen New Facility, we believe that we will be able to better address to the increased demand in these sectors.

Tap demand in the global market and continue to expand our market share

According to CRI, our independent market consultant, 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%. It is estimated that the sales value of the global PCB market will increase from US$66.3 billion in 2014 to US$77.2 billion in 2018, representing a CAGR of 3.9%. For more details on the development of communication and automobile sectors, please refer to the section headed "Industry Overview" in this prospectus. We intend to capture the opportunity and increase our market share in the international PCB market. We seek to further increase sales, presence and recognition in these markets.

Continue to attract, develop and promote talent

We believe that talent is one of the key factors which lead to our success. We seek to support our employees in their career development and to achieve their personal goal. We have attracted a group of talented management and employees to assist us in our business expansion. We will continue to recruit talented individuals. In particular, we plan to recruit outstanding graduates from universities to join our R&D team as well as our production team. We plan to introduce a systematic training programme to improve the skill and knowledge of our employees. We will continue to develop and promote talent from within our Group.

OUR BUSINESS MODEL

We are an OEM provider of PCBs, principally engaged in the production of quality PCBs. Our headquarters are located in Hong Kong while our PCB production processes are based in our Shenzhen Facility located in Shenzhen, the PRC. We have established a broad customer base in more than 30 countries and regions in the world including the PRC and Hong Kong.

All of our PCBs are made-to-order, upon receipt of our customers' orders. We purchase a majority of our raw materials, in terms of purchase amount, from suppliers located in the PRC, the United States and Malaysia. The key raw materials required by the production of our PCBs include copper clad laminates, prepregs, solder masks, printing ink, copper foils, leaded solder, lead free solder and a variety of chemicals. Our PCBs are widely used by our PRC and international customers in a variety of electronic products covering sectors including communication, automobile, industrial automation, consumer electronics and medical. Our major customers include manufacturers of various parts and components as well as end-products, such as power amplifiers, steering angle sensors, solar inverters, washing machines and glucose metres.

OUR PRINCIPAL PRODUCTS

We offer a wide range of PCB products including Conventional PCBs and Special Material PCBs. By the number of layers, Conventional PCBs and Special Material PCBs can be subdivided into (i) single-sided PCBs; (ii) double-sided PCBs; and (iii) multi-layered PCBs which usually have even layers, respectively.

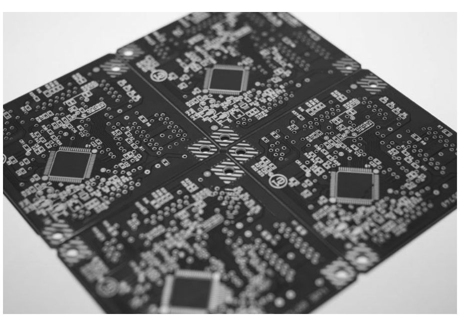
Conventional PCBs

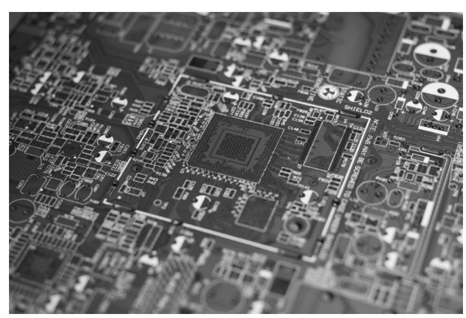
Our Conventional PCBs usually use glass epoxy laminate sheets, a commonly used PCB material. We are capable of producing Conventional PCBs of single-sided, double-sided and multi-layered ranging from four to fourteen layers.

Special Material PCBs

Our Special Material PCBs use various PCB materials including polyimide, teflon, stainless steel, copper, ceramics and aluminium. We are capable of producing Special Material PCBs of single side, double sides and four layers.

The pictures below demonstrate certain of our PCBs.





The table below sets forth our revenue by product category for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Conventional PCBs										
Single-sided	4,472	0.8%	4,532	0.8%	3,684	0.6%	1,772	0.7%	2,242	0.8%
Double-sided	246,398	43.9%	246,954	42.8%	310,873	53.5%	119,186	52.3%	149,865	54.9%
Multi-layered	125,397	22.3%	126,020	21.9%	161,532	27.8%	59,150	26.0%	73,213	26.8%
Subtotal	376,267	67.0%	377,506	65.5%	476,089	81.9%	180,108	79.0%	225,320	82.5%
Special Material PCBs										
Single-sided	160,274	28.6%	171,938	29.8%	65,975	11.3%	30,834	13.6%	23,318	8.6%
Double-sided	22,623	4.0%	25,418	4.4%	38,536	6.6%	16,270	7.1%	22,621	8.3%
Multi-layered	2,421	0.4%	1,801	0.3%	957	0.2%	656	0.3%	1,748	0.6%
Subtotal	185,318	33.0%	199,157	34.5%	105,468	18.1%	47,760	21.0%	47,687	17.5%
Total	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

As an OEM provider, all of our PCBs are produced based on the specifications and designs provided by our customers, such as PCB material, number of layers, impedance control, copper thickness and legend. The designs of the PCBs are usually owned by our customers, with whom we have non-disclosure agreements in place. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our PCBs covered variations of specifications of more than 6,500, 6,400, 6,500 and 4,100, respectively. Our PCB life cycle is subject to the life cycle of our customer's end products.

Our PCBs, including both Conventional PCBs and Special Material PCBs, are widely applied to products in communication, automobile, industrial automation, consumer electronics and medical sectors. The following table sets out certain examples of our PCB commercial applications.

Sectors	**Examples of commercial applications**
Communication	Power amplifiers, mobile communication antennas
Automobile	Steering angle sensors, power window controls, truck controllers, wifi antennas, global positioning systems, radio controllers, body control systems, entry systems
Industrial automation	Solar inverters, electric smart metres, elevator controllers
Consumer electronics	Washing machines, vacuum cleaners, coffee machines, conferencing systems
Medical	Glucose metres

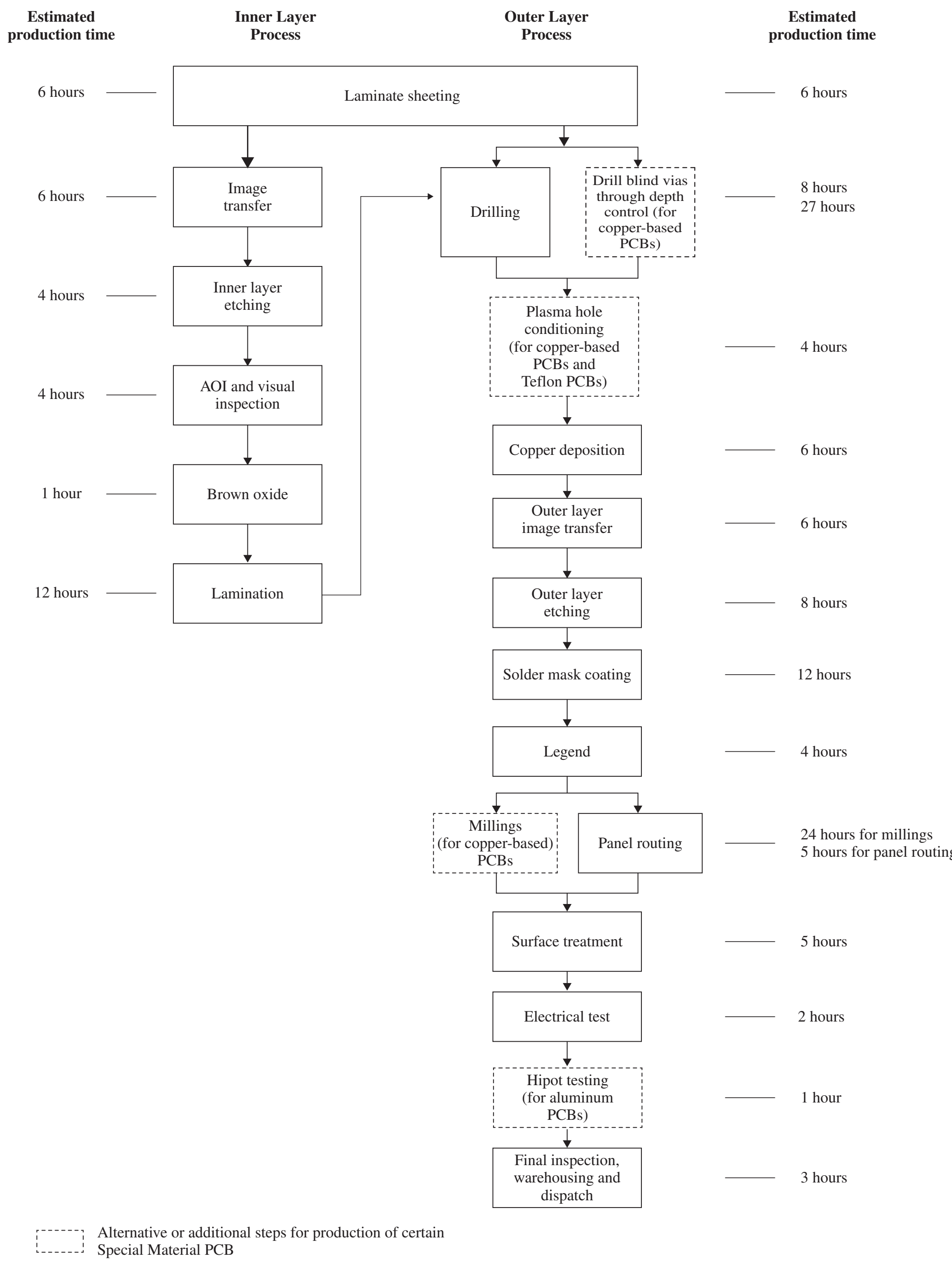
PRODUCTION PROCESS

We employ standard production process for our PCBs. We launched an enterprise resource planning system to track, control and monitor the production process on a daily basis. Upon the receipt of order of customers, our sales department coordinates with our production department to, according to customers' specifications, requirements and circuitry design, prepare product samples, plan production schedule and estimate delivery timeline, with the aid of our enterprise resource planning system. Our sales department then provides the same to our customers. In the event that the product samples or delivery timeline are not satisfactory to our customers, our sales department will provide customers' feedback to our production department, which will evaluate and adjust the PCB parameters and production schedule. We enter into agreements, procure necessary raw materials for production and start production process after our customers confirm the product samples and delivery timeline. This can assure the accuracy and quality of our PCBs.

PCBs are usually made with designed conductive pathways for circuit connections by etching tracks from copper sheet laminated onto non-conductive substance, so as to connect electronic components electrically. The production process to build a particular PCB varies depending on the specifications of PCBs as well as our customers' requirements.

Our production process is generally divided into inner layer process and outer layer process. The production of single-sided PCBs and double-sided PCBs usually only goes through outer layer process. The production of multi-layered PCBs requires both inner layer process and outer layer process.

The production processes for Conventional and Special Material PCBs are generally the same, including certain common steps with a few additional steps in Special Material PCB production. The complexity of PCB production process increases as the number of layers multiples. The following diagram illustrates the key production processes of our principal products.



Note: Estimated production time is calculated on a production lot basis. A production lot equals to approximately 25 sq.m. of copper clad laminate sheet.

Generally, our key production processes can be broadly categorised into the following steps, with additional steps for copper-based PCBs, teflon PCBs and aluminium PCBs:

Laminate sheeting:	Raw materials are processed according to the required specifications. Laminate sheeting refers to cutting master laminate sheet material to panel size suitable for subsequent steps.
Inner layer process	The inner layer process forms the inner layer circuitry of PCBs. It involves a series of processes including image transfer, inner layer etching, AOI and visual inspection, brown oxide and lamination.
Image transfer:	This process produces the image of the circuitry pattern formed by UV lithography onto the photo resist, which is made of either wet film or dry film.
Inner layer etching:	Etching is required to remove some part of the photo resist to allow the unwanted copper to be chemically etched. All the photo resist is finally stripped to form the inner layer circuitry of PCBs.
AOI and visual inspection:	Inspection is carried out to spot any defect on laminate sheet's surface through AOI and visualisation.
Brown oxide:	This step makes an oxidation layer on laminate sheet's surface to enhance its bonding strength.
Lamination:	Lamination include two steps to laminate inner layer(s) into multi-layered PCBs, namely, (i) piling up the inner layers, and in between any two layers, prepreg material is inserted to serve as bonding and insulation material; (ii) pressing to laminate the pile of the layers together to form the multi-layered or internal core of PCBs under high temperature and pressure condition.
Outer layer process	The outer layer process forms a layer of circuitry on the surfaces of the upper and lower layers of the PCBs.
Drilling:	Drilling process refers to making holes in the laminate panel by high speed mechanical drilling machine to create a connection among the specific layers of circuitry by the subsequent panel plating process.
Drill blind vias through depth control:	Exclusively for copper-based PCBs, drill blind vias with depth control is required. A hole has to be drilled in a depth according to customers' specification.
Plasma hole conditioning:	For both copper-based PCBs and teflon PCBs, teflon hole wall is conditioned by plasma etching machine.
Copper deposition	The deposition of a layer of thin copper in the holes drilled on the PCBs for electrical connection among the layers of circuitry as well as for further electrolytic copper deposit to plate up the required copper thickness involved in the outer layer process.

Outer layer image transfer:	After the copper deposition, the panel is cleaned for the outer layer image process. A negative pattern conductor image known as a plating mask is formed by UV lithography. Next, the external conductor pattern is plated with copper and tin to form a positive image. Electroplating copper increases the copper thickness as specified by our customer requirements.
Outer layer etching:	The copper and tin mask is stripped and the outer layer circuitry is formed.
Solder mask coating:	Solder masks are applied to form a coat of insulation over the panel to protect oxidation and unintended electrical connections.
Legend:	Marks are printed for assembled recognisation.
Millings:	Milling applies exclusively to copper-based PCBs by using the milling machine to remove copper by a high speed cutter. Milling is required only upon design.
Panel routing:	The panel is cut into the desired size and geometry. The profile or shape of the PCBs may be achieved by punching with a die, routing with machine, or V-cutting for the later breakage by hand and edge-beveling for smooth edges.
Surface treatment:	The surface treatment creates a coating that is essential for bonding the electrical components or parts onto the PCBs or over certain parts of the circuitry depending on the design. Component pads are coated with metallic or organic solderable preservatives, and subsequently soldered onto components in order to make connections with other components. Some types of surface finishing also serve as a protective coating.
Electrical test:	We conduct electrical test on finished PCBs to ensure the functionality of PCBs and the confirming with customer's requirements. We also conduct visual inspections before packaging.
Hipot testing:	Exclusively for aluminium PCBs, the hipot test, which is also known as dielectric withstand test, involves the application of a high voltage to conduct testing of the finished PCBs.
Final inspection, warehousing and dispatch:	Final products are checked, packaged and sent to our warehouses for delivery to our customers.

By implementing our internal production control system and by close collaboration between our sales department and production department, we have reduced lead time and cost, while improving our quality. Every stage of our production process is subject to quality control procedures. For more details, please see the paragraph headed "Quality Control" in this section of this prospectus.

PRODUCTION FACILITIES

Shenzhen Facility

Our Shenzhen Facility is located at No. 8 Yantat Road, Shenzhen Industrial Zone, Pingshan New District, Shenzhen, the PRC. The buildings constructed thereon cover a gross floor area of approximately 17,370 sq.m. The primary use of our Shenzhen Facility is production, warehouse, dormitory and ancillary purposes. For more details, please refer to the paragraph headed "Properties — Properties in the PRC" in this section of this prospectus.

Production capacity

As advised by CRI, our independent market consultant, as an industry norm, PCB production capacity and production volume are specified by area, customarily expressed in the unit of sq.m. and, where applicable, in the unit of square feet as well as other comparable units. Our existing production lines are designed for mixed products. As mentioned above, our production process is generally divided into inner layer process and outer layer process. The production of single-sided PCBs and double-sided PCBs usually only goes through outer layer process. The production of multi-layered PCBs requires both inner layer process and outer layer process.

Capacity of outer layer process

Our installed production capacity for outer layer process is based on the daily maximum output volume of outer layer image transfer at the outer layer process, being the bottleneck of our production process for each of our PCB categories. As such, the aggregate installed production capacity in our Shenzhen Facility for outer layer process is approximately 612,000 sq.m. per annum, which remained unchanged during the Track Record Period. Such aggregate installed production capacity for the outer layer process, being approximately 612,000 sq.m. per annum, represents the installed production capacity of the Shenzhen Facility.

Capacity of inner layer process

While the production of multi-layered PCBs requires both inner layer process and outer layer process, the installed production capacity of multi-layered PCBs is subject to another bottleneck at the process of lamination at the inner layer process. As such, the aggregate installed production capacity in our Shenzhen Facility for inner layer process is approximately 240,000 sq.m. per annum, which remained unchanged during the Track Record Period.

The table below sets forth our actual production volume, production capacity and utilisation rate during the periods indicated.

	Year ended 31 December			Five months ended 31 May
	2011	**2012**	**2013**	**2014**
Production volume (sq.m.)(1)(2)	405,185	403,088	484,391	200,797
Conventional PCBs				
Single-sided	3,361	2,889	2,644	1,573
Double-sided	292,556	289,814	336,087	136,332
Multi-layered	94,762	95,198	125,510	54,831
Special Material PCBs				
Single-sided	7,203	7,113	9,484	1,729
Double-sided	7,144	7,930	10,579	6,052
Multi-layered	159	144	87	280
Installed production capacity (sq.m.) for				
— Single-sided PCBs (assuming all existing production lines are used for producing single-sided PCBs)(3)	612,000	612,000	612,000	255,000
— Double-sided PCBs (assuming all existing production lines are used for producing double-sided PCBs)(3)	612,000	612,000	612,000	255,000
— Multi-layered PCBs (assuming all existing production lines are used for producing multi-layered PCBs)(4)	240,000	240,000	240,000	100,000
Utilisation rate (%)(5)(6)				
— Outer layer process (for producing all single-sided, double-sided and multi-layered PCBs)	66.2	65.9	79.1	78.7
— Inner layer process (for producing multi-layered PCBs)	39.5	39.7	52.3	55.1

Notes:

(1) Including both Conventional PCBs and Special Material PCBs.

(2) Production volume refers to our actual output, excluding the finished PCBs produced by our subcontractors.

(3) The installed production capacity is based on the daily maximum output volume of outer layer image transfer at the outer layer process, being the bottleneck of our production process for each of our PCB categories.

Monthly production capacity of panel plating is calculated as the daily maximum output volume of panel plating multiplied by 28 days. Daily maximum output volume of outer layer image transfer is approximately 1,821 sq.m., calculated based on the outer layer image transfer equipment specification as well as the daily average production time of 22 hours, with an efficiency rate of approximately 85%.

For the years ended 31 December 2011, 2012 and 2013, production capacity of outer layer image transfer equals to monthly production capacity multiplied by twelve. For the five months ended 31 May 2014, production capacity of outer layer image transfer equals to monthly production capacity multiplied by five.

(4) As the production of multi-layered PCBs requires inner layer process, the installed production capacity of multi-layered PCBs is subject to another bottleneck at the process of lamination. The installed production capacity for multi-layered PCBs is approximately 240,000 sq.m. per annum. Monthly production capacity of lamination is calculated as the daily maximum output volume of lamination multiplied by 28 days. Daily maximum output volume of lamination is approximately 714 sq.m., calculated based on the lamination equipment specification as well as the daily average production time of 22 hours, with an efficiency rate of approximately 85%.

For the years ended 31 December 2011, 2012 and 2013, production capacity of panel plating equals to monthly production capacity multiplied by twelve. For the five months ended 31 May 2014, production capacity of panel plating equals to monthly production capacity multiplied by five.

During each of the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our annual output of multi-layered PCBs was lower than its installed production capacity.

(5) Our utilisation rate increased from 65.9% and 39.7% in 2012 to 79.1% and 52.3% in 2013 due to our increase production volume and production time.

(6) Product capacity varies on the basis of the type of products that are in production at the time as well as product mix. As the existing production lines are designed for mixed products, we usually cannot obtain 100% utilisation rate, primarily due to testing and time wasted arising from (i) downtime caused by equipment adjustment for switching production from one product to another to cater for the large volume of existing PCB specification variations which normally takes approximately 5 to 10 minutes for each adjustment of the machinery. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our PCBs covered variations of specifications of more than 6,500, 6,400, 6,500 and 4,100, respectively; (ii) idle space during every step of production processes. Generally, only PCB panels with similar specifications are grouped together and share a particular production process at the same time. PCB panels with material differences in specifications will not be aligned to go through the same production process, even if the maximum production capacity has not been reached. As a result, there are circumstances where idle space in a particular production process exists. In particular, the idle space exists in the outer layer image transfer at the outer layer process, being the bottleneck of our production process for each of our PCB categories, which would result in idle production capacity; and (iii) extended production time required for testing PCBs with new specifications.

Shenzhen New Facility

We plan to expand our production capacity to capture the growing market demand. In 2012, we commenced the construction of our Shenzhen New Facility located at the eastern portion of the parcels of land located at No. 8 Yantat Road, Pingshan New District, Shenzhen, the PRC, comprising one factory building, one waste water station and dormitories with an aggregate gross floor area of approximately 53,977 sq.m. The construction was completed in July 2014 and we are in the process of applying for the certificate of completion, which we expect to obtain by the first quarter of 2015, when we anticipate to commence trial operations. Our production capacity will increase by approximately 360,000 sq.m. per annum. For more details on our business expansion, please refer to the paragraph headed "Our Business Strategies — Enhance production capacity and strengthen R&D capabilities to diversify our product offering, reduce costs and optimise profitability" in this section of this prospectus.

We have properties with defective titles. Due to rezoning by the local authority, the land use rights to the land that we currently occupy and use with a site area of approximately 4,429 sq.m. was withdrawn. As a result, we have not obtained the property ownership certificates for the factory building structures built thereunder with a gross floor area of approximately 1,767 sq.m. In addition, we have not obtained title certificates to seven buildings with a gross floor area of approximately 6,105 sq.m., comprising building structures used for production and ancillary purposes such as office, drilling room and warehouse in our Shenzhen Facility, due to the failure to obtain construction works planning permits and construction works commencement permits. We continue to occupy and use the land and building structures. We expect to gradually relocate from the affected factory buildings to the Shenzhen New Facility and the estimated date of completion of our relocation plan will be in early December 2015. Please refer to the paragraph headed "Properties — Properties with defective titles" in this section of this prospectus. After the completion of relocation, the production capacity of Shenzhen New Facility will increase by 324,000 sq.m. per annum, in addition to the production capacity of 360,000 sq.m. and the production capacity of the Shenzhen Facility will decrease by 324,000 sq.m. per annum from 612,000 sq.m. per annum to 288,000 sq.m. per annum.

The table below sets forth the key details of our Shenzhen New Facility.

Progress	**Time frame/investment/ production capacity**
Commencement date of trial operation	First quarter of 2015
Expected commencement date of full operation	Second quarter of 2015
Estimated total investment amount	HK$278 million
Total investment amount used as at 30 September 2014	HK$133 million
Estimated maximum designed annual production capacity (sq.m.) (excluding the expected increase in production capacity of 324,000 sq.m. per annum upon the completion of relocation in relation to our properties with defective titles)	360,000
Estimated date of completion of our relocation plan	Early December 2015
Estimated maximum designed annual production capacity after the relocation (sq.m.)	684,000

Machinery, maintenance and repair

We station production machinery that we own in our Shenzhen Facility to facilitate our production. We also hold certain production machinery under finance leases, including drilling machine, automated optical inspection machine, inspection and repairment station, cutting machine, routing machine and vacuum lamination equipment. Our production processes involve more than 50 types of machinery. Most of our production machinery are aged less than ten years. To improve production efficiency, we from time to time roll out aging machinery by taking into account their life span and acquire automatic machinery to reduce our labour costs. We also purchase new machinery which provide us with the most updated production technologies. Save for the acquisition of machinery for the operations at the Shenzhen New Facility, we do not expect substantial replacement or upgrade of our existing major machinery within the next twelve months.

We mainly repair and maintain our production machinery through our in-house maintenance department. We conduct routine checkup before the startup of the production machinery for production. Our maintenance personnel is responsible for the periodic inspection of the production machinery as well as conducting repair in the event that mechanical breakdown takes place. Certain of our machinery suppliers provide repair and maintenance training to our maintenance personnel upon the delivery of machinery and provide remote technical support to us. In addition, we consult third party repair and maintenance service providers on an as-needed basis.

Generally, our PCB production line operates 24 hours daily. A comprehensive maintenance system regularly monitors the machines in our production process, including scheduled downtimes for repair by our in-house maintenance team. We have established a preventative maintenance program, which allows us to eliminate unscheduled downtime which may cause unexpected manufacturing inefficiencies. Generally, the scheduled downtime maintenance was two days a month which in total was 24 days a year during the Track Record Period. This helps us to foresee and prevent unwanted breakdown maintenances. We repair our production machinery only when it is needed.

Subcontracting

During the Track Record Period, we outsourced certain production work to independent external manufacturers to meet the demand of our customers, which exceeded our then production capacity within a specific period of time. During the Track Record Period, we engaged subcontractors based on two arrangements, including:

- finished PCB subcontracting where subcontracting fees are paid to our subcontractors for the finished PCBs produced. Under such arrangements, the subcontractors are responsible for the procurement of raw materials, labour costs, processing and other production costs involved. Subcontractors hereunder are classified as our suppliers. We have two major subcontractors, with whom we have developed business relationships for more than two years. The subcontracting fees are determined with reference to production costs. We consider finished PCB subcontracting primarily when we cannot accommodate customers' need at a particular timing due to our planned production schedule.

- production process subcontracting where subcontracting fees are paid to our subcontractors for part of the production processes conducted, mostly the processes of drilling and routing, under which circumstances we provide the raw materials. The subcontracting fees are determined based on an estimated processing time and labour costs, taking into account our actual costs for the same production processes. We consider production process subcontracting primarily under the following circumstances: (i) we cannot accommodate customers' need at a particular timing due to planned production schedule; and (ii) we cannot arrange in-house production of certain unique process according to customer' requirements due to the absence of certain machinery of rare use. We may subcontract each step of production processes. During the Track Record Period, we subcontracted mostly drilling and routing.

The planned production schedule is partly affected by the time required to adjust machinery, which is subject to various factors, including among the others, PCB specification, production volume, complexity of machine operation and production process. For drilling and routing, the production processes that we subcontracted mostly during the Track Record Period, it normally takes approximately 35 to 50 minutes for each adjustment of the machinery. However, the time required to adjust the machinery per se may not be indicative of our subcontracting arrangements.

The table below sets forth our in-house production volume, finished PCB subcontracting volume, total processed volume, production utilisation rate and total processed volume as a percentage of production capacity during the Track Record Period.

	Year ended 31 December			Five months ended 31 May
	2011	**2012**	**2013**	**2014**
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
In-house production volume (A)	405,185	403,088	484,391	200,797
Subcontracted finished PCB volume (B)	29,868	34,453	95,269	78,735
Total processed volume (C=A+B)	435,053	437,541	579,660	279,532
Production capacity (D)	612,000	612,000	612,000	255,000
Production utilisation rate (%) ((A/D)x100%)	66.2%	65.9%	79.1%	78.7%
Total processed volume as a percentage of production capacity (%) ((C/D)x100%)	71.1%	71.5%	94.7%	109.6%

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our subcontracted finished PCBs amounted to 29,868 sq.m., 34,453 sq.m., 95,269 sq.m. and 78,735 sq.m., representing 6.9%, 7.7%, 16.7% and 29.2% of the Group's total PCBs sold for the same periods, respectively.

The Directors confirm that it is not indicative to quantify the PCBs which undergo production process subcontracting during the Track Record Period, given that (i) semi-PCBs may undergo multiple times of production process subcontracting; and (ii) the finished PCBs, which undergo production process subcontracting, are counted towards our in-house production volume.

For the year ended 31 December 2013 and the five months ended 31 May 2014, the Group's total processed volume as a percentage of production capacity achieved 94.7% and 109.6%, respectively. The Directors believe that the Shenzhen New Facility will provide the Group with additional production capacity to cater for the expected significant increase in demand.

During the Track Record Period, our total subcontracting fees amounted to approximately HK$37.8 million, HK$38.7 million, HK$59.6 million and HK$49.8 million, respectively, representing 8.6%, 8.6%, 13.3% and 23.4% of our total costs of sales for the same periods. The subcontracting fees increased by 54.0% from 2012 to 2013, and were relatively high for the five months ended 31 May 2014, primarily due to the significant increase in PCB orders we received. In addition, we expect an increase in production capacity when our Shenzhen New Facility is in trial operation in the first quarter of 2015. When our Shenzhen New Facility is in operation, we will enhance in-house production and reduce our demand for subcontracting arrangements.

Our subcontractors are mainly PCB processing manufacturers in the PRC. We usually enter into one-year cooperation agreements, together with standalone quality assurance agreements and non-disclosure agreements, with our subcontractors. We usually make payments to our subcontractors by telegraphic transfer or bank transfer. Credit periods granted to our subcontractors generally range from one to three months from month end of date of invoice. Please see below a summary of the typical terms of the agreements:

- *cooperation agreement*. The cooperation agreements are automatically renewable on an annual basis. The cooperation agreement generally specify the engagement between the subcontractor and us. Purchase quantity, payment terms and arrangements are usually specified by individual purchase orders. We also specify the general arrangement of delivery schedules, quality control procedures, quality standard and confidentiality with our subcontractors.

- *quality assurance agreement*. Under the quality assurance agreements, our subcontractors are not only required to comply with our order specifications, international and industry standards during production, but are also required to promptly respond to our quality feedback. In the event that a material quality issue arises, we have a right to terminate the agreement.

- *non-disclosure agreement*. The non-disclosure agreements specify the general confidentiality obligations between the subcontractors and us covering, amongst the others, prices, specification, data, parameter and sample, as well as information customarily regarded as confidential.

In order to ensure the product quality of our subcontractors, we implement quality controls over subcontractors:

- *subcontractor selection*. We conduct evaluation including the production capacity, quality, services, efficiency, and credibility prior to engaging a particular subcontractor. We screen and identify certain qualified subcontractors to be our regular subcontractors according to our requirements.

- *performance review*. We review the performance, products, turnaround time and pricing terms offered by our subcontractors on a regular basis.

- *quality control*. We visit the production facilities of our subcontractors to conduct on-site inspection to assess the quality of works. We inspect the PCBs produced by the subcontractors against our customers' requirements before delivery. If the PCBs produced by our subcontractors are not satisfied by us, we have the right to require replacement or refund.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material disputes with any subcontractor or were subject to claims raised by third parties due to reasons attributable to our subcontractors. For risks relating to subcontractors, please refer to the section headed "Risk Factors — Risks Relating to our Business — Our business operations and reputation may be materially and adversely affected if our independent subcontractors could not achieve the quality standards we require" in this prospectus.

SUPPLIERS AND RAW MATERIALS

The key raw materials required by the production of our PCBs include copper clad laminates, prepregs, solder masks, printing ink, copper foils, leaded solder, lead free solder and a variety of chemicals. During the Track Record Period, costs of raw materials amounted to HK$310.4 million, HK$304.5 million, HK$277.5 million and HK$117.3 million, representing approximately 70.6%, 67.7% 62.2% and 55.0%, respectively of the total cost of sales during the same period.

During the Track Record Period, all of the Group's copper foil was sourced from suppliers in the PRC. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, approximately 55.4%, 55.1%, 71.3% and 58.3% of the Group's copper clad laminate was sourced from suppliers in the PRC.

According to CRI, our independent market consultant, copper foil accounts for 30% to 50% of the cost of copper clad laminate, depending on the thickness of the laminate. The increase in copper foil price would cause an increase in copper clad laminate price. The copper foil price is generally influenced by copper price, which experienced a significant decrease during the second half of 2011. According to CRI, our independent market consultant, enhanced technical requirements of copper foil products led to a decrease in the number of copper foil suppliers, which resulted in a tightened domestic supply of copper foil in the PRC. This to certain extent offsets the effect of the decrease in copper price on the copper foil price and copper clad laminate price during the same period. Therefore, the Group's business was exposed to risks associated with the decline in supply of copper foil and copper clad laminate. However, we maintain multiple sources for copper foil and copper clad laminate so that the decrease in copper foil and copper clad laminate supply from certain suppliers will not cause a significant adverse impact on our business. For more information, please refer to the section headed "Industry Overview — Overview of PCB Industry — Raw materials" in this prospectus.

As the purchase orders for copper-based PCBs from a major customer in the communication sector decreased from 2011 to 2013, our purchase of copper clad laminates decreased accordingly, resulting in a decrease in the costs of raw materials during the same periods, partly offset by an increase in purchase of other raw materials required for other types of PCBs.

The decrease in the costs of raw materials (as a percentage to total cost of sales) in 2013, as compared to 2012, was mainly due to the increase in subcontracting fees. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the subcontracted finished PCB volume was 29,868 sq.m., 34,453 sq.m., 95,269 sq.m. and 78,735 sq.m., respectively. We engaged finished PCB subcontracting where subcontracting fees are paid to our subcontractors for the finished PCBs produced. Under such arrangements, the subcontractors are responsible for the procurement of raw materials, labour costs, processing and other production costs involved.

Raw material suppliers

Our suppliers are mainly manufacturers of copper clad laminates, prepregs, copper foils, various chemicals and other raw material manufactures. These suppliers have long history of sizable business operations, possess the relevant manufacturing qualifications and have credibility in the market. We purchased majority of our raw materials, in terms of purchase amount, from suppliers located in the PRC, the United States and Malaysia. As at the Latest Practicable Date, we had established business relationship with all of our top five suppliers for more than four years, with the longest period of relationship being 20 years. The table below sets forth certain information with respect to the Group's five largest suppliers during the Track Record Period.

Five largest suppliers during the Track Record Period	The year/period for which the supplier was one of the Group's five largest suppliers	Business scope	Headquarters	Length of relationship with the Group as at 31 May 2014	Size of operations (number of employees)
Supplier A[1]	2013 and the five months ended 31 May 2014	Manufacture of copper clad laminate, prepreg and copper foil	The PRC	5 years	Approximately 2,800 staff for the supplier group
Supplier B	2011, 2012, 2013 and the five months ended 31 May 2014	Manufacture of copper clad laminate	The PRC	20 years	Approximately 6,000 staff for the supplier group
Supplier C	2011, 2012, 2013 and the five months ended 31 May 2014	Manufacture and sale of engineered materials	Canada	5 years	Approximately 2,500 staff for the supplier group
Supplier D	2011, 2012, 2013 and the five months ended 31 May 2014	Manufacture of chemicals	The PRC	4 years	Approximately 15 staff for the supplier
Supplier E	The five months ended 31 May 2014	Chemicals manufacturer	Germany	11 years	Approximately 1,000 staff for the supplier group
Supplier F	2011 and 2012	Copper products manufacturer	Austria	6 years	Approximately 300 staff for the supplier
Supplier G[1]	2011, 2012 and 2013	Manufacture of copper clad laminate, prepreg and copper foil	The PRC	5 years	Approximately 2,800 staff for the supplier group

Note:

(1) Supplier G was acquired by Supplier A on 15 May 2013, therefore the cost of sales attributable to Supplier G after the acquisition has been included in Supplier A.

In general, we do not enter into long term binding agreements with our suppliers. We have framework agreements with most of our suppliers to specify the general arrangements. Major terms of the framework agreements with our suppliers include:

- *duration*. The term is typically one year and is generally renewable subject to our annual performance review and by mutual agreement.

- *exclusivity*. We generally enter into non-exclusive framework agreements.

- *pricing and payment*. We generally do not specify fixed purchase price and payment arrangements in the framework agreements. The purchase prices are usually specified in purchase orders. Our suppliers are responsible for make prior notice to us if price increase is anticipated.

- *warranty*. Our suppliers shall guarantee the quality of raw materials and shall be responsible for defective products provided.

- *transportation*. Our suppliers bear the transportation cost for delivery of the raw materials to us.

- *termination*. We may elect to terminate the framework agreement if a supplier is in breach.

The purchase price and payment arrangements with our suppliers are generally determined at each of the individual purchase orders with the payment method usually being telegraphic transfer and bank transfer. Our suppliers are required to notify us 30 days in advance if the purchase price will change. Our suppliers are responsible for delivery of the raw material to our warehouse at their own costs. We are usually required to make lump sum payments to our suppliers upon receipt of the invoices, with credit terms normally within three months from the month end of the invoice date. With certain suppliers, we are required to make advance payments for the raw materials purchased. For product defects attributable to our suppliers, the suppliers are responsible for compensation for our loss.

Quality control measures for suppliers

We have a strong emphasis on the quality control and thus we have adopted a series of strict quality control measures for our suppliers, primarily including:

- *supplier selection*. As key raw materials have significant impact on the quality of our PCBs, we select our raw materials suppliers based on a stringent set of criteria, including production capacity, experience, industry qualifications and certifications, credibility and after sales services. Specifically, we consider the suppliers' use of quality raw materials, their emphasis on safe and environmentally friendly manufacturing techniques, their ability and capacity to produce quality raw materials at our requested volumes.

- *onsite inspection and assessment*. Generally, we inspect the suppliers before we establish business relationship with them. Such onsite inspections typically include workshop tours, an assessment of the production facilities and production machinery, reviews of record keeping and management system and interviews with managements. We also conduct periodic assessment with our suppliers to ensure their compliance with our quality standards.

- *supplier management.* Our procurement department is generally responsible for the engagement, assessment and management of suppliers.

Our top five suppliers are mainly manufacturers of copper clad laminates, prepregs and copper foil. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, purchases from our largest supplier amounted to HK\$62.3 million, HK\$54.9 million, HK\$63.6 million and HK\$65.0 million, representing 14.2%, 12.2%, 14.3% and 30.5%, respectively, of our total costs of sales. For the same periods, purchase from our five largest suppliers amounted to HK\$193.5 million, HK$189.9 million, HK$181.6 million and HK$127.8 million, representing 44.0%, 42.2%, 40.7% and 60.0%, respectively, of our total costs of sales. During the Track Record Period and up to the Latest Practicable Date, none of our customers was also our major suppliers.

To the best knowledge of our Directors, none of our Directors or their associates, or any Shareholders, who owns more than 5% of our issued share capital, has any interest in any of our five largest suppliers including subcontractors for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter significant shortage or delay in the supply of our raw materials. For most of our raw materials, there are multiple suppliers in the market for a single type of raw materials. We maintain multiple sources for most raw materials so that a delivery or quality problem with any one supplier will not cause a significant adverse impact on our business. We generally enter into agreements with customers on a cost-plus pricing basis and thus we are able to pass the increase in the costs of raw materials to our customers. As a result, we believe the effect of fluctuations in the prices of raw materials on us is limited. In the event that we foresee the fluctuation of the costs of raw materials in the market, we will consult our customers on the potential increase of pricing. Save for the inventories for certain raw materials, we will only procure the relevant raw materials upon an agreed price and confirmations from our customers.

Inventory

We arrange production with the aid of our enterprise resources planning system. We have formulated inventory policies in respect of the raw materials used in our production process. We carry out an inventory review on a product-by-product basis at our financial year end. We maintain a minimum inventory of certain of key raw materials which are of frequent use. For example, we usually reserve laminate and copper foils at a minimum level which meets the production needs for a period of up to three months. We also reserve certain raw materials provided market price is favourable to us. Our enterprise resources planning system allows us to monitor real time raw material consumption and replenish if the storage of specific raw materials drops below the preset level. Save as disclosed above, we generally maintain work-in-progress level of raw materials according to our customers' orders. Our management reviews the condition of our inventories and makes provision for obsolete and slow-moving inventory items. For more details on inventory, please refer to the section headed "Financial Information — Discussion of Certain Items of Combined Statements of Financial Position — Inventories" in this prospectus.

We do not foresee major difficulties in sourcing raw materials required for the production of our products in the future.

Subcontractors as suppliers

Subcontractors who provide us with finished PCBs are treated as our suppliers. For more details, please refer to the paragraph headed "Subcontracting" in this section of this prospectus.

QUALITY CONTROL

We are committed to providing high quality PCBs and adding value to our customers. We have implemented a strict quality control system for our products. We apply to our PCBs the IPC Standards which represent one of the most commonly used standards in the PCB industry. By way of application and with the compliance with requisite requirements, as at the Latest Practicable Date, we have received certifications of ISO/TS16949, AS9100C, ISO14001 and UL-796, which we believe represent the prevailing PCB quality assurance certifications in the relevant downstream industries.

Time of grant	Certification	Brief description of certification	Valid until
6 December 2011 (Date of first grant: 1 March 2006)	ISO/TS16949:2009 quality assurance certificate	Compliance with the ISO/TS16949:2009 Third Edition technical specification with respect to the manufacture of single-sided, double-sided and multi-layered printed circuit boards for automobile (this certificate covers ISO9002 certificate granted in 2001)	5 December 2014 (1)
30 April 2012 (Date of first grant: 22 January 2009)	ISO9001:2008 and AS9100C in accordance with AS9104A quality assurance certificate	Compliance with ISO9001:2008 and AS9100C in accordance with AS9104A standard with respect to the manufacture and sales of single-sided, double-sided and multi-layered printed circuit boards	29 April 2015
6 July 2013 (Date of first grant: 9 March 2004)	ISO14001 Certificate of environmental management system	Compliance with the standard GB/T24001–2004/ISO14001:2004 with respect of its Environmental Management System	5 July 2016
10 August 1993	UL-796 safety management certificate	Certify us for its compliance with the UL-796 technical specification with respect to the Standard for Printed Boards	N/A

Note:

(1) The external audit for the renewal of this certificate was performed in October 2014. The renewal process is taking place and the Group expects to receive the renewed certificate in December 2014.

Quality Control

We monitor every stage of our production processes to ensure the conformity with specific quality control requirements. Our senior management, Mr. Ho David Pei Yen, oversees our overall quality control system, and is assisted by a quality assurance controller. Mr. Ho David Pei Yen has more than

19 years of experience in the PCB industry. The quality assurance controller has more than ten years of experience in quality control and attended the relevant training for ISO14000 and ISO/TS16949 as at the Latest Practicable Date. At the operational level of the Shenzhen Facility, our vice quality managers are responsible for the daily implementation of our quality control policies.

Our quality control is conducted by our quality control ("QC") team and quality assurance ("QA") team. Both of our QC team and QA team are required to receive role-related specialised training. Our QC team, which include 102 employees as at the Latest Practicable Date, in our production department are responsible for monitoring the production process and undertake quality inspection of the entire production process and each finished PCBs. Our QA team, which include 155 employees as at the Latest Practicable Date, in our sales department are responsible for random check and mentioning international quality standards and to ensure our PCBs are in conformity with our customers' requirements. The team also maintains the compliance of certification standards, and monitoring and inspecting subcontractors.

We implement strict quality control procedures throughout the production process. Our quality control procedure consists of four elements the following:

- *equipment control*. We employ automated computerized controls in certain of our production processes such as drilling, lamination, panel plating to ensure consistency in the production parameters. Our equipment is calibrated periodically to ensure its accuracy.

- *raw material control*. All raw materials must undergo inspection before they are used in production. We also regularly conduct review with our suppliers to ensure they comply with our quality standards.

- *production process control*. We conduct inspection at check points of each of our production processes. In addition, each check point is inspected by a dedicated inspector who makes continuous adjustments to ensure all semi-finished products meet the quality specification.

- *finished product control*. All of our finished PCBs undergo an inspection carried out by our QC team. In addition, our QA team sample check the PCBs to ensure the compliance with customers' specifications.

CUSTOMERS, SALES AND MARKETING

Sales

We sell our PCBs to customers in more than 30 countries and regions including the PRC and Hong Kong. Our customers operate primarily in the communication, automobile, industrial automation, consumer electronics and medical sectors. We sell our PCBs primarily by way of direct sale through our sales employees in our sales department located in Shenzhen. We also contract with certain individuals as sales intermediaries in France and the United States on a commission basis to promote our capabilities to existing customers as well as potential new customers with high credibility. However, we will enter into sales agreements with customers directly for sales through intermediaries.

In April 2011, we entered into a contract with one individual, who is a registered trading agent in France, to promote our PCBs in France and Switzerland. Major terms of the contract include:

- *duration*. The contract is effective upon execution until termination by one party by serving notice one to three months (depending on the timing of such notice) in advance.
- *exclusivity*. The intermediary is entitled to exclusivity in the areas of France and Switzerland.
- *commission rate*. The intermediary is entitled to a commission at 5% to 7% (depending on the type of PCBs sold) of the after-tax revenue generated from the direct sales and indirect sales in the designated areas. The commission is paid on a monthly basis.
- *sales report*. The intermediary is required to provide a report regarding the business activities in the designated areas by our request or on a monthly basis.

In November 2012, we entered into an agreement with a business consultant in the United States, to promote our PCBs for customers in Canada, the United States and Mexico. Major terms of the contract include:

- *duration*. The agreement is valid for twelve months and is generally renewable subject to our performance evaluation and by our confirmation. Either party may terminate the agreement with thirty days prior written notice. We also have the right to unilaterally terminate the agreement by serving written notice if the intermediary is in breach.
- *customer exclusivity*. The intermediary is not entitled to exclusivity in the areas of Canada, the United States and Mexico. However, the intermediary is entitled to the exclusivity for the new customers developed as well as certain existing customers we select.
- *commission rate*. The intermediary is entitled to a commission at 5% of net sales. We have the right to determine the intermediary's eligibility for commission. The commission rate may be amended by mutual written agreement. We are responsible for furnishing monthly statements to the intermediary.
- *performance review*. The intermediary and us agree to meet at least semi-annually to review the sales activities of the customers. We will also conduct performance review with the intermediary at least every six consecutive months of during the term of the agreement. If we determine that the performance of the intermediary is not satisfactory, the intermediary has the right to rectify within thirty days. If the intermediary fails to rectify, we have the right to terminate the agreement.

We believe that through the sales efforts of the individual intermediaries, we are able to capture the opportunities in the designated areas. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our revenue in the amount of approximately HK$1.7 million, HK$5.0 million, HK$21.6 million and HK$10.5 million, respectively, was attributable to the sales efforts of our intermediaries in France and the United States.

The table below sets forth our revenue based on geographic locations of our customers and their percentage of our total revenue for the period indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
The PRC	371,136	66.1%	361,908	62.8%	321,219	55.2%	131,032	57.5%	140,043	51.3%
Europe	67,680	12.1%	91,477	15.9%	112,471	19.3%	36,746	16.1%	58,807	21.5%
Hong Kong	44,944	8.0%	48,391	8.4%	55,938	9.6%	22,344	9.8%	24,513	9.0%
North America	49,418	8.8%	47,567	8.2%	52,271	9.0%	22,821	10.0%	27,829	10.2%
Asia (except the PRC and Hong Kong)	25,871	4.6%	23,453	4.1%	28,419	4.9%	10,753	4.7%	14,789	5.4%
Africa	—	—	23	0.0%	10,269	1.8%	3,755	1.7%	6,506	2.4%
Oceania	2,259	0.4%	3,664	0.6%	886	0.2%	334	0.2%	520	0.2%
South America	277	0.0%	180	0.0%	84	0.0%	83	0.0%	—	—
Total	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

Sales to a French customer group with a subsidiary in Tunisia

During the Track Record Period and up to Latest Practicable Date, we sold PCBs to a French customer group with delivery to its subsidiary in Tunisia. Such French customer group (together with its Tunisian subsidiary and other subsidiaries, the "French Customer Group") is a leading European group on the high added-value communicating terminals market that headquartered in France and has presence in more than 40 countries in Europe, North America, South America, Africa, Middle East, Asia and Oceania. The French Customer Group is one of our customers with scheduled purchase order arrangements. During the Track Record Period, our sales to the French Customer Group amounted to nil, HK$23,000, HK$10.3 million and HK$6.5 million, representing nil, 0.004%, 1.8% and 2.4% of our total revenue, respectively (of which, nil, nil, HK$10.3 million and HK$6.5 million were under scheduled purchase order ("SPO") arrangements, respectively) and all were sold and delivered to the Tunisian subsidiary of the French Customer Group. For further details of our SPO arrangements, please refer to the paragraphs headed "Scheduled Purchase Order" below in this section of this prospectus.

The European Union ("EU") imposes sanctions, not against the whole of Tunisia, but against certain individuals in Tunisia ("EU Sanctions"), which are currently limited to asset freezes against certain individuals in Tunisia deemed responsible for the misappropriation of Tunisian State funds (the "List of Sanctioned Individuals"). The asset freeze essentially prohibits the dealing in any way of funds belonging to, owned, held or controlled by the listed individuals and the provision of funds or economic resources, directly or indirectly, to or for the benefit of the individuals on the List of Sanctioned Individuals, unless authorised by the relevant member state of EU. Given that the French Customer Group and its subsidiary in Tunisia are not on the List of Sanctioned Individuals and are not subject to an asset freeze under EU Sanctions, Norton Rose Fulbright LLP, an external counsel specialising in EU sanctions laws, is of the view that there is a remote risk that the EU Sanctions apply to our PCB sales to the French Customer Group with delivery to its subsidiary in Tunisia and presents a remote risk of breaching EU Sanctions to the Company, its investors and shareholders and the Stock Exchange and its related companies. The Directors confirmed that we have not been notified that any sanctions will be imposed on us in relation to our sales of PCBs to the French Customer Group and delivery to its subsidiary in Tunisia.

The Directors and the Sole Sponsor confirmed that Tunisia is not currently subject to sanctions by the United States, the United Nations nor Australia, and therefore our sales would not be deemed to be prohibited activities under the relevant sanctions laws of those jurisdictions. EU sanctions in relation to Tunisia are applicable in the United Kingdom and therefore our position in relation to our sales and EU sanctions (set out above) covers the United Kingdom position.

The Group intends to continue business with the French Customer Group after Listing. To safeguard the Group from violating the EU sanctions laws or any other international sanctions laws, the Group will seek advice from an external counsel to ensure our compliance for our international sales, in particular to any new developments in this area, after Listing. In addition, the Group will check on a regular basis whether any countries we export or any customer is subject to international sanctions laws after Listing. We will also conduct background check on new customers as to whether these customers or their related, associated or affiliated parties is subject to international sanctions laws after Listing. Our Directors are of the view that, and the Sole Sponsor concurs, those measures will provide a reasonably adequate and effective framework to assist us in identifying and monitoring any material risk relating to international sanctions laws.

The table below sets forth our revenue based on sectors in which our customers operate in and their percentage of our total revenue for the periods indicated.

	Year ended 31 December						**Five months ended 31 May**			
	2011		**2012**		**2013**		**2013**		**2014**	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Communication	264,279	47.1%	236,969	41.2%	102,444	17.6%	40,997	18.0%	47,431	17.4%
Automobile	85,329	15.2%	117,903	20.4%	191,288	32.9%	75,889	33.3%	88,832	32.5%
Industrial automation	87,282	15.5%	80,295	13.9%	108,932	18.7%	43,231	19.0%	51,886	19.0%
Consumer electronics	67,489	12.0%	80,259	13.9%	122,998	21.1%	44,277	19.4%	55,679	20.4%
Medical	4,114	0.7%	3,507	0.6%	4,253	0.7%	1,667	0.7%	2,490	0.9%
Others	53,092	9.5%	57,730	10.0%	51,642	9.0%	21,807	9.6%	26,689	9.8%
	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

Our goal is to exceed our customers' expectations and set the industry standard. Our sales employees provide pre-sales consultation to potential and existing customers. Our direct selling efforts include live presentations and demonstrations of our products by our sales employees, which we believe provide our customers convenience and one-to-one service.

Customers

Our major customers include providers of various parts and components as well as end-products, such as power amplifiers, steering angle sensors, solar inverters, washing machines and glucose metres. We are one of the three exclusive suppliers of a world leading telecommunication company for a key component of its products. As at the Latest Practicable Date, we had established business relationship with all of our top five customers for more than seven years, with the longest period of relationship being 20 years. In general, we do not enter into long term binding agreements with our customers. We enter into framework agreements with most of our customers to specify the general arrangements. The terms and conditions specified in the purchase orders vary depending on our customers. Purchase price is generally negotiable and is specified in the individual purchase orders based on mutual agreements, with payment method usually being telegraphic transfer, bank transfer, letter of credit and acceptance bill. We provide sales commissions, calculated based on a 1% to 3% of the purchase amount, to certain of our customers on the condition that the purchase amount exceeds a specified level. Upon request of customers, we are responsible for the delivery of PCBs. For more details on product delivery, please refer to the paragraph headed "Delivery" in this section of this prospectus. Our customers have the right to inspect the PCBs after receipt of goods. We strictly comply with our product return policies. For the details on product return policies, please refer to the paragraph headed "After-sales Services" in this section of this prospectus.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, sales to our largest customer amounted to HK$141.2 million, HK$154.8 million, HK$140.2 million and HK$60.9 million, representing 25.1%, 26.8%, 24.1% and 22.3%, respectively, of our total revenue. For the same periods, sales to our five largest customers amounted to HK$332.5 million, HK$366.3 million, HK$348.9 million and HK$155.2 million, representing 59.2%, 63.5%, 60.0% and 56.8%, respectively, of our total revenue. During the Track Record Period and up to the Latest Practicable Date, none of our suppliers was also our major customers.

The table below sets forth certain information with respect to the Group's five largest customers during the Track Record Period.

Five largest customers during the Track Record Period	The year/period for which the customer was one of the Group's five largest customers	The year/period for which the customer had scheduled purchase order arrangements[(1)] with the Group	Business scope	Headquarters	Length of relationship with the Group as at 31 May 2014
Customer A	2011, 2012, 2013 and the five months ended 31 May 2014	2011, 2012, 2013 and the five months ended 31 May 2014	Development and manufacture of electronic, electromechanical and mechatronic products	Germany	9 years
Customer B	2011, 2012, 2013 and the five months ended 31 May 2014	2011, 2012, 2013 and the five months ended 31 May 2014	Worldwide electronics design, fabrication, assembly and test company. Services include printed circuit board, metal and plastics fabrication	The United States and Singapore	7 years
Customer C	2011, 2012, 2013 and the five months ended 31 May 2014	N/A	Provision of global mobile networks	Finland	9 years
Customer D	2011 and 2012	2011, 2012, 2013 and the five months ended 31 May 2014	Provision of telecommunications equipment and network solutions	The PRC	10 years
Customer E	2011, 2012, 2013 and the five months ended 31 May 2014	2011, 2012, 2013 and the five months ended 31 May 2014	Provision of electronics manufacturing services including design, prototyping, assembly, testing, product assurance, and supply chain management	Canada	9 years
Parason Industries Limited	2013 and the five months ended 31 May 2014	N/A	PCB supplier	Hong Kong	20 years

Note:

(1) For more details regarding scheduled purchase order ("SPO") arrangements, please refer to the paragraph headed "Scheduled Purchase Order" in this section of this prospectus.

During the Track Record Period, our major customers include Parason Industries Limited, in which Mr. Chan held 50% equity interest. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our sales to Parason Industries Limited amounted to approximately HK$20.2 million, HK$27.1 million, HK$35.9 million and HK$16.8 million, representing 3.6%, 4.7%, 6.2% and 6.2% of the total revenue, respectively. The terms offered to Parason Industries Limited are the same as our other major customers. Parason Industries Limited ceased to be our related party since 7 May 2014 as Mr. Chan transferred all of his equity interest in Parason Industries Limited to the other existing shareholder of Parason Industries Limited, an Independent Third Party.

Save as disclosed above, to the best knowledge of our Directors, none of our Directors or their associates, or any Shareholders, who owns more than 5% of our issued share capital, has any interest in any of our five largest customers for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 and as at the Latest Practicable Date.

Scheduled Purchase Order

During the Track Record Period, we had Scheduled Purchase Order ("SPO") arrangements with six customers in total, who are Independent Third Parties in the electronics, high technology, telecommunications and automobile sectors, to accommodate their specific production requirements. As advised by CRI, our independent market consultant, SPO arrangements are known to PCB suppliers as one of the arrangements to accommodate the customers' demand in response to the production needs and are an industry norm. We believe that SPO arrangements are common practices in the PCB industry.

We have established SPO business relationships with these six customers for on average of more than two years, with the longest one for more than five years. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, there were five, five, six and five customers which had SPO arrangements with us, respectively, and the revenue attributable to our SPO arrangements with these customers in aggregate amounted to approximately HK$116.4 million, HK$110.6 million, HK$136.6 million and HK$63.1 million, representing 20.7%, 19.2%, 23.5% and 23.1%, respectively, of our total revenue during the same periods. Each of the SPO arrangements with these six customers was conducted on an arm's length basis during the Track Record Period. During the Track Record Period, the revenue derived from these six customers was generated not only from the SPO arrangements, but also from non-SPO business arrangements. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the revenue generated from these five, five, six and five customers under non-SPO business arrangements in aggregate accounted for approximately 40.4%, 49.6%, 54.1%, and 52.3% of the total revenue generated from these customers for the same periods, respectively.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the inventory balance under the SPO arrangements amounted to approximately HK$10.3 million, HK$8.1 million, HK$13.9 million and HK$16.9 million, respectively. The utilisation of the SPO inventory by the SPO customers is subject to the actual production volume and production schedule of the SPO customers. Therefore, the time normally taken by the SPO customers to fully utilise the SPO inventory, to the best of the Director's knowledge, ranged from six days to 176 days during the Track Record Period, and may vary depending on circumstances. The unutilised PCBs stored at our SPO customers' warehouse are subject to our billing upon the lapse of an aging period, as agreed under the respective SPO arrangements, being 60 days to 180 days upon the delivery of the PCBs to our SPO customers' warehouses (the "Aging Period"). For more details regarding invoice and payment under SPO arrangements, please refer to the key terms with our SPO customers in this subsection of this prospectus.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, there were four, four, three and three SPO customers who are also the Group's five largest customers, respectively. For more details regarding our SPO arrangements with the Group's five largest customers, please refer to the paragraph headed "Customers, Sales and Marketing — Customers" in this section of this prospectus.

Our relationship with SPO customers generally is governed by the following terms:

- *term*. The SPO arrangements are either effective for an indefinite period or for a period ranging from one to three years with automatically renewal for one year, subject to termination by no less than one to four months' prior notice by either party.

- *delivery*. We are responsible to deliver our finished product PCBs to our SPO customers' warehouses.

- *transfer of ownership*. We remain the ownership of the PCBs stored at our SPO customers' warehouses, until they are withdrawn from our SPO customers' warehouses or until the lapse of the Aging Period, whichever is earlier.

- *revenue recognition*. Our revenue is recognized upon (i) the PCBs are withdrawn from our SPO customers' warehouse; or (ii) the lapse of the Aging Period, whichever is earlier.

- *return policy*. PCBs are strictly non-returnable. We will provide replacements of PCBs for instances of quality defects or the unsuitability of products for the designated purposes.

- *inventory*. The PCBs are delivered to and are stored at the SPO customers' warehouses. SPO customers are required to conduct a periodic inventory check and inform us of the inventory balance with an automatically generated inventory report. Under the SPO arrangements between us and four of its SPO customers, the SPO customers provide us with a quarterly or semi-annually production forecast normally on a weekly basis, which indicates the minimum inventory level we shall maintain with PCB supply or monitor via their online portal system from time to time, as the case may be. Under the SPO arrangements between us and the remaining two SPO customers, no forecast is provided and nor is there requirement for us to maintain minimum inventory levels as the deliveries of inventories are based on orders placed by the customers, from time to time. Except as agreed otherwise in separate purchase orders or due to emergency, we normally arrange delivery of SPO products to SPO customers once every one or two weeks, in a volume specified in the production forecast.

- *price*. The unit price is fixed throughout the term of the SPO arrangements, and is subject to regular review (usually annually or quarterly). We applied the same general pricing policy to PCBs sold under SPO arrangements as PCBs sold under non-SPO business arrangements during the Track Record Period. For details of our PCB pricing policy, please refer to the paragraph headed "Customers, Sales and Marketing — Pricing Policy" in this section of this prospectus.

- *invoice and payment*. We issue invoices weekly or monthly to our customers, according to the volume withdrawn from our SPO customers' warehouses. In the event that the SPO PCBs are not withdrawn within the Aging Period, as agreed under the respective SPO arrangements, we shall immediately issue invoices to SPO customers according to the inventory balance. Credit periods are usually one to three months from month end of the date of invoice.

We keep track of, and manage, the purchase order, production and delivery of SPO PCBs through our enterprise resource planning system. In order to safeguard our interests in the PCBs that are stored in customers' warehouses before the transfer of ownership, we usually require our SPO customers and/or warehouse owners (if warehouses are rented by our SPO customers) to maintain insurance coverage to SPO inventories. In the event that inventory insurance policy is not provided by our SPO customers and/or warehouse owners, we will purchase such insurance policy accordingly at our own costs. During the Track Record Period, our Group did not purchase such insurance policy as the Directors consider that there was adequate insurance coverage on the SPO inventories maintained by our SPO customers and/or warehouse owners. Under certain arrangements, the warehouse owner is responsible for PCB losses caused by warehousing. We are entitled under certain SPO arrangements to conduct physical observation of the SPO inventories in customers' warehouses to ensure no losses or damages is suffered. Certain of our SPO customers conduct periodic inventory check and will be responsible for the inventory discrepancies against our records.

In order to ensure proper and timely revenue recognition under the SPO arrangements, we require our SPO customers to timely notify us, through online system or other instant channels, once the PCBs are withdrawn from customers' warehouse. In addition, our SPO customers provide periodic (usually weekly) detailed reports or statements indicating all PCBs received, PCBs withdrawn and current inventory level. We assign responsible employees for each of our SPO customers in order to on both daily and weekly basis monitor the SPO inventory level by reviewing record keeping of the reports or statements provided by SPO customers. The responsible employees keep track of the timing of each SPO delivery, which triggers the countdown of the Aging Period. To manage our SPO inventory, our responsible employees also maintain regular contact with SPO customers by both telephone conversations and email correspondences, reviewing their amount of purchases of our products, and keeping track of their inventory levels of our products. Through these measures, we are alert of the occurrences of PCB withdrawals and the revenue recognition timeline.

During the Track Record Period, we conducted physical observations of the SPO inventories which were part of our annual year-end financial statement closing process, by a majority, but not all, of our SPO customers' warehouses. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the SPO sales revenue generated from customers for which we did not conduct physical observations at the respective SPO warehouses amounted to approximately HK$37.3 million, HK$12.1 million, HK$25.3 million and HK$18.7 million, representing approximately 32.0%, 10.9%, 18.5% and 29.6% of our total SPO sales during the same periods, respectively. As at 31 December 2011, 2012 and 2013 and 31 May 2014, the SPO inventories for which we did not conduct physical observations amounted to approximately HK$0.9 million, HK$1.6 million, HK$5.8 million and HK$7.8 million, representing approximately 8.2%, 19.9%, 41.9% and 46.4% of the total SPO inventories, respectively. During the Track Record Period, we did not conduct physical observations to certain SPO inventories, in consideration of various factors, including among others, (i) certain customers' warehouses are located overseas; (ii) the SPO sales for which we did not conduct physical observations at the respective SPO warehouses accounted for only approximately 6.6%, 2.1%, 4.4% and 6.9%, respectively, of our total revenue during the Track Record Period; and (iii) the SPO inventories are subject to our billing upon the lapse of the Aging Period regardless of the inventory condition. In addition, we partly rely on the notifications, inventory reports and statements provided by our SPO customers regarding the timing and quantity of the PCB withdrawals. For the risk associated with SPO arrangements, please refer to the section "Risk Factors — We are exposed to the risks associated with scheduled purchase order ("SPO") arrangements, including limited control over the PCB inventories that we own but are stored at our customers' warehouses and delay in revenue recognition under SPO arrangements, which may adversely affect our interests in our PCBs, results of operations and financial condition" in the Prospectus.

During the Track Record Period, we did not identify, during physical observations which were part of our annual year-end financial statement closing process, material discrepancies between the actual SPO inventories and balances recorded in reports or statements provided by SPO customers. Nor did we experience material disputes with SPO customers regarding whether and when PCBs were withdrawn from the warehouses during the Track Record Period.

Upon Listing, the Group will further enhance internal control over SPO arrangements by implementing various measures, including among others, (i) physical observations at each of the SPO customers' warehouses at least twice a year by the designated employees, or by sales intermediaries for certain overseas warehouses, as the case may be; and (ii) ad hoc physical observations at the SPO customers' warehouses on a sampling and random basis. In order to implement the physical observations, the Group will formulate internal manual in terms of physical observations, including: (i) schedule and checklist to keep track of the conducted and upcoming physical observations; (ii) guideline provided to the designated employees with basic knowledge of stock examination procedures; and (iii) checklist of the items to be observed by the designated employees or sales intermediaries during the physical observations, including the following:

- whether the SPO inventories are properly stored;
- whether the SPO customers' warehouses maintain in suitable condition;
- whether the SPO inventory balance is consistent with the quantities recorded in the reports or statements provided by SPO customers;
- whether our SPO inventory records are complete and accurate; and
- whether the SPO customers timely and properly record the usage of the SPO inventories.

Delivery

Our production facility is strategically located in Shenzhen, the PRC, which is adjacent to Hong Kong. We make timely delivery of our finished PCBs to certain customers in Shenzhen by our owned truck. For customers located in other regions in the PRC, we arrange delivery through third party logistics companies. For the majority of our international customers, we deliver our finished PCBs three times a week to our Hong Kong warehouse, through third party independent logistics companies, before shipments to international customers. Based on our experience and shipment requirements, we arrange proper packaging for our finished PCBs, to ensure that our finished products are not only delivered on time but also arrive in good condition to our customers. Depending on the terms of the purchase orders, we usually bear the costs of delivery from our warehouse to the designated locations of our customers in the PRC, or to the ports in Hong Kong for international shipment. We purchase transit insurance coverage for the products we deliver.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our transportation costs amounted to approximately HK$6.3 million, HK$7.3 million, HK$8.5 million and HK$4.1 million, representing 1.1%, 1.3%, 1.5% and 1.5% of our revenue, respectively.

Marketing

We promote our products by participating in industrial associations, exhibitions and reviews with existing customers. Our senior management together with our sales department set monthly, quarterly and annual sales targets, respectively, and conduct corresponding performance review of the marketing achievements.

Our sales and marketing personnel are responsible for our marketing activities. As at the Latest Practicable Date, we had 34 sales and marketing personnel. We provide commission of 1.5% to 7% to our sales and marketing personnel. We provide sales commissions, calculated based on a 1% to 3% of the purchase amount, to certain of our customers on the condition that the purchase amount exceeds a specified level. During the Track Record Period, the aggregate expenses incurred were approximately HK$0.6 million in connection with our marketing campaign.

Credit Policy

We usually grant contractual credit terms of one to three months from the month end of date of invoice to our normal customers, except for certain of our new customers where payment in advance may be required. We also quarterly or annually review the credit terms of our existing customers. We generally require lump sum payment. We purchase credit insurance in order to control risks relating to payment defaults by our international customers.

Pricing Policy

The pricing of our PCBs is on a cost-plus basis and since PCBs are made-to-order, the pricing is subject to the specifications provided by our customers, such as number of layers, thickness of each layer, outer foil thickness, process complexity, surface finishing technology. The selling prices of our PCBs are jointly determined by our senior management and sales departments by taking into account the estimated costs of each order. We formulate and adjust the prices of our PCBs based on product specification, costs of raw materials, competitive environment, demand and supply changes and improvement in technical innovations. Our pricing policy is reviewed quarterly. During the Track Record Period and up to the Latest Practicable Date, we did not significantly adjust our PCB prices of comparable orders.

The following table sets out our PCB price range per sq.m. for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Conventional PCBs(1)(2)										
Single-sided	703	1,079	1,079	1,082	1,079	1,079	1,079	1,079	1,079	1,079
Double-sided	474	2,404	478	1,907	500	1,615	500	1,295	503	1,550
Multi-layered	721	2,908	762	2,856	762	2,934	762	1,956	688	2,281
Special Material PCBs(1)(2)										
Single-sided	3,380	38,134	3,666	33,244	1,033	4,011	1,117	3,409	1,005	3,744
Double-sided	1,317	5,647	1,718	4,534	1,776	24,522	1,776	5,142	785	4,415
Multi-layered	5,628	14,741	5,628	15,086	4,564	15,086	4,564	4,564	5,082	5,628

Notes:

(1) During the Track Record Period, unit price of certain orders were higher than normal due to urgent order or low order quantity. Such unit prices were excluded from the table.

(2) The unit price ranges are prepared by sq.m., regardless of the PCB specification, order quantity, raw materials required and other elements which may factor in the pricing of PCBs by order. As a result, there could be significant difference between the minimum and maximum prices of certain products during the Track Record Period, given that the pricing of our PCBs is on a cost-plus basis and is also subject to the specifications and other requirements provided by our customers.

Seasonality

During the Track Record Period, we experienced the seasonality in our sales due to our customers' purchase patterns. Our purchase orders received from customers tend to slightly decrease around Chinese New Year period (usually during January or February of each year) and therefore our production volume tends to be lower accordingly. For more details relating to seasonality, please refer to the section headed "Risk Factors — Risks Relating to our Business — We experienced the seasonality in our sales due to our customers' purchase patterns. As a result, our quarterly or periodical performance may not be an indicator of our performance" in this prospectus.

AFTER-SALES SERVICES

Our typical after-sales services mainly include product warranty, customer satisfaction survey and timely response to customers. Our quality control procedures such as performing tests on the products, allow us to detect and rectify any problems at an early stage. When customers raise issues over our products, our sales department collaborates with our production department to identify, study and solve the problems. We are responsible for the product defects attributable to us. For the product defects which are discovered attributable to the quality of the raw materials provided by our suppliers or due to our subcontractors, we have the right to claim compensation against our suppliers or subcontractors according to our underlying arrangements with them.

Product returns and warranty

Our warranty period is typically twelve months but may vary depending on the products and customers' specific requirements. During the warranty period, our end-user customers may request replacements free of charge or return defective products. Products sold to customers cannot be returned except for instances of quality defects or the unsuitability of products for specific purposes. All product returns are subject to our approval. Certain of the product return was resulting from the unsatisfactory quality of raw materials provided by the suppliers who were designated by our customers. We have incurred sales compensation for defective products of approximately HK$6.6 million, HK$5.2 million, HK$5.8 million and HK$2.4 million for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively. As a percentage of revenue, the sales compensation for defective products accounted for approximately 1.2%, 0.9%, 1.0% and 0.9%, for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively. Our sales compensation during the Track Record Period was due to various reasons and circumstances, such as delamination, open and short circuit, poor solderability, substandard routing, drilling, plating and surface treatment, package damage, cosmetic defect, error in product code printed on PCBs and quality defect due to humidity control. In the event that the defective products are due to the quality of raw materials, we claim against the suppliers for our losses due to sales compensation according to our arrangements with our suppliers. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, we were able to claim approximately HK$0.8 million, HK$1.1 million, HK$1.7 million and HK$0.6 million, respectively, against our suppliers for unsatisfactory supplies contributing to our sales compensation for defective products. Among which, we were able to claim approximately HK$0.2 million, HK$0.7 million, HK$1.2 million and HK$0.5 million, respectively, against the suppliers designated by our customers for unsatisfactory supplies attributing to our sales compensation for defective products. We did not record product recall during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints or product liability claims from our customers. As such, save as the sales compensation as disclosed above, we did not incur any material warranty expense or make any provision for such warranty expense since we received no material customer complaints and request for product exchange owing to product quality and defects which were material to our business.

R&D

We are committed to production efficiency by placing a strong emphasis on process development and refinement to optimise our production process. As at the Latest Practicable Date, our R&D team were comprised of 62 employees, 40 of whom held high school diploma or above. Our R&D team on average have been with us for more than four years. We strive to fulfil our customer requirements by working together with them on new projects to resolve specific problems on customer's design and requirement. We also work internally to carry out experiment on a daily basis to study production and cost efficiency in order to achieve higher yield on production.

We have an annual target for R&D projects which allow us to obtain potential businesses. In April 2014, we entered into a letter of intent to establish a long term cooperative relationship with one of the world leading automobile component providers to test and produce carbon PCB applicable to automobile parts and components. If our cooperation counterparty engages us for future high-volume production, we will be benefited from the purchase demand. Our cooperation counterparty will own the intellectual property rights relating to the carbon PCBs.

We believe our strong R&D capabilities allow us to diversify our PCB product offering and enable us to deliver customised products to our customers. To further strengthen our R&D capabilities, we completed the construction of our R&D centre in July 2014. The R&D centre covers an area of 11,340 sq.m. As at the Latest Practicable Date, we were in the process of applying for the certificate of completion, which we expect to obtain by the first quarter of 2015. As at 31 May 2014 and 30 September 2014, each of the contracted but not provided for capital commitment amounted to approximately HK$3.0 million for construction of the R&D centre.

The R&D centre will serve as the platform for our customers and universities to develop new technology and products in the PCB industry. We expect that the then customers and universities who station in our R&D centre will be responsible for the renovation and purchase of their machineries, as well as monthly rental fees payable to us. In order to attract customers and universities to utilise the R&D centre, we expect the rental rates will be at a discount to the prevailing market rate. We will be responsible for the operating costs which primarily consist maintenance costs and utilities incurred at the R&D centre.

We seek to attract our customers and universities to station in our R&D centre to conduct R&D projects. We aim to provide value-added services to our customers in order to build up relationships with potential customers and universities or to enhance long-term relationships with the existing customers. Through this platform, we expect to establish relationships with our customers and provide them with necessary development support, such as sample build and technical advisory. This also allows us to get involved in the early stages of our customers' development cycles. The R&D centre also allows our R&D team to conduct necessary R&D to improve product quality, cost reduction and production efficiency. We believe the cooperation with universities will allow us to enhance our R&D capabilities through obtaining the latest developments of PCB materials and technologies.

We believe that by providing ongoing customer support through all phases of the production processes, such as the design and prototyping processes, we will be able to interact closely with customers to facilitate the design process and to identify their specific requirements. For example, we will be able to help our customers streamline their design process and deliver prototypes in a timely manner in response to customers' requirements. Furthermore, we will also be able to maintain flexibility and respond quickly to our customers' design changes. As such, we believe that we will be able to benefit from the R&D centre to attract new customers and maintain customer relationships which make it more likely for customers to engage us as their supplier when their R&D projects progress to high-volume production stage.

We expect to introduce and promote the R&D centre to our existing and new customers as well as university counterparts when the R&D centre becomes fully operational. As at the Latest Practicable Date, we had not yet entered into lease agreements with any customer or university. We believe that we will receive R&D projects from customers and universities when they become aware of the R&D platform which the R&D centre offers as well as our value-added services provided at the R&D centre which are supported by our R&D capabilities. We will not only receive rental income from the lessees of the R&D centre, but also receive economic benefits from the R&D centre which are mainly reflected in the our core business, which is the production and sales of quality PCBs.

We believe that successful research process improvement and refinement is critical to our ability to stay competitive in the industry in which we operate. Our R&D expenses amounted to HK$13.2 million, HK$13.4 million, HK$13.8 million and HK$5.6 million, representing approximately 2.4%, 2.3%, 2.4% and 2.1% of our revenue for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively. We spend a majority of our R&D expenses on materials and equipment for prototype and product testing. All of our R&D expenses are not capitalised.

INTELLECTUAL PROPERTY RIGHTS

We regard our patents, trade secrets and other intellectual property rights as an important factor to the growth of our business. As at the Latest Practicable Date, we had successfully registered seven patents and had one patent pending registration in the PRC. We had also successfully registered two trademarks in the PRC as at the Latest Practicable Date. In Hong Kong, we had one trademark pending registration as at the Latest Practicable Date. Please refer to the section headed "Statutory and General Information — Further Information about the Business of the Company — Intellectual property rights of the Group" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material intellectual property rights dispute, infringement claims or litigation.

AWARDS AND RECOGNITION

As a manufacturing company that has been operating for over 20 years, we have been awarded a series of honours since our incorporation, particularly in recognition of our efforts in environmental protection. The table below sets forth the key awards and recognition received by us as at the Latest Practicable Date:

Year of Grant	Name of Award	Recipient	Award/Recognition	Awarding Body
2012	Shenzhen Hygienic Manufacturing Garden	YT Printed Circuit	Audited and accepted as Shenzhen Hygienic Manufacturing Garden	Economy, Trade and Information Commission of Shenzhen Municipality Science, Technology and Innovation Commission of Shenzhen Municipality Habitation and Environment Commission Of Shenzhen
2012	Shenzhen Peng Cheng Waste Reduction Advanced Enterprise 2012	YT Printed Circuit	Waste Reduction in Shenzhen	Shenzhen Peng Cheng Waste Reduction Operation Supervising Committee

Year of Grant	Name of Award	Recipient	Award/Recognition	Awarding Body
2009	Hang Seng Pearl River Delta Environmental Grand Award	YT Technology	Recognise sound environmental practices by manufacturing companies	Federation of Hong Kong Industries Hang Seng Bank Guangdong Association of Environmental Protection Industry Pearl River Delta Council

MARKET AND COMPETITION

We are an OEM provider of PCBs competing primarily in the PRC PCB market. In 2013, the sales value of the global PCB market was US$63.8 billion, while the sales value of the PRC PCB market was US$26.8 billion. Compared to the global PCB market, the PRC PCB market is relatively less mature but had a CAGR of 12.4% from 2009 to 2013 compared with the global PCB market which had a CAGR of 9.3% for the same period. The barriers to entry into the PRC PCB market include capital investment requirements, environmental regulatory standards and advantages of long term relationships with customers.

The PRC PCB industry is highly fragmented and is characterised by intense competition among PRC manufacturers as well as international manufacturers. According to CRI, our independent market consultant, in 2013, top five PCB enterprises in the PRC were Zhen Ding Technology Holding Limited, Tripod Technology Corporation, HannStar Board Corporation, TTM Technologies, Inc. and Unimicron Technology Corporation, representing approximately 8.0%, 4.3%, 3.6%, 3.2% and 3.1%, respectively, of the PRC PCB market share in terms of sales value in the PRC. All of the top five PCB enterprises are foreign invested enterprises.

Our Directors believe that we are able to compete on the basis of our responsive production solutions which address a wide range of PCBs, broad customer base, high quality of PCBs and emphasis on environmental protection. As mentioned above, the PRC PCB market is driven by demand from downstream sectors including communications, consumer electronics and automobile sections which in aggregate accounted for nearly 70% of the PRC PCB market. Our responsive production solutions and strong capability to produce PCBs using special materials will enable us to compete in the industry. For more details on our competitive strengths, please refer to the paragraphs headed "Our Competitive Strengths" in this section of this prospectus. Please also refer to the section headed "Industry Overview — Competitive Analysis" in this prospectus for further details on the market in which we operate and for a discussion of our competition.

ENVIRONMENTAL PROTECTION

We are subject to PRC national and local environmental laws and regulations governing air pollution, noise emissions, hazardous chemicals, water and waste discharge and other environmental matters issued by PRC national, provincial and municipal government and authorities. We are also subject to the Cleaner Production Standard: Printed Circuit Board Manufacturing (清潔生產標準：印刷電路板製造業), which provides general requirements for clean production applicable to PCB manufacturers. Details of these laws and regulations are set out in the section headed "Laws and

Regulations of the Industry — Environmental Protection Laws" and the section headed "Laws and Regulations of the Industry — Chemical Usage Regulations" in this prospectus. Our manufacturing facilities discharge pollutants such as waste water, smoke emissions, solid waste and noise during our production processes. We have implemented a set of waste treatment procedures in our Shenzhen Facility and have also implemented measures to control the noise levels caused by our machines. Our waste water treatment facilities include (i) the waste water station which we completed construction and obtained the certificate of inspection for acceptance in March 2004; and (ii) a new waste water station which we completed construction and obtained the certificate of completion and real estate ownership certificate in December 2011. Our treatment procedures have received required approval and licence from the relevant authorities. Waste produced by us is treated in compliance with applicable environmental standards in our Shenzhen Facility. During the Track Record Period and up to the Latest Practicable Date, we had not received any notifications or warnings, nor had we been subject to any fines or penalties in relation to any breach of any such environmental laws or regulations which had materially and adversely affected our production.

We believe that our businesses are in compliance with currently applicable national and local environmental laws, regulations and requirements in all material aspects. We have incurred environmental compliance costs of HK$4.9 million, HK$4.1 million, HK$5.3 million and HK$1.9 million for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively. We expect our annual environmental compliance costs will be no more than HK$5.5 million. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 and up to the Latest Practicable Date, we had not encountered any material problems in environmental pollution or been subject to material administrative penalties due to environmental pollution activities.

King & Wood Mallesons, our PRC legal adviser confirmed that, pursuant to the confirmation provided by relevant environmental protection authority, during the Track Record Period, we had not been subject to any penalties by local authorities of material violation of laws and regulations in relation to environmental protection, and we have been in compliance with PRC national and local environmental protection requirements in order to conduct the business currently carried by us during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

Properties in the PRC

As at the Latest Practicable Date, we own five parcels of land, with an aggregate area of approximately 77,775 sq.m., and 36 building units and ancillary structures with an aggregate gross floor area of approximately 95,928 sq.m. in the PRC, including properties with defective titles, interest to be acquired and a property under construction. Cushman & Wakefield Valuation Advisory Service (HK) Limited, the property valuer of our Company, had valued the properties owned by us as at 30 September 2014. The text of the letter and the valuation report issued by the property valuer are set out in the appendix headed "Appendix III — Property Valuation" to this prospectus.

The table below sets forth our properties and lease in the PRC with details of location, size and primary use as at 30 September 2014.

Location	Size/Gross Floor Area (Land/ building structure) (sq.m.)	Primary use	Notes
Owned properties			
No. 8 Yantat Road, Pingshan New District, Shenzhen	65,864 / 71,347	Shenzhen Facility, Shenzhen New Facility, waste water station, dormitories, warehouse, production workshop and miscellaneous building structures	Among which, the land of about 4,429 sq.m. and buildings with a gross floor area of about 1,767 sq.m. are with defective titles. In addition, the Group has not obtained title certificates to seven buildings with a gross floor area of approximately 6,105 sq.m. For details, please refer to the paragraph headed "Properties — Properties in the PRC — Properties with defective titles" in this section of this prospectus. The production workshop, a dormitory and a new waste water station under construction are completed and the Group is applying for the certificate of completion.
3 blocks of Dormitory in B1 District of Yanziling Living Zone, Pingshan New District, Shenzhen	7,481 / 12,029	5-storey dormitories	—
Unit 2705, Level 27, Tongda Chuangye Building, No. 1, Alley 600, Tianshan Road, Changning District, Shanghai	N/A / 201	Office	—
Villa No. 19, Jinsha Yangguang Mansion, No. 5 Xinyuan Road, Jinsha Town Development Zone, Nantong, Jiangsu Province	N/A / 530	Residence	The property was acquired by YT Environmental on 30 December 2008 to be used by its staff as a staff quarter. The property has been vacant since the acquisition as YT Environmental has not yet commenced any substantive business and has not yet hired staff.

Location	Size/Gross Floor Area (Land/ building structure) (sq.m.)	Primary use	Notes
Interest to be acquired			
Flat Nos. 1812, 1912, 2012, 2106, 2112, 2206, 2306, 2402, 2406 and 2506, Elite Park, Yanziling Third Road, Pingshan New District, Shenzhen	N/A / 482	Residence	—
Property under construction			
The southwest of the intersection of Qinglan First Road and Julongshan Third Road, Julongshan District, Pingshan New District, Shenzhen	4,430 / 11,340	R&D centre	The underlying land use right was granted as part of rezoning by the local authority made in connection with the withdrawal of the land use rights at No. 8 Yantat Road, Pingshan New District, Shenzhen. For more details, please refer to the paragraph headed "Properties — Properties in the PRC — Properties with defective titles" in this section of this prospectus. The property is complete and the Group is applying for the certificate of completion.
Lease			
No. 8 Yantat Road, Pingshan New District, Shenzhen	N/A / 4,641	Industrial, ancillary office and dormitory uses	The property, comprising four Industrial buildings, one commercial and residential building and one dormitory, is currently leased by YT Printed Circuit for a term commencing on 15 November 2002 and expiring on 14 October 2015 at a monthly rent of RMB37,368 inclusive of land use fee and security management fee. The lease was renewed on 15 October 2014 for a term of two years and will expire on 14 October 2017.

Properties with defective titles

The land use rights to the land with a site area of approximately 4,429 sq.m. was withdrawn due to rezoning by the local authority. As a result, we have not obtained the property ownership certificates for the factory building structures built thereunder with a gross floor area of approximately 1,767 sq.m. As part of the rezoning and in connection with the land use right withdrawal, we were granted another parcel of land with a comparable site area of approximately 4,430 sq.m., on which we constructed our R&D centre. In addition, we have not obtained title certificates to seven buildings with a gross floor area of approximately 6,105 sq.m., comprising building structures used for production and ancillary purposes such as office, drilling room and warehouse in our Shenzhen Facility, due to the failure to obtain construction works planning permits and construction works commencement permits. We continue to occupy and use the land and building structures. Please refer to the paragraph headed "Compliance — Non-compliance" in this section of this prospectus.

For the buildings without ownership certificates, we engaged a third party construction contractor, Shenzhen City Construction Engineering Quality Testing Centre Co., Ltd. (深圳市建工質量檢測鑒定中心有限公司, the "Testing Co"), to examine the structure, including cement foundation, decorative walls, cement roof, steel roof truss, steel girder and steel column, of the buildings with defective titles. The Testing Co was accredited by the Administration of Quality and Technology Supervision of Guangdong Province and obtained the certificate of the Construction Engineering Quality Test Organization from Department of Housing and Urban-Rural Development of Guangdong Province. In addition, the Testing Co obtained the Metrology Accreditation Certificate issued by Guangdong Provincial Quality and Technique Supervision Authority. As advised by King & Wood Mallesons, our PRC legal adviser, the Testing Co is a qualified and competent institution to issue such report to the Company. According to the reports issued by the Testing Co on 20 October 2014, the structures of the buildings with defective titles are in conformity of the relevant safety requirements and are suitable for the current usage purposes of such properties, including industrial use, factory workshop, office and warehouse. In addition, given that no material non-compliance issues were raised during the annual inspections by the local fire department during the Track Record Period, our PRC legal adviser, is of the view that the buildings with defective titles are in conformity with the relevant fire safety requirements in material respects during the Track Record Period. Based on the above, our Directors confirm that the safety condition of the buildings with defective titles is in compliance with the relevant fire safety requirements in material respects during the Track Record Period. As advised by our PRC legal adviser, according to the PRC Property Law, our right as owner or occupant of these properties may be adversely affected due to the absence of such title certificates, such as our rights to transfer or lease the land and buildings and/or subject the building structures to mortgage loans.

Considering that during each periods of the Track Record Period, approximately 62.5% of our total production output was generated from the operations carried out on the properties with defective titles, including both the affected building structures caused by the land use right withdrawal and the seven building structures without the respective construction works planning permits and construction works commencement permits, our Directors are of the view that the properties with defective titles are individually and collectively crucial to our operation.

However, we believe that the title defects will not cause any material adverse effect on our Group because on 14 July 2014, during a face-to-face interview with Pingshan Branch of Shenzhen Land Commission (深圳市規劃和國土資源委員會坪山管理局), the competent governmental authority for rezoning in Pingshan New District, it had confirmed with us that we were allowed to occupy and use the relevant properties until 31 December 2015. The aforementioned confirmation was given by Pingshan Branch of Shenzhen Land Commission to YT Printed Circuit during the interview, throughout which representatives from YT Printed Circuit, the Sole Sponsor and King & Wood Mallesons, being our PRC legal adviser, were present. In addition, Shenzhen New Facility is expected to commence its trial operation by the first quarter of 2015. As a result, our Directors believe that in the unlikely event that we are ordered to return the land and buildings, we will be able to relocate to the Shenzhen New Facility and thus there will not be additional land or rental costs incurred and will not have any material adverse effect on our Group. Based on quotations obtained for vacating from all of the properties with defective titles, our Directors believe that the relocation and demolition costs will be approximately HK$1.55 million in total (which we intend to fund through internal resources) and it will take approximately 45 working days to arrange for and complete the relocation of operations conducted on the properties with defective titles, including both the affected building structures caused by the land use right withdrawal and the seven building structures without the respective construction works planning permits and construction works commencement permits. We estimate our loss from operation due to relocation will be minimal, taking into account our existing production capacity, the expected production capacity at our Shenzhen New Facility and subcontracting channel. Taking into account the financial resources available to us, including the estimated net proceeds from the Global Offering, our operating cash inflow and available credit facilities, our Directors are of the opinion that we have sufficient working capital for our present requirements and for at least next 12 months from the date of this prospectus. Hence the Directors have no intention to sell the relevant properties, or to pledge the relevant properties as securities to the bank. In addition, our Controlling Shareholders have undertaken to indemnify us for loss from this title defect. For more details, please refer to the paragraph headed "14. Estate duty, tax and other indemnity" in Appendix V to this prospectus. We expect to gradually relocate from the affected factory buildings to the Shenzhen New Facility.

The table below sets out our relocation plan, including relevant zone, affected production process and respective timeline.

Zone	Affected production process	Estimated date of commencement	Estimated date of completion
Zone I	Inner layer image transfer, outer layer image transfer, lamination	early October 2015	early December 2015
Zone II	Other inner layer processes and solder mask coating	mid October 2015	late November 2015
Zone III	Surface finishing process, drilling, aluminum PCB production floor, warehouse and other areas	mid November 2015	late November 2015

The Group has established a project team comprising four members, including our executive Director, Mr. Chan YK, who is responsible for overseeing our Group's factory expansion and building management. Mr. Chan YK, has experience in coordinating project construction and installation and architectural design. The other members in the project team have been assigned job duties in relation to monitoring the implementation of our relocation and expansion plan. The job duties of the project team are as follows:

- supervising the daily operation in relation to/or implementation of our relocation plan on a regular basis;

- supervising the application of all required licences, permits and approvals and coordinating the timely preparation and submission of relevant applications, with the advice from relevant professional advisers if necessary;

- supervising the relocation of our Shenzhen Facility in coordination with the external contractors and/or service providers to ensure the relocation can be completed according to the timetable; and

- reporting to the Board on a weekly basis and as required.

For more details on the risks relating to our defective titles, please refer to the paragraphs headed "Risk Factors — Risks Relating to our Business — YT Printed Circuit continues to use certain structures which are built on the land it no longer possesses the valid land use rights located at our Shenzhen Facility. If we are ordered to return the affected land and vacate from the building structures, our business operations which are carried out on the affected land and building structures will be materially and adversely affected", "Risk Factors — Risks Relating to our Business — YT Printed Circuit had not obtained relevant valid building certificates for certain buildings it owns and occupies located at our Shenzhen Facility. If we are ordered to vacate from the building structures or if any penalties are imposed on us, our business operations which are carried out on the building structures will be materially and adversely affected", and "Risk Factors — Risks Relating to our Business — We may not successfully implement our relocation plans on a timely basis. If we are ordered to return the affected land and vacate from the building structures before we have successfully implemented our relocation plan, our business operations will be materially and adversely affected" in this prospectus.

Save for as disclosed above and the properties under construction, as advised by King & Wood Mallesons, our PRC legal adviser, we have obtained the land use rights certificates and/or building ownership certificates to our land and building structures thereon in the PRC.

Acquisition of the 13 Apartments

YT Printed Circuit and Shenzhen Xin Hao Fang Property Development Company Limited (深圳市新豪方房地產有限公司) ("Shenzhen Xin Hao Fang") entered into an agreement dated 17 April 2013 (as suppplemented by a supplemental agreement) (the "Agreements") in relation to the reservation of the right to purchase 13 residential apartments, which are located in the close proximity of the Shenzhen Facility. Under the Agreements, we and/or our employees, as the case may be, must enter into separate sales and purchase agreements with Shenzhen Xin Hao Fang for any or all of these 13 apartments in order to exercise the right to purchase and acquire property titles. Given that YT Printed Circuit has not yet entered into such separate sales and purchase agreements with Shenzhen Xin Hao Fang with regard to any of the 13 apartments, YT Printed Circuit has in fact not yet purchased any of the 13 apartments.

The purpose of entering into the Agreements is to reserve the right to purchase those first-hand residential apartments located near the Shenzhen Facility for our key employees at supervisory or above level to purchase as employee benefit. The Directors believed that, given its quality and convenient location near the Shenzhen Facility, the real estate development project would be popular. The Directors also believed that, as compared to our employees, the Group was better positioned, taking into account its credibility, funds and bargaining power, to negotiate with Shenzhen Xin Hao Fang. Therefore, YT Printed Circuit, the Group's subsidiary in Shenzhen, proceeded to reserve the right to purchase the 13 apartments on behalf of the employees by way of group purchase. Our Directors and senior management have the right to determine the eligibilities of employees for the purchases of 13 apartments. Our senior management will recommend to the Board of Directors suitable employees. The selected employees are subject to the approval of the Directors and senior management. We aim to retain these employees with long-term relationships by accommodating their housing needs at a location in the close vicinity of the workplace.

Major terms of the Agreements with Shenzhen Xin Hao Fang with respect to the 13 apartments include:

- the total purchase price of the 13 apartments amounts to RMB6,954,812, 90% of which shall be paid upon the execution of the Agreements. The payments for the remaining 10% purchase price of 13 apartments were subsequently agreed as follows since three selected employees were confirmed to purchase three respective apartments: (i) YT Printed Circuit shall pay the remaining 10% purchase price of 11 apartments; and (ii) for the other two apartments, the selected employees shall arrange to pay Shenzhen Xin Hao Fang the remaining 10% purchase price of such two appointments;

- YT Printed Circuit shall notify Shenzhen Xin Hao Fang the identities of selected employees who will purchase the apartments;

- within seven days from the receipt of such notification, Shenzhen Xin Hao Fang shall confirm with relevant banks whether the selected employees are eligible for mortgage arrangements. If the selected employees are qualified to apply for mortgage arrangements, subject to the timing of the receipt of bank payments under the mortgage arrangements, Shenzhen Xin Hao Fang will arrange the entry into sale and purchase agreements and the relevant formalities with the selected employees. In the event that the selected employees are disqualified to apply for mortgage arrangements, YT Printed Circuit may provide other employees to replace the disqualified employees; and

- within five days from Shenzhen Xin Hao Fang's receipt of bank payments according to the mortgage arrangements, Shenzhen Xin Hao Fang shall fully refund YT Printed Circuit the purchase price paid in advance with respect to the apartments which have been purchased by employees from Shenzhen Xin Hao Fang.

Upon execution of the Agreements, YT Printed Circuit had paid Shenzhen Xin Hao Fang in aggregate RMB6,259,331, representing approximately 90% of the total purchase price of 13 residential apartments. YT Printed Circuit subsequently paid in aggregate RMB588,834, representing approximately 10% of the total purchase price of 11 residential apartments by November 2013. As at 31 December 2011, 2012 and 2013 and 31 May 2014, YT Printed Circuit's prepayment relating to the acquisition of the 13 apartments amounted to nil, nil, RMB6,848,165 and RMB6,309,576, respectively. We do not expect to recognise any gain or loss resulting from the prepayments and refunds, if any, with respect to these 13 apartments.

Out of the 13 apartments, YT Printed Circuit has already paid RMB5,349,748 to Shenzhen Xin Hao Fang, representing an aggregate of 100% of the respective purchase price of ten apartments. The titles of these ten apartments (which have not yet been used by the Group for any production process and the title defect of which will not have any material adverse impact on the Group) were not yet issued as at the Latest Practicable Date, which will be directly issued to any employees who purchase such apartments. Pursuant to the Agreements with Shenzhen Xin Hao Fang as abovementioned, within five days from Shenzhen Xin Hao Fang's receipt of bank payments under the mortgage arrangements (which is conditional on Shenzhen Xin Hao Fang's entry into sale and purchase agreements with the selected employee(s) and the completion of the relevant formalities), Shenzhen Xin Hao Fang shall fully refund YT Printed Circuit the amounts paid for such apartments. YT Printed Circuit intends to formally purchase these ten apartments to be used as staff quarters if such apartments are not purchased by employees by the second quarter of 2015.

For the remaining three apartments, YT Printed Circuit has paid RMB538,589, RMB481,519 and RMB478,309, representing 100%, 90% and 90% of the purchase price of respective apartments, on behalf of three employees of the Group to Shenzhen Xin Hao Fang. In November 2013, an employee entered into a sale and purchase agreement with Shenzhen Xin Hao Fang to acquire one of the said apartments and, as agreed among the employee, Shenzhen Xin Hao Fang and YT Printed Circuit, such employee shall pay RMB538,589, representing 100% of the purchase price to YT Printed Circuit as a repayment of the amount paid in advance while Shenzhen Xin Hao Fang would not refund the payments for such apartment to YT Printed Circuit. In addition, such employee was not required to enroll in mortgage arrangements for the payment of the purchase price. As such, the terms in relation to the refund by Shenzhen Xin Hao Fang in the Agreements would not apply. In January and February 2014, YT Printed Circuit received the repayment in full from the employee by two installments. In October 2013, two employees entered into sales and purchase agreements and with Shenzhen Xin Hao Fang to acquire the remaining two apartments. In January 2014, these employees entered into mortgage arrangements with commercial banks, which drew down payments to Shenzhen Xin Hao Fang in February 2014. In August 2014, YT Print Circuit received refunds from Shenzhen Xin Hao Fang amounted to RMB959,828, representing 90% of both of the purchase price of the respective apartments. Our Directors confirm that, due to the unintended and inadvertent oversight by our finance staff regarding Shenzhen Xin Hao Fang's failure to timely refund the purchase price paid in advance to us after the receipt of the relevant bank payments as required under the Agreements, we did not collect the refunds from Shenzhen Xin Hao Fang with respect to these two apartments, until our internal control personnel identified these overdue amounts and sought refunds from Shenzhen Xin Hao Fang in August 2014. We expect to enhance our internal control in terms of the collections of the future refunds from Shenzhen Xin Hao Fang with respect to the ten apartments which have not been formally purchased, by implementing measures, including among others, (i) requirement of timely notifications made to us by the selected employees to purchase these apartments upon the entry into the sale and purchase agreements with Shenzhen Xin Hao Fang as well as upon the bank payments to Shenzhen Xin Hao Fang according to the mortgage arrangements; (ii) record keeping of such notifications; and (iii) regular review of collections of refunds by designated staff. The property titles of the three apartments were issued to these three employees in December 2013. As advised by King & Wood Mallesons, our PRC legal adviser, according to the usual mortgage loan process in the PRC, although the Shenzhen Real Estate Ownership Registration Centre issued the real estate ownership certificates and transferred the ownership of the two apartments to the two employees in December 2013, the real estate ownership certificates (which are usually held by vendors or its designated agents, or by the lending bank) are not delivered to the purchasers at this point in time. Upon completion of the mortgage arrangements (including mortgage registration), the lending bank will allow mortgage loan drawdown. The real estate ownership certificates will be delivered to the purchasers upon loan drawdown, or be escrowed by the bank until full mortgage loan repayment. Therefore, the transaction process of the two apartments as mentioned above does not violate the relevant PRC laws and regulations.

As advised by King & Wood Mallesons, our PRC legal adviser, since the property titles are and will be issued directly to the employees, or us, who purchase the apartments, the agreements to reserve the purchase order and the arrangements thereunder do not constitute "sub-sale" of those 13 apartments.

Our PRC legal adviser is of the view that the agreements with Shenzhen Xin Hao Fang are legally valid and binding upon the parties thereto, and do not violate any prohibitive provisions of the PRC laws and regulations.

As advised by our PRC legal adviser, according to the Interpretation of the Supreme People's Court on Certain Issues Concerning the Application of Law in Trying Cases Involving Disputes over Contracts on Purchase and Sale of Commodity Premises (最高人民法院關於審理商品房買賣合同糾紛案件適用法律若干問題的解釋) effective on June 1, 2003, transfer of possession of properties shall be deemed as delivery for use of the properties and the risk of damage to, and destruction of, the properties shall be borne by the seller before they are delivered for use, and by the buyer subsequent to that. In addition, under the relevant PRC laws, any title transfer of properties shall be registered with the competent housing administration department. Given that the ten apartments have not been delivered for use by Shenzhen Xin Hao Fang either to us or to the selected employees as at the Latest Practicable Date, nor have title transfer processes been initiated or completed as at the Latest Practicable Date, the legal titles of the ten apartments remain with Shenzhen Xin Hao Fang and Shenzhen Xin Hao Fang shall bear the risk of loss of such apartments.

Properties in Hong Kong

As at the Latest Practicable Date, we own three industrial units, with an aggregate saleable floor area of approximately 3,320 square feet in Hong Kong. Cushman & Wakefield Valuation Advisory Service (HK) Ltd., the property valuer of our Company, had valued the properties owned by us as at 30 September 2014. The text of the letter and the valuation report issued by the Independent Valuer are set out in the appendix headed "Appendix III — Property Valuation" to this prospectus.

The table below sets forth our properties and leases in Hong Kong with details of location, size and primary use as at 30 September 2014.

Location	Size/Saleable Floor Area (Land/building structure) (square feet)	Primary use	Notes
Owned property			
Workshops 09, 10 and 14 on 8th Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon	N/A / 3,320	Ancillary office and warehouse	—

Location	Size/Saleable Floor Area (Land/building structure) (square feet)	Primary use	Notes
Lease			
Flat E on 15th Floor and Flat Roof immediately above Tower 5, and Car Parking Space No. 11 on Car Park B1, One Beacon Hill, No. 1 Beacon Hill Road	N/A / 1,180	Residential apartment and car parking	The property, comprising a residential apartment and a car parking space, is currently leased by YT Industrial for a term commencing on 1 June 2014 and expiring on 31 May 2016 at a monthly rent of HK$55,000 inclusive of rates, government rent and management fees.
Light Van Parking Space No. 19, 1st Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon	N/A / N/A	Light van parking	The property, comprising a light van parking space, is currently leased by the Group at a monthly rent of HK$1,500.

Our 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 (“HK Headquarters”), owned by YT Technology and YT Industrial respectively to Yantek Electronics Company Limited at a consideration of approximately HK$23.1 million on 18 November 2014. Yantek Electronics Company Limited (as landlord) has then leased the HK Headquarters to YT Technology for the Group’s use on 18 November 2014 for a term from 25 November 2014 to 24 November 2016. For more information on the disposal and lease back relating to our headquarter office, please refer to the section headed “Connected Transactions — Exempt Continuing Connected Transactions — 2. Lease agreement relating to headquarter office” in this prospectus.

INSURANCE

We believe our insurance policies are in line with industry practice. In the PRC, we maintain all risk insurance policies covering losses arising from risks including fire, casualty, life and health and other risks associated with our business operations. The Group also maintains business interruption insurance and product liability insurance for certain subsidiaries in PRC and Hong Kong. In addition, we maintain environmental pollution liability insurance and insurance for construction in progress. For insurance for our employees in the PRC, please refer to the paragraph headed “Welfare Contributions” in this section of this prospectus.

In Hong Kong, we maintain property insurance and accident liability insurance policies covering vehicles, and certain insurance policies for our employees. In addition, we maintain credit insurance policies to insure against counter-party risk with our customers.

We believe that our insurance coverage is adequate with respect to our business operations. During the Track Record Period and up to the Latest Practicable Date, no incident had occurred as a result of which we would have had to make any significant claims under these insurance policies.

EMPLOYEES

We had 1,029, 1,236, 1,075 and 1,026 employees as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. We had 1,094 employees as at the Latest Practicable Date. During the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our staff costs were approximately HK$74.1 million, HK$88.5 million, HK$88.2 million and HK$37.6 million, respectively.

The table below sets forth the aggregate number of employees, categorised by function, and the percentage of each category of our total employees as at the Latest Practicable Date.

Function	Number of Employees	Percentage of Total Employees
Production	576	52.7%
Quality Control and quality assurance	257	23.5%
Procurement and logistic	102	9.3%
R&D	62	5.7%
Administration and Finance	55	5.0%
Sales and Marketing	34	3.1%
Other	8	0.7%
Total:	**1,094**	**100.0%**

The table below sets forth the aggregate number of employees, categorised by geographic location, and the percentage of each category of our total employees as at the Latest Practicable Date.

Geographic location	Number of Employees	Percentage of Total Employees
PRC	1,076	98.4%
Hong Kong	18	1.6%
Total:	**1,094**	**100.0%**

We recruit employees based on our position vacancies. Our human resource department reports position vacancies with job descriptions to our responsible senior management for approval. We generally seek qualified candidates through open job markets. We arrange interviews and go through selection procedures. We recruit employees who possess required knowledge, skills and relevant experience for the specific positions.

We provide all of our employees at the Shenzhen Facility with on-the-job education, training and other opportunities to improve their skills and knowledge. Newly hired employees at the Shenzhen Facility generally attend a six-day training program within the first week of working, including an introduction to corporate culture, workplace safety, products, operation manual, production process and rules of conduct. In order to improve skills and efficiency, employees are required to attend on-the-job training on a quarterly basis and on an as-needed basis. We provide sponsorship for employees receiving external training. Employees in a specific department receive training relevant to their roles, such as environmental safety, accounting or internal control, as the case may be.

We enter into individual employment agreements with our employees, specifying terms regarding, among other things, salaries, benefits, training, workplace safety and hygiene, confidentiality obligations relating to trade secrets, non-competition and grounds for termination. The remuneration package of our employees includes salary, bonuses, paid leave, accommodation and allowances. Our employees also receive welfare benefits including medical care, retirement pension and other miscellaneous benefits, as well as social insurance and housing provident fund required by the PRC and mandatory provident funds required by Hong Kong laws and regulations. For more details on social welfare contributions please refer to the paragraph headed "Welfare Contributions" in this section of this prospectus.

We have established an incentive programme that provides rewards to individuals and teams that contribute significant value to us. We also offer annual performance based bonus to our employees who contribute to the technology innovations. We conduct employee review once a month and offer bonus to employees with outstanding performance, such as timely completion of production, compliance with safety measures and reduction in production waste. Our employee retention rate ranged from 51% to 63% for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively, due to a high turnover rate of our migrant workers.

We have adopted a labour union for our employees in the PRC. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any major labour dispute or other labour disturbances that have interfered with our operations.

WELFARE CONTRIBUTIONS

We must comply with PRC laws and regulations relating to social welfare. In accordance with applicable PRC regulations, we currently participate in social insurance contribution plan organised by the relevant local governments, under which we are required to pay in respect of each of our relevant employees a monthly contribution of an amount equal to the specified minimum amount. The amount of contribution as a percentage of the specified minimum amount may vary depending on a number of factors, including the requirements of the relevant local government and the wages of the employees. In addition, we currently provide employees with a pension insurance programme, medical insurance programme, unemployment insurance programme, individual work injury programme, maternity insurance contributions and employee housing provident fund contributions. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the total amount of our social welfare fund contribution was approximately HK$5.3 million, HK$4.7 million, HK$6.2 million and HK$2.6 million, respectively. During the Track Record Period, we did not pay in full social insurance contributions and housing provident fund contributions in full for all of our employees. For more details, please refer to the paragraph headed "Compliance — Non-compliance" in this section of this prospectus. For risks relating to social welfare fund contribution, please refer to the section headed

"Risk Factors — Risks Relating to our Business — Our non-compliance with certain laws and regulations regarding social insurance and housing provident fund in the PRC could lead to the imposition of fines and penalties on us".

In Hong Kong, we make contributions to the mandatory provident fund scheme and medical benefits plans for our employees.

HEALTH AND SAFETY

We regard occupational health and safety as one of our important corporate and social responsibilities. Our business involves operational risks that, if the relevant health and safety measures are not strictly complied with, could result in damage or destruction of property, death and personal injury, business interruption and possible legal liabilities.

We are subject to the PRC laws and regulations regarding labour, safety and workplace incidents. Pursuant to the Work Safety Law of the PRC (中華人民共和國安全生產法), the Regulations on Work Safety Accident Reporting and Investigation (生產安全事故報告和調查處理條例), we have implemented our internal safety manual, among other policies, to establish operating procedures for work safety, accident handling, accident rescue and safety training.

We provide safety protection to our employees working in our Shenzhen Facility, which include providing them with adequate safety equipment and ensuring that our Shenzhen Facility has adequate precautionary measures. In addition, we ensure that our Shenzhen Facility is not cluttered and have clear walk-paths for our employees. Warning signs against smoke and heat emissions are also placed at prominent locations.

We have adopted a series of measures to protect our employees during the course of work, including formulating a safety manual as a master safety management guideline, new employee training, regulation education conducted with our employees and supervision by our Directors and senior management. Our manager is responsible for daily implementation of our safety measures. Our administrative department is responsible for the compliance record keeping.

When there is an accident or emergency, immediate report to our administrative department and appropriate responsive actions are required. The department supervisor involved in the accident shall record the accident in details, including place, location, time, cause, injuries, loss analysis and responsible actions taken. Our administrative department informs the relevant authorities about the workplace injuries.

For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, we had fourteen, nine, fifteen and five, respectively, of our employees sustained personal injuries in connection with our production processes. From 1 June 2014 to the Latest Practicable Date, five of our employees were injured during our production processes. The accidents were primarily due to the employee's breach of our safety guidelines, unfamiliarity with the production process, operation of machinery and our safety requirements. We informed the relevant authorities immediately after the accidents and all of the injured employees were compensated through mandatory occupation injury insurance. During the Track Record Period and up to the Latest Practicable Date, we had no outstanding amount due to the injured employees, nor did we have unresolved claims or disputes with respect to the injured employees.

We emphasise the compliance with the relevant labour and safety laws and regulations as well as our internal safety measures. We continue to strengthen our implementation of the safety measures, including enhanced employee training to increase their awareness of work safety, dedicated safety supervisors to implement compliance inspection and improvement of our production process. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — Personal injuries may occur in the course of our production processes, which may result in personal injury claims, cessation of business or civil and criminal penalties" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had complied with the PRC workplace safety regulatory requirements in all material respects and have not had any incidents or complaints which had materially and adversely affected our operations.

COMPLIANCE

Licences and Permits

The following table sets out the material permit and/or licence granted to the Group as at the Latest Practicable Date:

Licence/permit	Permit no.	Issuing authority	Date of issue	Date of expiry	Industry	Type of waste discharge
Guangdong province waste discharge permit (廣東省污染物排放許可證)	4403012010000254	Urban Planning, Land and Resources Commission of Shenzhen Municipality (深圳市人居環境委員會)	1 April 2010	1 April 2015	PCBs	waste water, waste gases

Save as disclosed in the paragraph headed "Compliance — Non-compliance" in this section of this prospectus, during Track Record Period and as at the Latest Practicable Date, we have obtained all material requisite licences, permits, approvals and consents and relevant certificates. As advised by King & Wood Mallesons, our PRC legal adviser, as at the Latest Practicable Date, we had obtained all material requisite licences, permits, approvals and consents and relevant certificates relating to our incorporation or necessary for our business operation in the PRC. As at the Latest Practicable Date, all such licences, permits, approvals and consents and relevant certificates were in force.

Non-compliance

The table below sets out summaries of certain of our historical material and systemic non-compliance with relevant applicable laws and regulations.

Event(s) of non-compliance	Particulars of non-compliance	Reason(s) for the non-compliance	Relevant laws and regulations and legal consequence(s) and maximum potential penalty and other financial liabilities	Remedial action(s) taken/to be taken
Since 2008, YT Printed Circuit used and continues to use the land of which the land use rights have been withdrawn and the building structures constructed thereon.	YT Printed Circuit built certain building structures on the parcel of land of approximately 65,297 sq.m. on which our Shenzhen Facility is located and which we were granted the land use right in 2004. YT Printed Circuit subsequently obtained the building ownership for the building structures. However, the land use right for the parcel of land of an area of approximately 4,429 sq.m. was withdrawn in 2008 by the then Shenzhen Land Bureau due to rezoning and the building ownership for the building structures built above for an aggregate floor area of approximately 1,767 sq.m. was therefore withdrawn accordingly. As part of the rezoning and in connection with the land use right withdrawal, YT Printed Circuit was granted another parcel of land with a comparable site area of approximately 4,430 sq.m., on which we constructed our R&D centre. For more details, please refer to the paragraph headed "Properties — Properties in the PRC" in this section of this prospectus. YT Printed Circuit used and continues to occupy and use the relevant land and buildings it no longer possesses the corresponding valid title certificates. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties were imposed on YT Printed Circuit.	Due to rezoning, the Shenzhen Land Bureau withdrew the land. YT Printed Circuit continued to occupy and use the land and building structures constructed thereon as YT Printed Circuit did not receive formal removal notice, which YT Printed Circuit considered as an implied consent to use.	According to the Property Law of the PRC (中華人民共和國物權法) and relevant laws and regulations, where any property is under an unauthorized possession, the right holder may require the returning of the property. In this regards, the relevant governmental authority may require YT Printed Circuit to vacate from the affected building structures, demolish the structures and return the properties that have been withdrawn, but no penalty or fine will be imposed for this non-compliance under the current PRC laws and regulations.	On 14 July 2014, YT Printed Circuit conducted a face-to-face interview with Pingshan Branch of Shenzhen Land Commission (深圳市規劃和國土資源委員會坪山管理局) (the successor of Shenzhen Land Bureau), the competent governmental authority for rezoning in Pingshan New District, it was confirmed that YT Printed Circuit would not be required to return the relevant land use right or buildings prior to 31 December 2015 and YT Printed Circuit might continue to use such properties before that date as the rezoning plan will not be implemented in 3 to 5 years. The government also confirmed no penalty had been and would be imposed on YT Printed Circuit for the aforesaid matter. The aforementioned confirmations were given by Pingshan Branch of Shenzhen Land Commission to YT Printed Circuit during the interview, throughout which representatives from YT Printed Circuit, the Sole Sponsor and King & Wood Mallesons, being our PRC legal adviser, were present. As advised by our PRC legal adviser, according to the Institutional Reform Program of Shenzhen People's Government (深圳市人民政府機構改革方案) and the public information posted on the official website of Shenzhen Land Commission, Shenzhen Land Commission was officially established in September 2009 and assumed the functions of Shenzhen Land Bureau which was abolished in the meantime. In addition, according to the public information posted on the official website of Shenzhen Land Commission, the Pingshan Branch is a sub-bureau established by Shenzhen Land Commission in Pingshan New District and is responsible for, among others, land requisition, land withdrawal and housing relocation within the Pingshan New District. Furthermore, the Pingshan Branch confirmed in the face-to-face interview conducted in July 2014 that it had the competent authority to manage the land withdrawal matters within the Pingshan New District. Therefore, even though the titles of our properties were withdrawn by Shenzhen Land Bureau in February 2008, the Pingshan Branch is a competent authority to provide the verbal confirmation that the Company will not be required to return such properties when the face-to-face interview was conducted in July 2014. Based on the aforesaid interview with the competent authority, our PRC legal adviser is of the view that the likelihood that the relevant authority will order us to demolish or require us to return the affected land and vacate from the building structures prior to 31 December 2015 or impose any penalty on us is relatively low. In addition, the Controlling Shareholders will enter into a Deed of Indemnity with and in favour of the Group to provide indemnities in respect of monetary fines, settlements payments and any associated costs and expenses which would be incurred or suffered by them in connection with the aforesaid non-compliance occurred on or before the Listing Date. Accordingly, no provision has been made in the Group's financial information. YT Printed Circuit completed the construction of the Shenzhen New Facility in July 2014. It is expected that the Shenzhen New Facility will commence its trial operation by the first quarter of 2015. We expect to gradually relocate our affected operations at the Shenzhen Facility to the Shenzhen New Facility.

Event(s) of non-compliance	Particulars of non-compliance	Reason(s) for the non-compliance	Relevant laws and regulations and legal consequence(s) and maximum potential penalty and other financial liabilities	Remedial action(s) taken/to be taken
Failure to obtain construction works planning permits (建設工程規劃許可證) and construction works commencement permits (建築工程施工許可證) for certain building structures.	YT Printed Circuit had not obtained the construction works planning permits (建設工程規劃許可證) and the construction works commencement permits (建築工程施工許可證) for certain building structures in an aggregate gross floor area of approximately 6,105 sq.m. which are used for production and ancillary purposes such as office, drilling room and warehouse in the Shenzhen Facility. As a result, YT Printed Circuit is not able to obtain the building ownership certificates for such structures. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties were imposed on YT Printed Circuit.	The failure to obtain the relevant certificates was due to unintentional oversight of the employee who was responsible for the relevant procedures of permit application.	According to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法), Construction Law of the PRC (中華人民共和國建築法), and relevant laws and regulations, companies shall obtain construction works planning permits (建設工程規劃許可證) and construction works commencement permits (建築工程施工許可證) for structures they build. Pursuant to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法), if a construction project proceeds without obtaining the construction works planning permit or is in violation of the requirements thereof, the relevant planning authorities shall order the construction entity to stop construction. If it is still possible for the construction entity to take measures to eliminate the impact on the implementation of the planning, the relevant planning authorities shall order the construction entity to correct within a prescribed time limit and impose a fine ranging from above 5% to below 10% of the construction cost; if it is impossible to take measures to eliminate the impact, the relevant planning authorities shall order the construction entity to complete the demolitions of the building or structure within a prescribed time limit and confiscate the real objects or the illegal gain when the demolitions are not available, and may also impose a fine not more than 10% of the construction cost. The total construction costs for the relevant building structures amounted to RMB3,395,454 (equivalent to approximately HK$4.2 million). As a result, we are subject to a maximum penalty of RMB339,545 (equivalent to approximately HK$424,000) calculated based on 10% of the construction costs. Pursuant to the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例), the construction entity which starts construction without the relevant construction works commencement permit, or without its construction commencement report being approved, shall be ordered to cease construction activities and take remedial action within a prescribed period of time and shall be subject to a fine ranging from above 1% to below 2% of the construction cost. In the event that construction entity delivers the project for use without inspection for acceptation, it shall be ordered to make corrections and shall be imposed a fine of not less than 2% but not more than 4% of the price stipulated in the contract for the project; if a loss is caused, it shall assume the responsibility for compensation according to law. The total construction costs for the relevant building structures accounted for RMB3,395,454 (equivalent to approximately HK$4.2 million). As a result, we are subject to a fine of RMB101,864 to RMB203,727 (equivalent to approximately HK$127,000 to HK$254,000) calculated based on 3% to 6% of the construction costs of the building structures due to the failure to obtain the relevant building certificates.	On 14 July 2014, YT Printed Circuit conducted a face-to-face interview with the Pingshan Branch of the Shenzhen Land Commission (深圳市規劃和國土資源委員會坪山管理局) (the successor of Shenzhen Land Bureau), the competent governmental authority for the construction works planning in Pingshan New District, it was confirmed that, as there was no complaint or disputes regarding such structures, it had no objection for YT Printed Circuit to use such structures at least up to 31 December 2015, and it would not require YT Printed Circuit to demolish the structures at least up to 31 December 2015 or penalize YT Printed Circuit for the aforesaid matter. The aforementioned confirmations were given by Pingshan Branch of Shenzhen Land Commission to YT Printed Circuit during the interview, throughout which representatives from YT Printed Circuit, the Sole Sponsor and King & Wood Mallesons, being our PRC legal adviser, were present. On 15 September 2014, YT Printed Circuit conducted a face-to-face interview with Shenzhen Pingshan New District City Construction Bureau (深圳市坪山新區城市建設局) ("Pingshan Construction Bureau"), the competent authority responsible for granting construction works commencement permits in Pingshan New District, and it confirmed orally that Pingshan Construction Bureau fully acknowledged the fact that part of the manufacturing facility YT Printed Circuit occupied and used had not obtained the construction works commencement permits, and it would not impose any administrative penalties which may cause negative effects to the business operation of YT Printed Circuit given that YT Printed Circuit planed to relocate to a new manufacturing facility in 2015. Based on the aforesaid interviews with the competent authority, our PRC legal adviser is of the view that the likelihood that the relevant authority will order us to demolish or require us to vacate from the affected building structures prior to 31 December 2015 or impose any penalty on us is relatively low. In addition, the Controlling Shareholders will enter into a Deed of Indemnity with and in favour of the Group to provide indemnities in respect of monetary fines, settlements payments and any associated costs and expenses which would be incurred or suffered by them in connection with the aforesaid non-compliance occurred on or before the Listing Date. Accordingly, no provision has been made in the Group's financial information. YT Printed Circuit completed the construction of the Shenzhen New Facility in July 2014. It is expected that the Shenzhen New Facility will commence its trial operation by the first quarter of 2015. We expect to gradually relocate our affected operations at the Shenzhen Facility to the Shenzhen New Facility.

Event(s) of non-compliance	Particulars of non-compliance	Reason(s) for the non-compliance	Relevant laws and regulations and legal consequence(s) and maximum potential penalty and other financial liabilities	Remedial action(s) taken/to be taken
Inadequate social insurance contribution payments by YT Printed Circuit from December 2001 to June 2014	During the Track Record Period, YT Printed Circuit did not make full social insurance payments for all of its employees and did not make such payments based on the actual wages of employees. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties were imposed on YT Printed Circuit.	Employees with relatively high turnover rate and, in particular, for those who are migrant workers and who are not willing to participate in the social welfare schemes of the city to which they migrant temporarily generally, prefer a cash payment in lieu of their payments of social insurance contribution. In addition, there is inconsistency in implementation or interpretation of the relevant PRC laws and regulations among governmental authorities in the PRC.	According to the Social Insurance Law of the PRC (中華人民共和國社會保險法) and other relevant regulations, PRC companies are required to make social insurance contributions for employees based on the actual wages of such employees, which shall cover basic pension insurance, unemployment insurance, basic medical insurance, workplace injury insurance and maternity insurance. Under the relevant PRC laws and regulations, for the unsubscribed social insurance contribution prior to 1 July 2011, being the effective date of the Social Insurance Law of the PRC (中華人民共和國社會保險法), the relevant governmental authority may require a company who fails to pay social insurance contributions to make the outstanding contribution within a given period of time and, if the company fails to do so, may impose on the company an additional late payment fee of 0.2% per day of the outstanding amount. For the unsubscribed social insurance contribution after 1 July 2011, the relevant governmental authority may require the company to make the unsubscribed contribution with an additional late payment fee at a daily rate of 0.05% of the outstanding contribution from the due date within a given period and, if the company fails to do so, may impose a fine on the company ranging from one to three times of the total amount of the unsubscribed contribution.	During the Track Record Period, our Group made social insurance contributions of approximately HK$2.5 million, HK$2.9 million, HK$4.3 million and HK$1.8 million, respectively. Our Group has also made provisions on potential claims of unpaid social insurance contributions for our Group's employees in the PRC during the Track Record Period HK$1.9 million, HK$1.0 million, HK$1.3 million and HK$0.5 million, respectively, assuming a two-year statutory limitation period after having considered the relevant laws and regulations as well as the practice in the PRC. YT Printed Circuit received confirmation letter dated 24 July 2014 from Shenzhen Social Insurance Fund Management Bureau (深圳市社會保險基金管理局), the competent governmental authority in Shenzhen for the local social welfare scheme. The letter confirms that, during the Track Record Period, YT Printed Circuit was not penalized by the bureau for any violation of laws and regulations on social insurance contribution. YT Printed Circuit conducted a face-to-face interview on 23 July 2014 and a follow-up interview on 5 August 2014, with Shenzhen Social Insurance Fund Management Bureau Pingshan Branch (深圳市社會保險基金管理局坪山分局), the competent local governmental social welfare authority in Pingshan New District, it was confirmed that YT Printed Circuit would not be required to make up for any past outstanding social insurance contributions or be penalised for such past non-compliances. Based on the aforesaid interviews with the competent authorities, our PRC legal adviser is of the view that the likelihood that the relevant authority will order us to make up for any past outstanding social insurance contributions or penalize us for the past non-compliances is relatively low. In addition, the Controlling Shareholders will enter into a Deed of Indemnity with and in favour of the Group to provide indemnities in respect of monetary fines, settlements payments and any associated costs and expenses which would be incurred or suffered by them in connection with the aforesaid non-compliance occurred on or before the Listing Date. Since July 2014, YT Printed Circuit has been in strict compliance with the relevant requirements under the Social Insurance Law of the PRC.

Event(s) of non-compliance	Particulars of non-compliance	Reason(s) for the non-compliance	Relevant laws and regulations and legal consequence(s) and maximum potential penalty and other financial liabilities	Remedial action(s) taken/to be taken
Inadequate housing provident fund payment by YT Printed Circuit from December 2001 to June 2014	During the Track Record Period, YT Printed Circuit did not make full housing provident fund payments for all of its employees and did not make such payments based on the actual wages of employees. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties were imposed on YT Printed Circuit.	Employees with relatively high turnover rate and, in particular, for those who are migrant workers and who are not willing to participate in the social welfare schemes of the city to which they migrant temporarily generally, prefer a cash payment in lieu of their payment of housing provident fund. In addition, there is inconsistency in implementation or interpretation of the relevant PRC laws and regulations among governmental authorities in the PRC.	According to the Administrative Regulations on the Housing Provident Fund of the PRC (住房公積金管理條例) and other relevant regulations, PRC companies are required to register with the relevant housing provident fund authority and make housing provident fund contribution for employees. During the Track Record Period, YT Printed Circuit did not make adequate contribution to housing provident fund for its employees. According to the relevant PRC laws and regulations, the relevant governmental authority may require us to make the unsubscribed contribution within a given period of time, and, if we fail to do so within the given period of time, may impose a fine ranging from RMB10,000 to RMB50,000 and may file before a PRC court for an order to enforce the payment.	During the Track Record Period, our Group made housing provident fund of approximately HK$0.2 million, HK$0.2 million, HK$0.2 million and HK$0.1 million, respectively. Our Group has also made provisions on potential claims of unpaid housing provident fund for our Group's employees in the PRC during Track Record Period HK$0.7 million, HK$0.6 million, HK$0.4 million and HK$0.2 million, respectively, assuming a two-year statutory limitation period after having considered the relevant laws and regulations as well as practice in the PRC. YT Printed Circuit received confirmation letter dated 24 July 2014 from Shenzhen Housing Provident Fund Management Centre (深圳市住房公積金管理中心), the competent governmental authority in Shenzhen for the local housing provident fund. The letter confirms that, during the Track Record Period, YT Printed Circuit was not penalized by the centre for any violation of laws and regulations on housing provident fund. YT Printed Circuit conducted a face-to-face interview on 24 July 2014 and a follow-up interview on 5 August 2014 with Shenzhen Housing Provident Fund Management Centre Longgang Department (深圳市住房公積金管理中心龍崗管理部), the competent local governmental authority for the housing provident fund management and collection in Pingshan New District, it was confirmed that YT Printed Circuit would not be required to make up for any past outstanding contributions to housing provident fund or be penalised for such past non-compliances. Based on the aforesaid interviews with the competent authorities, our PRC legal adviser is of the view that the likelihood that the relevant authority will order us to make up for any past outstanding housing provident fund contributions or penalize us for the past non-compliances is relatively low. In addition, the Controlling Shareholders will enter into a Deed of Indemnity with and in favour of the Group to provide indemnities in respect of monetary fines, settlements payments and any associated costs and expenses which would be incurred or suffered by them in connection with the aforesaid non-compliance occurred on or before the Listing Date. Since July 2014, YT Printed Circuit has been in strict compliance with the relevant requirements under the Administrative Regulations on the Housing Provident Fund of the PRC.

Event(s) of non-compliance	Particulars of non-compliance	Reason(s) for the non-compliance	Relevant laws and regulations and legal consequence(s) and maximum potential penalty and other financial liabilities	Remedial action(s) taken/to be taken
Non-compliance with section 122 of the Predecessor Companies Ordinance	Since their respective dates of incorporation in 1992 and 2001, the audited accounts of each of YT Industrial and YT Technology for each financial year were prepared but were not laid at the annual general meetings within nine months from the end of the respective financial periods.	The failure was due to the unintended and inadvertent oversights of the time limits requirements under the relevant sections of the Predecessor Companies Ordinance made by external company secretarial who was responsible for company secretarial and accounting matters at the material times. The annual general meetings were convened at the anniversary of the incorporation of the relevant company each year which was more than nine months from the end of financial periods.	Section 122 of the Predecessor Companies Ordinance The maximum penalty in respect of a breach of the section 122 of the Predecessor Companies Ordinance is a fine of HK$300,000 and 12 months' imprisonment. *(Note)*	N/A

Note: As advised by our legal counsel, Mr. Jon K.H. Wong, a barrister-at-law in Hong Kong, (i) the likelihood of prosecution against the companies and its directors is relatively low; (ii) in the unlikely event of conviction against the relevant subsidiaries, the risk of imposing the aggregate penalties of more than HK$180,000 is a low one; and (iii) the chance of imprisonment of the relevant directors (namely Mr. Chan and Mrs. Chan) of the relevant subsidiaries is remote.

Our legal counsel gave the above advice on the basis that (i) it was the first offence (not prosecuted before) of the relevant subsidiaries and the directors; (ii) the non-compliance was inadvertent and not committed wilfully and was likely due to genuine mistakes; and (iii) evidence from the affected shareholders or ultimate beneficial owners of the relevant subsidiaries shows that no prejudice has been caused to them as a result of the non-compliance.

In addition, the Controlling Shareholders will enter into a Deed of Indemnity with and in favour of the Group to provide indemnities in respect of monetary fines, settlements payments and any associated costs and expenses which would be incurred or suffered by them in connection with the aforesaid non-compliance occurred on or before the Listing Date.

Accordingly, no provision has been made in the Group's financial information.

Internal control review

We have engaged SHINEWING as our independent Internal Control Consultant to perform compliance procedures review in connection with our internal control policies related to the historical non-compliance events.

We make progress payments to SHINEWING upon receipt of invoices. The scope of work covers the historical non-compliance events including (i) lack of land use rights; (ii) lack of buildings ownership; (iii) failure to make full payment of social insurance contributions and housing provident fund; and (iv) failure to lay audited accounts at the annual general meetings. SHINEWING performed the work in relation to our internal controls and put forward recommendations.

SHINEWING performed compliance procedures review on historical non-compliance events, which include, amongst the others, (i) YT Printed Circuit continued to occupy and use the portion of land located at the Shenzhen Facility of which the land use rights have been withdrawn in 2008, as well as the buildings constructed thereon; (ii) YT Printed Circuit failed to obtain the relevant title certificates for certain building structures located at the Shenzhen Facility; (iii) YT Printed Circuit had certain outstanding social insurance contribution and housing fund provident payments for certain of its employees during the period from December 2001 to June 2014; and (iv) each of YT Industrial and YT

Technology failed to lay the audited accounts which had been prepared at the annual general meetings within nine months from the end of the respective financial periods from respective dates of incorporation in 1992 and 2001 up to 2013.

In relation to the above mentioned findings, SHINEWING further put forward respective recommendations, namely, (i) improvement on human resource administration; (ii) strict compliance with the land acquisition procedure and lawful land use; (iii) strict compliance with of building construction procedure and lawful building use; and (iv) timely held board meetings and submission of company filing.

As at the Latest Practicable Date, the following actions have been taken to implement the recommendation put forward by SHINEWING at the relevant subsidiaries of our Group. Mr. Lai Hau Yin, our chief financial officer and company secretary, has been appointed to monitor and ensure our future compliance with the relevant laws and regulations.

- *social insurance contribution and housing fund provident.* YT Printed Circuit has improved the human resource administration for employees, amongst the others, (i) making personal employment records for each of the employees, (ii) proper registration of the corresponding employment terms with the local authority; (iii) making detailed pay slips available to employees after the review and approval by human resource manager, finance manager and vice president, (iv) timely publication of the relevant performance review requirements; and (v) finance department being responsible for timely payment made each month. Internal employee manual and the relevant human resource administrative policies have been implemented.

- *land use right*. YT Printed Circuit has adopted the internal controls to comply with the relevant land grant procedures, including amongst the others, (i) the chief financial officer and company secretary is responsible for submitting the budget proposals and execution timetables for land acquisition prepared by department managers to the Board for discussion and approval; (ii) the valid land use right certificate shall be a prerequisite for land acquisition; (iii) the Board shall monitor the use of its land and buildings to ensure the land is occupied in an area and in a manner in conformity with the granted land use rights; and (iv) immediate report to the Board should be made in the event that occupying properties with defective titles occurs. The relevant land acquisition and land use administrative policies have been implemented.

- *building certificates*. YT Printed Circuit has adopted the internal controls to comply with construction planning, commencement, completion and acceptance procedures before the relevant buildings are delivered for use, including amongst the others, (i) the chief financial officer and company secretary is responsible for submitting the budget proposals and execution timetables for construction prepared by department managers to the Board for discussion and approval; (ii) in addition to the requirements in relation to land acquisition, the Board shall ensure timely applications for the construction works planning permits and construction works commencement permits for the relevant building constructions, the Board will also monitor the progress through weekly meetings with senior management and department managers; (iii) upon completion of construction, timely applications shall be undertaken (by the responsible designated employee) for the certificate of completion; (iv) the Board shall monitor the use of its land and buildings to ensure the land is occupied in an area and in a manner in conformity with the granted land use rights; and (v) immediate report to the Board should be made in the event that occupying properties with defective titles occurs. The relevant building construction administrative policies have been implemented.

- *company filings.* YT Industrial and YT Technology have implemented the relevant corporate governance procedures including, amongst the others, (i) timely convening of the annual general meeting and laying of the audited accounts before shareholders with our Group's chief financial officer and company secretary being responsible for preparing the timetable, notice, agenda and minutes of the annual general meeting; (ii) timely convening board meetings if the companies change registered offices, secretaries, directors, director's details and authorised capital; (iii) appropriate record keeping of board minutes by our Group's chief financial officer and company secretary and the approval by the board of directors, as well as the timely filings of annual return; (iv) monitoring of the company filings by our chief financial officer and company secretary; and (v) seeking legal advice when necessary. The relevant company administration procedures have been implemented.

At the corporate level, the following actions in terms of our internal controls have been taken to prevent the recurrence of the non-compliance incidents, including: (i) establishment of an internal reporting system for our employees to report potential issues to the management; (ii) establishment of internal audit system to ensure the compliance of the relevant laws and regulations; (iii) engagement of company secretary to supervise the implementation of the relevant laws and regulations; (iv) establishment of audit committee, which comprise of three independent non-executive Directors, to assist the Board of Directors in terms of financial report procedures and risk management, to supervise audit and to perform other duties designated by the Board of Directors; (v) establishment of seeking independent professional advice; and (vi) continuing education for employees, senior management and Directors in terms of compliance.

After considering the above rectification and improvement actions taken by our Group, our business nature and operation scale, our Directors are satisfied that our internal control system is adequate and effective for our current operation and consider that the non-compliance incidents do not have any material impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules and our suitability for listing under Rule 8.04 of the Listing Rules. Save as disclosed above and considering the rectification and improvement actions taken by our Group, the Directors are of the view that there are no further material issues with regard to our Company's internal controls. SHINEWING is of the view that the current internal control system has been properly designed to prevent the recurrence of those historical non-compliance events.

The Sole Sponsor is of the view that the historical non-compliance incidents of our Group do not affect the suitability of the Directors under Rules 3.08, 3.09 and 8.15 of the Listing Rules, and the suitability for the Listing under Rule 8.04 of the Listing Rules on the following grounds:

- as part of the Listing process, the Directors have undergone directors' training in connection with, among other things, the duties of directors under the Listing Rules and the applicable laws provided by our legal counsel as to Laws of Hong Kong.

- after making enquiries with the management of our Company and reviewing the findings provided by our internal control consultant regarding our Group's internal control system, nothing has come to the Sole Sponsor's attention that our Company's enhanced internal control measures are inadequate or ineffective.

Save as disclosed above, to the best knowledge of our Directors, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations applicable to us in all material respects concerning our operations.

LEGAL PROCEEDINGS

We were, in the past, from time to time involved in disputes or legal proceedings arising from the ordinary course of our business. During the Track Record Period, we filed lawsuits against two respective PRC customers in connection with the overdue payments for goods in the amount of US$369,547 (excluding damages in the amount of RMB495,760) and US$169,915 (excluding interests), respectively. The two cases were ruled in favour of us as to overdue payments and interests during the first instance and both of them were appealed. As at the Latest Practicable Date, the first case was still pending for final judgment, while in the second case, the court, in its final judgment, ruled in favour of us for the overdue payments and interests. The respective overdue payments have been fully provided in our combined financial statements. King & Wood Mallesons, our PRC legal adviser is of the opinion that as the two cases were brought by us, it would not materially affect our business operations, financial condition and reputation.

Save as disclosed above, as at the Latest Practicable Date, there were no litigation or arbitration proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our business, financial condition or results of operations.

CONNECTED TRANSACTIONS

Member of our Group has entered or proposes to enter into, and is expected to continue after the Global Offering, certain transactions, which will constitute continuing connected transactions under the Listing Rules upon the Global Offering which are fully exempt from independent shareholders' approval, annual review and all disclosure requirements. The details of such continuing connected transactions are set out in the section headed "Connected Transactions" in this prospectus.

DIRECTORS

The Board consists of seven members, three of whom are independent non-executive Directors. The power and duties of the Board include convening shareholders' meetings and reporting the Board's work at shareholders' meeting, implementing resolutions passed at shareholders' meetings, determining our Group's business plans and investment plans, formulating our Group's annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of share capital as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles of Association. All the executive Directors have entered into service contracts with our Group.

The following table sets out the information regarding the current Directors of our Company.

Name	Age	Position	Appointment Date	Date of joining the Group	Principal roles	Relationship with other Directors
Mr. Chan	65	Chairman, executive Director and chief executive officer	8 July 2014	23 January 1992	Corporate strategic planning and overall business development of the Group	Spouse of Mrs. Chan, father of Mr. Chan YK and Mr. Chan YW
Mrs. Chan	65	Executive Director	8 July 2014	19 September 1996	Overseeing the administration, purchasing and logistics of the Group, corporate strategic planning and overall business development of the Group	Spouse of Mr. Chan, mother of Mr. Chan YK and Mr. Chan YW
Mr. Chan YK	36	Executive Director	8 July 2014	1 April 2011	Overseeing factory expansion, information technology, human resources and building management of the Group	Son of Mr. Chan and Mrs. Chan, brother of Mr. Chan YW
Mr. Chan YW	35	Executive Director	8 July 2014	1 July 2003	Overseeing the sales and marketing of the Group	Son of Mr. Chan and Mrs. Chan, brother of Mr. Chan YK
Mr. Chung Yuk Ming	66	Independent non-executive Director	18 November 2014	18 November 2014	Performing the role as an independent non-executive Director, chairman of our audit committee, member of our remuneration committee and nomination committee	Nil

Name	Age	Position	Appointment Date	Date of joining the Group	Principal roles	Relationship with other Directors
Mr. Yeung Kam Ho	51	Independent non-executive Director	18 November 2014	18 November 2014	Performing the role as an independent non-executive Director, chairman of our nomination committee and member of remuneration committee and audit committee	Nil
Mr. Yau Wing Yiu	47	Independent non-executive Director	18 November 2014	18 November 2014	Performing the role as an independent non-executive Director, chairman of our audit committee and member of our remuneration committee and our nomination committee	Nil

Executive Directors

Mr. Chan Wing Yin (陳榮賢), aged 65, is our Chairman, executive Director and chief executive officer. He is the founder of the Group and has participated in the management of the Group since January 1992. Mr. Chan is the director of all our subsidiaries. Mr. Chan is responsible for the corporate strategic planning and overall business development of the Group. Mr. Chan is the spouse of Mrs. Chan, the father of Mr. Chan YK and Mr. Chan YW, all being the executive Directors.

Before incorporation of YT Industrial in 1992, Mr. Chan was a sole proprietorship conducting business under the name of Yan Tat (HK) Industrial Co. from September 1989, which was primarily engaged in the manufacturing of PCBs and which enabled Mr. Chan to acquire relevant industry knowledge and accumulate relevant experience. Mr. Chan has more than 25 years of experience in the PCB production and sales.

Mr. Chan currently serves as vice chairman of the Fujian Chamber of Commerce in Shenzhen (深圳市福建商會), the vice chairman of The Employers' Federation of Shenzhen (深圳市企業投資者聯合會) since September 2004 and currently as the honorary president of the highest ranking members (最高級別會員榮譽會長) since 2010. Mr. Chan is also currently the vice chairman of China Printed Circuit Association (中國印製電路行業協會) (CPCA) since March 2010. Mr. Chan was recognised as "Pioneer Worker" by CPCA in 2012.

Mr. Chan attended his secondary school education in Fujian province, the PRC from 1962 to 1964.

Mrs. Chan Yung (陳勇), aged 65, is our executive Director and vice president. She has participated in the management of the Group since September 1996. Mrs. Chan is one of the directors of four of our subsidiaries. Mrs. Chan is responsible for overseeing the administration, purchasing and logistics of the Group, corporate strategic planning and overall business development of the Group. Mrs. Chan is the spouse of Mr. Chan, the mother of Mr. Chan YK and Mr. Chan YW.

Mrs. Chan completed her secondary school education in Fujian province, the PRC in June 1968.

Mr. Chan Yan Kwong (陳恩光), aged 36, is our executive Director and vice president. Mr. Chan YK is the son of Mr. Chan and Mrs. Chan, and the brother of Mr. Chan YW. Mr. Chan YK is one of the directors of three of our subsidiaries.

Mr. Chan YK joined our Group in April 2011 and is primarily responsible for overseeing factory expansion, information technology, human resources and building management of the Group. Prior to joining our Group, Mr. Chan YK worked at Benoy Limited (a private architectural firm) from June 2006 to March 2011 with his last position as a senior graphic designer where he was responsible for coordinating project construction and installation and architectural design.

Mr. Chan YK obtained a higher diploma in graphic design in Hong Kong Technical Colleges (currently known as Hong Kong Institute of Vocational Education) in Hong Kong in September 1999. Mr. Chan YK then graduated from London College of Printing (currently known as London College of Communication) in the United Kingdom in May 2002 and received a bachelor's degree of arts in Graphic and Media Design and was awarded a professional development award in Print Production (Print Packaging and Buying) in August 2002. He also obtained a master's degree in Interactive Digital Media at The University of Sussex in the United Kingdom in November 2004. Mr. Chan YK has been a member of the Youth Committee of Hong Kong Printed Circuit Association since January 2013.

Mr. Chan Yan Wing (陳恩永), aged 35, is our executive Director and vice president. Mr. Chan YW is the son of Mr. Chan and Mrs. Chan, and the brother of Mr. Chan YK. Mr. Chan YW is one of the directors of two of our subsidiaries.

Mr. Chan YW has approximately 11 years of experience in the PCB industry. Mr. Chan YW joined our Group in July 2003 and is primarily responsible for overseeing the sales and marketing of the Group.

Mr. Chan YW graduated from University of London in the United Kingdom with a bachelor's degree of science in Management in August 2002. Mr. Chan YW has been a member of the Youth Committee of Hong Kong Printed Circuit Association since January 2013 and the vice chairman of the Fujian Chamber of Commerce in Shenzhen (深圳市福建商會) since January 2012.

Independent non-executive Directors

Mr. Chung Yuk Ming (鍾玉明), aged 66, was appointed as our independent non-executive Director on 18 November 2014. Mr. Chung has over 30 years of experience in manufacturing of motor cars, toys, electronics and communications. Mr. Chung works for L.K. Technology Holdings Limited (stock code: 558) since February 2001 (for the period from October 2006 to March 2014, Mr. Chung served as the executive director) with his current position as a consultant, where he was responsible for the strategic planning, the finance and investment. From July 1988 to January 2001, Mr. Chung worked for Kader Holdings Company Limited (stock code: 180) (a toy manufacturer) with his last position as an executive director, where he was responsible for overseeing all the operation of the group. From May 1986 to June 1988, he worked as a financial controller for Wong's Electronics Co., Ltd., a company which is principally engaged in the manufacturing of high-end electronics products, where he was primarily responsible for accounting and treasury. Between April 1984 and May 1986, Mr. Chung worked as a financial controller in WEBCOR Telecommunication Ltd. (a telephone manufacturer) where he was primarily responsible for accounting and the overall management of the group. From July 1982 to March 1984, Mr. Chung served as a chief accountant in Swedish Motors Ltd. (a sales agent of automobile) where he had the responsibility for all financial and economic control functions in the company.

Mr. Chung was a director of a private company, Maxprofit Development Limited, which was incorporated in Hong Kong and was dissolved by striking off on 14 May 1999 for not filing the annual return to the Companies Registry for two consecutive years. According to Mr. Chung, the said company was solvent and dormant at the time of it being struck off and the dissolution of the said company has not resulted in any liability or obligation imposed against him.

Mr. Chung obtained a master's degree in Business Administration in the University of East Asia (currently known as University of Macau) in the Macau Special Administrative Region in May 1989. He is currently a fellow member of the Hong Kong Institute of Directors.

Mr. Yeung Kam Ho (楊錦浩), aged 51, was appointed as our independent non-executive Director on 18 November 2014. In addition, Mr. Yeung worked for OUB(HK) Securities Limited (a stock broker) since June 1997 as the sales director, and he currently works as associate director in UOB Kay Hian (Hong Kong) Limited (which merged with OUB(HK) Securities Limited in 2002) where he is primarily responsible for managing equity brokerage services.

Mr. Yeung studied various subjects including accounting and financial management for four years from 1984 to 1987 at Azusa Pacific University in the United States.

From January 1993 to May 2007, Mr. Yeung worked for Sun Hung Kai Investment Limited. From 1989 to 1991, Mr. Yeung worked in Christfund Securities Limited (formerly known as Hang Fung Securities Limited) with his last position as a manager.

Mr. Yeung has over 20 years of experience in securities industry, the Company considers his expertise in securities industry and his knowledge in the capital markets in Hong Kong would benefit the development of the Company upon Listing by providing guidance on matters in relation to corporate finance and capital markets.

Mr. Yau Wing Yiu (邱榮耀), aged 47, was appointed as our independent non-executive Director on 18 November 2014. Mr. Yau has more than 22 years of working experience in the field of finance and accounting including some with international accounting firms. Mr. Yau has been a financial controller of Prosperity Investment Holdings Limited (stock code: 310) ("Prosperity Investment") (principally engaged in investment and other related assets) since September 2011, where he has been responsible for accounting and finance. Prior to joining our Group and Prosperity Investment, from July 2008 to July 2011, Mr. Yau worked for Anxian Yuan China Holdings Limited (formerly known as China Boon Holdings Limited, stock code: 922) (an operator of cemetery in the PRC) as the financial controller and company secretary where he was responsible for finance and company secretarial matters. From July 2006 to July 2008, Mr. Yau worked for Fufeng Group Limited (stock code: 546) (a food additive manufacturer) as the qualified accountant, company secretary and authorised representative. From October 2005 to June 2006, Mr. Yau worked for Golden Eagle Retail Group Limited (stock code: 3308) (an operator of department store) as the qualified accountant, company secretary and authorised representative. From March 2004 to October 2005, Mr. Yau worked for Changchun Da Xing Pharmaceutical Company Limited (a manufacturer of pharmaceutical products) as the qualified accountant, company secretary and authorised representative. From February 2003 to December 2003, Mr. Yau worked as the qualified accountant and company secretary in Natural Pharmatech (Jilin, the PRC) Co., Ltd (a manufacturer of pharmaceutical products) where he was responsible for accounting and company secretarial matters of Hong Kong. Between August 2001 and November 2002, Mr. Yau worked as a manager in Horwath Hong Kong CPA Limited. From July 1998 to February 2000, Mr. Yau worked as an audit manager in Moores Rowland, a certified public accountants' firm. Form July 1997 to July 1998, Mr. Yau worked as an assistant manager in KPMG Peat Marwick (a certified public accountants' firm). From March 1995 to May 1997, Mr. Yau worked for Moores Rowland with his last position as an audit supervisor. From September 1994 to February 1995, Mr. Yau worked in Logic Office Supplies Ltd., a company which is principally engaged in office furniture manufacturing with his last position as an accountant. From September 1992 to September 1994, Mr. Yau joined KPMG Peat Marwick with his last position as a senior accountant. From October 1987 to September 1989, Mr. Yau worked for KPMG Peat Marwick with his last position as an accountant.

Mr. Yau graduated from the Hong Kong Polytechnic University in Hong Kong in October 1992 with a bachelor's degree of arts in Accountancy. Mr. Yau has been an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants since April 1994 and March 2000 respectively.

Save as disclosed, each of the Directors is not or has not been a director of any other publicly listed company during the three years preceding the date of this prospectus.

Save as disclosed herein, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there were no other matters with respect of the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to the Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

The following table sets out the information regarding the current senior management members of our Company.

Name	Age	Position	Date of appointment as a senior management	Date of joining the Group	Principal roles	Relationship with the Directors
Mr. Lai Hau Yin	47	Chief financial officer and company secretary	19 March 2014	19 March 2014	Overseeing the financial planning, accounting and company secretarial affairs of the Group	Nil
Mr. Leung Siu Yat	49	Vice president	15 November 2004	15 November 2004	Supervising and management of the PCB factory production	Nil
Mr. Ho David Pei Yen	59	Vice president	6 January 2004	6 January 2004	Long term departmental planning, daily operation of sales, quality assurance and research & development departments	Nil

Mr. Lai Hau Yin (黎孝賢), aged 47, was appointed as our chief financial officer in March 2014 and our company secretary in August 2014 and is mainly responsible for overseeing the financial planning, accounting and company secretarial affairs of our Group. Mr. Lai has over 20 years of experience in the areas of audit and accounting. Prior to joining our Group, Mr. Lai worked for Integrated Waste Solutions Group Holdings Limited (stock code: 923), which is principally engaged in waste recycling and waste solutions providers business, from May 2012 to September 2013 with his last position as an executive director and chief financial officer, where he was primarily responsible for the financial and accounting matters of the group. From June 2008 to July 2010, Mr. Lai served as the group financial controller and company secretary of Zhongsheng Group Holdings Limited (stock code: 881) (automobile dealership business), where he was primarily responsible for the financial reporting and company secretarial matters of the group. From September 2002 to October 2007, he was the group financial controller in L.K. Technology Holdings Limited (stock code: 558), which is principally engaged in design and manufacture of die casting machine where he was primarily responsible for accounting and company secretarial matters of the group. From February 2001 to June 2002, he was a project controller of Carry Wealth Holdings Limited (stock code: 643) (a garment manufacturer), where he was primarily responsible for the accounting and financial planning of the company. From March 1997 to January 2001, Mr. Lai worked for Kaiser Group Holdings Limited (a leather garment manufacturer) with his last position as the financial controller where he was mainly responsible for the finance of the group both in Hong Kong and the PRC. From March 1993 to March 1997, Mr. Lai worked for Chiu and Poon (a certified public accountants' firm) with his last position as the audit supervisor where he was mainly responsible for auditing.

Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants since February 2009, a certified public accountant of the Australian Society of Certified Practising Accountants since September 1996 and a certified tax adviser of the Taxation Institute of Hong Kong since January 2014.

Mr. Lai obtained a bachelor's degree in Business from Deakin University of Australia in Australia in December 1992, a master's degree in Business Administration from West Coast Institute of Management & Technology in Australia in May 2000 (long distance learning course), and a master's degree in Business Administration from the European University of Ireland in Ireland in December 2001 (long distance learning course).

Mr. Leung Siu Yat (梁少逸), aged 49, first joined our Group as a production manager and the vice president in November 2004 and is mainly responsible for supervising and management of the PCB factory production of our Group. Mr. Leung has over 27 years of experience in the PCB industry. Prior to joining our Group, Mr. Leung worked for Ellington (Guangdong) Electronics Technology Company Limited (a PCB manufacturer) as a deputy general manager of a manufacturing factory from August 2000 to September 2004. From January 1997 to July 2000, he worked for Kalex Printed Circuit Board Ltd. (a PCB manufacturer) with his last position as an assistant production manager. From March 1986 to January 1997, Mr. Leung worked for Kalex Circuit Board (Hong Kong) Ltd., a PCB manufacturer, as a production superintendent. Mr. Leung was mainly responsible for overseeing the factory operation and supervising the production staff in these past positions. Mr. Leung completed his secondary school education in Guangdong province, the PRC in July 1981.

Mr. Ho David Pei Yen (賀培嚴), aged 59, was appointed as our vice president in January 2004 and is mainly responsible for long-term departmental planning and overseeing the daily operation of the sales, quality assurance and research & development departments of our Group. Mr. Ho has over 19 years of experience in the PCB industry. Prior to joining our Group, Mr. Ho worked for Enigma Interconnect Corp. (formerly known as Circuit Graphics Ltd, a PCB manufacturer) in Canada with his last position as president from 1993 to 2002, where he was mainly responsible for implementing new technology in PCB production and business development.

Mr. Ho obtained a diploma of technology in mechanical technology from British Columbia Institute of Technology, Canada in June 1980. Mr. Ho was accredited as an associate member of the Society of Engineering Technologists of British Columbia in Canada in June 1980.

Save as disclosed above, each of the senior management has not been a director of any other publicly listed company during the three years preceding the date of this prospectus.

COMPANY SECRETARY

Mr. Lai Hau Yin (黎孝賢) has been the chief financial officer and the company secretary of our Company since March 2014 and August 2014 respectively. His biographical details are set out in the above section headed "Directors and senior management — Senior management".

BOARD COMMITTEES

Audit Committee

The Company established an audit committee on 18 November 2014 with its written terms of reference in compliance with the Listing Rules and the Corporate Governance Code set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee are, among other things, to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board.

Our audit committee consists of three members, being Mr. Yau Wing Yiu, Mr. Yeung Kam Ho and Mr. Chung Yuk Ming. Mr. Yau currently serves as the chairman of our audit committee.

Remuneration Committee

The Company established a remuneration committee on 18 November 2014 with its written terms of reference in compliance with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are, among other things, to evaluate the performance and make recommendations on the remuneration of our Directors and senior management.

Our remuneration committee consists of five members, being Mr. Chung Yuk Ming, Mr. Yeung Kam Ho, Mr. Yau Wing Yiu, Mr. Chan YK and Mr. Chan YW. Mr. Chung currently serves as the chairman of our remuneration committee.

Nomination Committee

The Company established a nomination committee on 18 November 2014 with its written terms of reference by reference to the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are, among other things, to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

Our nomination committee consists of five members, being Mr. Chung Yuk Ming, Mr. Yeung Kam Ho, Mr. Yau Wing Yiu, Mr. Chan YK and Mr. Chan YW. Mr. Yeung currently serves as the chairman of our nomination committee.

CORPORATE GOVERNANCE CODE

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 currently performs these two roles. Our 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 our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save as disclosed above, our Company expects to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports upon the Listing.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

During the Track Record Period, the aggregate amount of fees, salaries, contributions to pension schemes, housing and other allowances, discretionary bonus and other benefits in kind paid by us to our Directors and senior management for each of the years ended 31 December 2011, 2012 and 2013 and five months ended 31 May 2014 were approximately HK$6.7 million, HK$10.2 million, HK$8.3 million and HK$3.2 million, respectively. The aggregate amount of fees, salaries, contributions to pension schemes, housing and other allowances, discretionary bonus and other benefits in kind paid by us to the five highest paid individuals of our Group, excluding Directors, for each of the years ended 31 December 2011, 2012 and 2013 and five months ended 31 May 2014 were approximately HK$3.5 million, HK$5.8 million, HK$4.3 million and HK$1.4 million, respectively. Under the arrangements currently in force, the aggregate remuneration of our Directors paid or payable (including benefits in kind but excluding any discretionary bonus which may be paid) in respect of the year ending 31 December 2014 is estimated to be approximately HK$6.0 million.

REMUNERATION POLICY

Our executive Directors, the independent non-executive Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of our Group. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of the Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group. After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme under which employees of the Group including executive Directors, senior management, key employees and other eligible participants may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarised in the section headed "Statutory and general information — Other Information — 13. Share Option Scheme" in Appendix V to this prospectus.

COMPLIANCE ADVISER

Our Company has appointed Guotai Junan Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules.

We have entered into a compliance adviser's agreement with the compliance adviser, the material terms of which we expect to be as follows:

(a) we have appointed the compliance adviser for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the date of listing of our Shares on the Stock Exchange and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of publication of our financial results for the first full financial year after the Listing Date, unless terminated earlier in accordance with the terms of the compliance adviser's agreement;

(b) the compliance adviser shall provide us with such advisory services as are required to be provided by a compliance adviser pursuant to Chapter 3A of the Listing Rules and advise us in the following circumstances:

  (i) before the publication of any regulatory announcement, circular or financial report;

  (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including but not limited to share issues and share repurchases;

  (iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry with us regarding unusual movements in the price or trading volume of the Shares.

(c) we may terminate the appointment of the compliance adviser if the compliance adviser's work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable to the compliance adviser as permitted by Rule 3A.26 of the Listing Rules. The compliance adviser will have the right to terminate its appointment by giving not less than 14 day's notice to us or if we commit a material breach of the agreement.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Offer Size Adjustment Option or options which have been or may be granted under the Share Option Scheme), Million Pearl will effectively hold 75% of the total issued share capital of our Company. Million Pearl is held as to 70% by Mr. Chan and 30% by Mrs. Chan. Million Pearl, together with Mr. Chan and Mrs. Chan, will continue to control more than 30% of our issued share capital and will remain as the Controlling Shareholders after the Global Offering. For the background of the Controlling Shareholders (being Mr. Chan and Mrs. Chan, both are the executive Directors), please refer to the section headed "Directors and Senior Management" in this prospectus.

Save as disclosed above, there is no other person who will, immediately following the completion of the Global Offering (without taking into account of any allotment and issue of Shares pursuant to the Offer Size Adjustment Option or exercise of options to be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

Apart from our Group, our Controlling Shareholders and their respective close associates are currently conducting other businesses or holding interest directly or indirectly in certain companies which are engaged in businesses not in competition with the businesses of our Group. These other businesses of our Controlling Shareholders and their respective associates include the trading of fast-moving consumer goods such as skin care products, food and beverage business and property investment.

As we are principally engaged in manufacturing of PCBs and none of the businesses owned by the Controlling Shareholders and their respective associates outside the Group are related to PCBs, our Directors are of the view that there are clear delineations between the principal businesses of our Company and those of the above companies owned by our Controlling Shareholders and their respective associates.

None of Controlling Shareholders and Directors and their respective close associates are interested in any business that competes or is likely to compete, either directly or indirectly, with the business of our Group. To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition with us to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with our businesses.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders (collectively, the "Non-Competing Covenantors") has entered into the Deed of Non-Competition in favour of our Company, pursuant to which the Non-Competing Covenantors have undertaken to our Company (for itself and for the benefit of each of the members of our Group) that, with effect from the date of Listing and for as long as our Shares remain so listed on the Stock Exchange and our Controlling Shareholders are individually or collectively with any of his/its close associates interested directly or indirectly in not less than 30% of the issued ordinary share capital of our Company (the "Restricted Period"), the Non-Competing Covenantors or their respective close associates shall not, (i) directly or indirectly engage in, participate or hold any right or interest in or render any services to or otherwise be involved in any business (whether as owner, director, operator, licensor, licensee, partner, shareholder, joint venturer, employee, consultant or otherwise) in competition with or likely to be in competition with the existing business carried on by our Group including but not limited to manufacturing of PCBs, including Conventional PCBs and Special Material PCBs both comprise single-sided, double-sided and multi-layered PCBs (the "Restricted Business"); and (ii) directly or indirectly take any action which constitutes an interference with or a disruption of the Restricted Business including, but not limited to, solicitation of our Group's customers, suppliers or personnel of any member of our Group.

The aforesaid undertaking does not apply with respect to the holding of or being interested in, directly or indirectly, any shares in any company which conducts or is engaged in, directly or indirectly, any Restricted Business, provided that:

(a) such shares are listed on a recognised stock exchange;

(b) the total number of such shares held by any of the Non-Competing Covenantors and/or their respective close associates does not amount to more than 10% of the issued shares of that class of such company in question; and

(c) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets (individually or collectively with their respective close associates) as shown in that company's latest audited accounts.

The Non-Competing Covenantors have further undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the "New Opportunity") identified by or offered to the Non-Competing Covenantors and/or any of their close associates (other than members of our Group) (the "Offeror") is first referred to us in the following manner:

(a) the Non-Competing Covenantors are required to, and shall procure their close associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to us, and shall give written notice to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) the New Opportunity would constitute competition with our core business and/or any other new business which our Group may undertake at the relevant time, and (ii) it is in the interest of our Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the "Offer Notice"); and

(b) the Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from us declining the New Opportunity and confirming that the New Opportunity would not constitute competition with our core business, or (ii) the Offeror has not received the notice from us within 10 business days from our receipt of the Offer Notice; if there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity as so revised to us in the manner as set out above.

Upon receipt of the Offer Notice, we will seek opinions and decisions from a committee of our independent non-executive Directors who do not have a material interest in the matter as to whether (a) such New Opportunity would constitute competition with our core business, and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up the New Opportunity. In assessing whether or not to pursue the New Opportunity, our independent non-executive Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, our business and the legal, regulatory and contractual landscape and form their views based on the best interest of the Shareholders and our Company as a whole, and if necessary, our independent non-executive Directors will consider to engage an independent third party valuer to evaluate the New Opportunity. Our independent non-executive Directors are also entitled to engage an independent financial adviser, at the cost of our Company, in connection with analysing whether to pursue the New Opportunity.

Each of the Non-Competing Covenantors jointly and severally undertakes to indemnify and keep indemnified our Group against any damage, loss or liability suffered by our Company or any other member of our Group arising out of or in connection with any breach of its undertakings and/or obligations under the Deed of Non-Competition, including any costs and expenses incurred as a result of such breach provided that the indemnity contained in this clause shall be without prejudice to any other rights and remedies our Company is entitled to in relation to any such breach, including specific performance, and all such other things and remedies are hereby expressly reserved by our Company.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

(1) our independent non-executive Directors will review, on an annual basis, the Deed of Non-Competition to ensure compliance with the non-compete undertaking by our Controlling Shareholders;

(2) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;

(3) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition in the annual reports of our Company;

(4) our Controlling Shareholders will provide confirmation on compliance pursuant to their undertaking under the Deed of Non-Competition in the annual report of our Company;

(5) any New Opportunity under the Deed of Non-Competition and all other matters determined by our Board as having a potential conflict of interest with our Controlling Shareholders will be referred to the independent non-executive Directors of our Company for discussion and decision. When necessary, such independent non-executive Directors will engage an independent financial adviser to advise them on these matters. In the event that any New

Opportunity presented by otherwise arising in connection with any of our Controlling Shareholders are turned down by our Group according to the Deed of Non-Competition, our Company will disclose such decision, as well as the basis for such decision in the annual report of our Company. The annual report of our Company will include the views and decisions, with bases, of the independent non-executive Directors of our Company on whether to take up any New Opportunity under the Deed of Non-Competition or other matters having a potential conflict of interest with our Controlling Shareholders that have been referred to the independent non-executive Directors;

(6) further, if the Controlling Shareholders or a Director has a conflict of interest in a matter to be considered, he/she/it shall act in accordance with the requirements of the Listing Rules, regarding voting on such matter; and

(7) the compliance adviser of our Company shall provide our Company with professional advice on compliance of continuing obligations under the Listing Rules in accordance with the provisions of the compliance adviser agreement and the requirements of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that our Group will be able to be operationally and financially independent from our Controlling Shareholders and their associates.

Management independence

Our Board comprises four executive Directors and three independent non-executive Directors. Given that Million Pearl has no business operation other than its shareholding interests in our Company, our Directors do not consider that there is any issue in relation to the management independence arising from the overlapping of directors (being Mr. Chan and Mrs. Chan) between our Company and Million Pearl. Despite the interest of the respective associates of our Controlling Shareholders in certain businesses outside our Group, we consider that our Board will function independently from our Controlling Shareholders because:

(a) each Director is aware of his fiduciary duties as a Director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and that he does not allow any conflict between his duties as a Director and his personal interest;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions; and

(c) our board comprises seven Directors and three of them are independent non-executive Directors who represent more than one-third of the members of the Board which is in line with the requirement as set out in the Listing Rules.

Financial independence

Our Group has an independent financial management system and makes financial decisions according to its own business needs. As at 31 May 2014 and the Latest Practicable Date, approximately HK$86,384,000 and HK$83,630,000 were owed by our Group to our Controlling Shareholders and their respective associates, respectively. The decrease was mainly due to the repayment of approximately HK$2.8 million during the period. The entire outstanding amount owed to our Controlling Shareholders and their respective associates as at the Latest Practicable Date will be settled upon Listing by:

(i) setting off against the consideration of approximately HK$23.1 million paid by Yantek for its acquisition of the HK Headquarters (Please refer to the section headed "Connected Transactions" of this prospectus for more details); and

(ii) entering into a deed of waiver by Mr. Chan and Mrs. Chan in favour of the Group by waiving the remaining balance as at the Latest Practicable Date of approximately HK$60.5 million, being the carrying amounts due to shareholders after deducting the consideration for acquisition of the HK Headquarters from the amounts due to shareholders set out in paragraph (i) above. After the waiver, our capital reserve will increase by a corresponding amount.

Similarly, guarantee and/or security provided by our Controlling Shareholders and their respective associates for our bank borrowings (which amounted to approximately HK$126,908,000 as at 31 May 2014) will be released upon Listing. In the circumstances, we believe we are capable of obtaining financing from third parties without reliance on our Controlling Shareholders. Therefore, our Directors believe that the Group is financially independent from our Controlling Shareholders or any of their associates after the Listing.

Operational independence

Our Group has an independent work force to carry out our operation and has not shared its operation team with our Controlling Shareholders' businesses outside our Group. Although during the Track Record Period, there have been certain transactions between us and our related parties, details of which are set out in note 32 to the Accountants' Report, our Directors have confirmed that other than certain financial assistance provided by our Controlling Shareholders and their respective associates which will be discharged upon Listing, those related party transactions (which were trade-related) were conducted in the ordinary course of business and on fairly and reasonably normal commercial terms. Saved as disclosed in the section headed "Connected Transactions" below, none of the historical related party transactions with the connected persons as defined in the Listing Rules are expected to continue after the Listing. Having considered that (i) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities; (ii) our Group has not shared our operational resources, such as customers, marketing, sale and general administration resources with our Controlling Shareholders and/or their associates; and (iii) our Controlling Shareholders have no interest in any of our top five customers, suppliers or other business partners; our Directors consider that our Group can operate independently from our Controlling Shareholders from the operational perspective.

CONNECTED TRANSACTIONS

The Group have entered and will enter into certain transactions with the connected persons which will continue following the Listing and which will constitute continuing connected transactions within the meaning of the Listing Rules.

CONNECTED PERSONS

Yantek Electronics Company Limited

Yantek Electronics Company Limited ("Yantek") is a property holding company, which is beneficially owned as to 34% by Mr. Chan YW, 33% by Mr. Chan YK and 33% by Ms. Chan Yan Sam. Ms. Chan Yan Sam is the sister of Mr. Chan YK and Mr. Chan YW and the daughter of Mr. Chan and Mrs. Chan.

As Mr. Chan YK and Mr. Chan YW are the Directors, Yantek is the associate of Mr. Chan YK and Mr. Chan YW, and hence is considered as connected person of the Group under Rule 14A.07 of the Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon the listing of the Shares on the Stock Exchange, the transactions set forth below will constitute continuing connected transactions (the "Continuing Connected Transactions") for the Company which are fully exempt from the reporting, annual review, announcement requirements and the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules:

1. Lease agreement relating to directors' quarter

Background

Since 2010, Yantek (as landlord) has leased the premises situated at Flat E on 15th Floor and Flat Roof immediately above of Tower 5 and Car Parking Space No. 11 on Car Park B1, One Beacon Hill, No. 1 Beacon Hill Road, Kowloon, Hong Kong with a total gross floor area of approximately 1,473 square feet to YT Industrial (as tenant), for a period commencing from 1 June 2010 to 31 May 2012, at a monthly rental of HK$43,000. The premises is used as staff quarter for Mr. Chan and Mrs. Chan, both are our executive Directors.

On 16 May 2012, YT Industrial and Yantek entered into a new lease agreement (the "2012 Lease") to renew the Lease Agreement for a renewed term from 1 June 2012 to 31 May 2014 and the parties agreed the monthly rental would be HK$50,000.

On 30 May 2014, YT Industrial and Yantek entered into a new lease agreement (the "2014 Lease") to renew the 2012 Lease for a renewed term from 1 June 2014 to 31 May 2016 and the parties agreed the monthly rental would be HK$55,000. The monthly rental is determined on normal commercial terms and with reference to the prevailing market rates of similar properties in the locality.

Historical transaction value

For the year ended 31 December 2011	For the year ended 31 December 2012	For the year ended 31 December 2013
HK$516,000	HK$565,000	HK$600,000

Listing Rules implications

It is estimated that the total amount of rent payable under the 2014 Lease by Yan Tat Industrial to Yantek (being the proposed annual cap) for each of the three financial years ending 31 December 2016 will not be more than HK$660,000 per annum by reference to the agreed monthly rental and the market rates. Since the total consideration is less than HK$3,000,000 per annum and the percentage ratios mentioned in Rule 14.07 of the Listing Rules is less than 5%, the total rent payable under the 2014 Lease falls below the de minimis threshold under Rule 14A.76 of the Listing Rules and this is fully exempt from annual review, independent shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules.

2. Lease agreement relating to headquarter office

Background

The Group disposed 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 ("HK Headquarters"), owned by YT Technology and YT Industrial respectively to Yantek at a consideration of approximately HK$23.1 million on 18 November 2014. Yantek (as landlord) has then leased the HK Headquarters to YT Technology for the Group's use on 18 November 2014 for a term from 25 November 2014 to 24 November 2016 ("Headquarters Lease"). The monthly rental of HK$80,300 under the Headquarters Lease is determined on normal commercial terms and with reference to the prevailing market rates of similar properties in the locality.

During the Track Record Period, Mr. Chan and Mrs. Chan preferred to hold the HK Headquarters through YT Technology and YT Industrial as their family's personal investment to avoid unnecessary administrative work arising from the tenancy agreement with Yantek. The HK Headquarters is a non-core asset in the Group's businesses and therefore the Directors consider not to include the HK Headquarters as part of the Group's assets upon Listing. Since YT Technology and YT Industrial were the owners of the HK Headquarters from the date of acquisition of the HK Headquarters in 1992, 2004 and 2007, respectively, there was no rental paid by the Group during the Track Record Period.

Listing Rules implications

It is estimated that the total amount of rental payable under the Headquarters Lease by YT Technology to Yantek (being the proposed annual cap) for each of the three financial years ending 31 December 2016 will not be more than HK$963,600 per annum by reference to the agreed monthly rental and the market rates. Since the total consideration is less than HK$3,000,000 per annum and the percentage ratios mentioned in Rule 14.07 of the Listing Rules is less than 5%, the total rent payable under the Headquarters Lease falls below the de minimis threshold under Rule 14A.76 of the Listing Rules and this is fully exempt from annual review, independent shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules.

Confirmation from our property valuer

Cushman & Wakefield Valuation Advisory Services (HK) Limited, the property valuer of our Company, has reviewed the rental payable pursuant to each of the 2014 Lease and the Headquarters Lease and considers that the annual rental under each of the 2014 Lease and the Headquarters Lease is fair and reasonable and consistent with the then current market rents for similar premises in similar locations in Hong Kong and the terms of each of the 2014 Lease and the Headquarters Lease are on normal commercial terms and the duration of the lease under each of the 2014 Lease and the Headquarters Lease are consistent with the prevailing market.

Confirmation from Directors

The Directors (including the independent non-executive Directors) confirm that the above Continuing Connected Transactions have been entered into in the ordinary and usual course of the Group's business and are based on normal commercial terms that are fair and reasonable and in the interest of the Shareholders as a whole, and that the rent payable under each of the 2014 Lease and the Headquarters Lease are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

Interest in Company

Name of Shareholder	Capacity/Nature of interest	Number and class of securities[1]	Approximate percentage of interest in the Company
Million Pearl[2]	Beneficial owner	180,000,000 Shares (L)	75%
Mr. Chan	Interest in a controlled corporation[3]	180,000,000 Shares (L)	75%
Mrs. Chan	Interest of spouse[4]	180,000,000 Shares (L)	75%

Notes:

1. The letter "L" denotes the person's long position in the shares of the Company.

2. Million Pearl is directly interested in approximately 75% in our Company (without taking into account any Shares which may be allotted and issued upon any exercise of the Offer Size Adjustment Option and the options which have been or may be granted under the Share Option Scheme).

3. The Company will be held as to approximately 75% by Million Pearl immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options which have been or may be granted under the Share Option Scheme). Million Pearl is held as to 70% by Mr. Chan and 30% by Mrs. Chan. Mr. Chan is the spouse of Mrs. Chan. Under the SFO, Mr. Chan is taken to be interested in the same number of Shares in which Mrs. Chan is interested.

4. Million Pearl is held as to 70% by Mr. Chan and 30% by Mrs. Chan. Mrs. Chan is the spouse of Mr. Chan. Under the SFO, Mrs. Chan is taken to be interested in the same number of Shares in which Mr. Chan is interested.

Save as disclosed herein, our Directors are not aware of any person (who are not Directors or chief executive of our Company) who will, immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account Shares which may be taken up or acquired under the Global Offering and any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme), have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital immediately following completion of the Capitalisation Issue and the Global Offering.

Authorised share capital		*HK$*
10,000,000,000	Shares of HK$0.01 each	100,000,000
Shares issued and to be issued, fully paid or credited as fully paid:		
100	Shares in issue at the date of this prospectus	1
179,999,900	Shares to be issued pursuant to the Capitalisation Issue	1,799,999
60,000,000	Shares to be issued pursuant to the Global Offering (excluding any Shares which may be issued under the Offer Size Adjustment Option and any Shares which may be issued pursuant to exercise of the options which may be granted under the Share Option Scheme)	600,000
240,000,000	Total	2,400,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional.

The table takes no account of Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issuing Mandate given to our Directors to allot and issue or repurchase Shares as described below.

RANKING

The Offer Shares and the Shares that may be issued pursuant to exercise of the Offer Size Adjustment Option will rank *pari passu* in all respects with all other existing Shares in issue as mentioned in this prospectus, and in particular, will be entitled to all dividends and other distributions hereafter declared, paid or made on the Shares after the date of this prospectus save for entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 18 November 2014. Under the Share Option Scheme, the eligible participants of the scheme, including directors, full-time employees of and advisers and consultants to our Company or our subsidiaries may be granted options which entitle them to subscribe for Shares, when aggregated with options granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date. Further details of the rules of the Share Option Scheme are set out in the section headed "Appendix V Statutory and General Information — Share Option Scheme" in this prospectus.

ISSUING MANDATE

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of (a) 20% of the aggregate nominal value of the share capital of our Company in issue as enlarged by the Global Offering and the Capitalisation Issue (but excluding any Shares which may be issued pursuant to the Offer Size Adjustment Option); and (b) the aggregate nominal value of the share capital of our Company which may be repurchased by our Company under the Repurchase Mandate.

Our Directors may, in addition to the Shares which they are authorised to issue under the Issuing Mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options granted under the Share Option Scheme. The aggregate nominal value of the Shares which our Directors are authorised to allot and issue under this Issuing Mandate will not be reduced by the allotment and issue of such Shares.

This Issuing Mandate will expire:

(i) at the conclusion of our Company's next annual general meeting; or

(ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

whichever occurs first.

For further details of the Issuing Mandate, see the section headed "Appendix V Statutory and General Information — Resolutions in writing of the sole Shareholder passed on 18 November 2014" in this prospectus.

REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate to exercise all of the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue, as enlarged by the Global Offering and the Capitalisation Issue (but excluding any Shares of the Company which may be issued pursuant to the Offer Size Adjustment Option).

This Repurchase Mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the section headed "Appendix V Statutory and General Information — Securities repurchase mandate" in this prospectus.

This Repurchase Mandate will expire:

(i) at the conclusion of our Company's next annual general meeting; or

(ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

whichever occurs first.

For further information about this Repurchase Mandate, please see the section headed "Appendix V Statutory and General Information — Resolutions in writing of the sole Shareholder passed on 18 November 2014" in this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, the Company will hold general meetings as prescribed for under the Memorandum of Association and the Articles of Association, a summary of which is set out in "Summary of the Constitution of our Company and the Cayman Islands Company Law" in Appendix IV to this prospectus.

You should read the following discussion and analysis in conjunction with our combined financial information, including the accompanying notes thereto, included in Accountants' Report set out in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with Hong Kong Financial Reporting Standards, which may differ in certain material respects from generally accepted accounting principles in other jurisdictions. This discussion and analysis contains certain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements due to various factors, including those set out in the sections headed "Forward-looking Statements" and "Risk Factors" in this prospectus.

OVERVIEW

We are an OEM provider of PCBs, principally engaged in the production of quality PCBs, which typically meet the industry standards such as IPC standards, as well as our customers' requirements. Our headquarters are located in Hong Kong. Our Shenzhen Facility is located in Shenzhen, the PRC, where we commenced our PCB production in 1992, covering an aggregate production gross floor area of approximately 17,370 sq.m. and have an installed production capacity of approximately 612,000 sq.m. per annum. To meet an increasing demand of our PCBs, we commenced the construction of the Shenzhen New Facility in 2012 covering an aggregate gross floor area of approximately 53,977 sq.m. adjacent to our Shenzhen Facility. The construction of the Shenzhen New Facility completed in July 2014. As at the Latest Practicable Date, we were in the process of applying for the certificate of completion which we anticipate to obtain by the first quarter of 2015. We anticipate that the trial operation at the Shenzhen New Facility will begin by the first quarter of 2015.

All of our PCBs are made-to-order. We produce PCBs according to the specifications and design provided by our customers. As at the Latest Practicable Date, our PCBs include Conventional PCBs and Special Material PCBs, which comprise of three major product categories, including (i) single-sided PCBs; (ii) double-sided PCBs; and (iii) multi-layered PCBs which usually have even layers. Our multi-layered PCBs range from four to fourteen layers. Our Conventional PCBs usually use glass epoxy laminate sheet, a commonly used PCB material. Our Special Material PCBs primarily use various special laminate materials including polyimide, teflon, stainless steel, copper, ceramics and aluminium. Our PCBs are widely used by our PRC and international customers in a variety of electronic products covering sectors including communication, automobile, industrial automation, consumer electronics and medical.

We have achieved a stable track record of sustainable growth. Our revenue increased by 2.7% from HK$561.6 million in 2011 to HK$576.7 million in 2012 and by 0.8% to HK$581.6 million in 2013. Our revenue increased by 19.8% from HK$227.9 million for the five months ended 31 May 2013 to HK$273.0 million for the five months ended 31 May 2014. Our profit for the year increased by 64.1% from HK$18.4 million in 2011 to HK$30.2 million in 2012 and increased by 31.8% to HK$39.8 million in 2013. Our profit for the period increased by 9.8% from HK$14.3 million for the five months ended 31 May 2013 to HK$15.7 million for the five months ended 31 May 2014. For the years ended 31 December 2011, 2012 and 2013 and for the five months ended 31 May 2014, our net profit margins amounted to 3.3%, 5.2%, 6.8% and 5.7%, respectively.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 8 July 2014 as an exempted company with limited liability under the Companies Law. In preparation for the Global Offering, our Group underwent the Reorganisation. For the details of the Reorganisation, please refer to the section headed "History, Corporate Structure and Reorganisation" in this prospectus. As a result of the Reorganisation, the Company became the holding company of the companies now comprising our Group. The companies now comprising our Group were under the common control of the controlling shareholders before and after the Reorganisation. Accordingly, the financial information included in the Accountants' Report have been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of our Group for the Track Record Period and the five-month period ended 31 May 2013 include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The combined statements of financial position of our Group as at 31 December 2011, 2012 and 2013 and 31 May 2014 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on combination.

For more information on the basis of preparation of the financial information included herein, please refer to note 2.2 in Section II to the combined financial information included in Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Growth of the global and PRC PCB industry

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%. It is estimated that the sales value of the global PCB market will increase from US$66.3 billion in 2014 to US$77.2 billion in 2018, representing a CAGR of 3.9%. For more details, please refer to the section headed "Industry Overview" in this prospectus.

According to CRI, our independent market consultant, the PRC PCB market size increased from US$16.8 billion in 2009 to US$26.8 billion in 2013, representing a CAGR of 12.4%, as the PRC become the large producer of electronic products which drove the overall PCB demand. It is estimated that the sale value will increase from US$28.5 billion in 2014 to US$35.9 billion in 2018, representing a CAGR of 5.9%, with the expected growth in the mobile market and 4G network infrastructure.

We expect our sales to PRC customers will grow and our results of operations will continue to be affected by the sustained economic growth and corresponding increase in influence in the global PCB industry.

Demand for our PCBs in the communication and automobile sectors

Our ability to grow will be driven by the development of communication and automobile sectors. Our sales to communication and automobile customers in aggregate accounted for approximately 62.3%, 61.5%, 50.5% and 49.9% of our total revenue for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014. We experienced a decrease in our sales to communication customers from HK$264.3 million in 2011, HK$237.0 million in 2012 and to HK$102.4 million in 2013. In 2011, we recorded large sale volume of our copper-based PCBs due to strong demand from one of our major customers who introduced new products with the copper-based PCB component. Our sales to communication customers slightly increased from HK$41.0 million for the five months ended 31 May 2013 when compared to HK$47.4 million for the five months ended 31 May 2014. However, we were able to maintain the growth as we managed to capture the market demand in the automobile sector. We believe our ability to operate a responsive production to the market movements will become a key factor in our future growth.

According to CRI, our independent market consultant, the rapid development in the PRC's smartphone market and infrastructure of 4G network have driven the overall growth of the PCB market. We expect a significant growth in the global automobile market. We plan to continue to focus on the PRC as well as global markets in the communication and automobile sectors as each of these sectors could create the opportunities to grow our revenue.

Ability to expand production capacity and maintain high utilisation rate

During the Track Record Period, we recorded continued growth in operation. Our business operation is subject to our existing production capacity, which is expected to continue to affect our results of operations. We have historically operated our production facilities at a high utilization rate and our growth has in part been limited by our capacity. During Track Record Period, our installed production capacity for outer layer process is approximately 612,000 sq.m. per annum, while our installed production capacity for inner layer process is approximately 240,000 sq.m. per annum. The installed production capacity for outer layer process, being approximately 612,000 sq.m. per annum, represents the installed production capacity of the Shenzhen Facility. We achieved a high utilisation rate for all PCBs at 66.2%, 65.9%, 79.1% and 78.7%, respectively, during the Track Record Period. The utilisation rate for multi-layered PCBs which require inner layer process remained stable at 39.6% and 39.7% in 2011 and 2012, and increased to 52.3% in 2013 due to the increased in demand from consumer electronics and automobile sectors. The utilisation rate for multi-layered PCBs slightly decreased to 45.9% for the five months of 2014 due to decrease in customer demand during Chinese New Year in January and February 2014. For more details regarding the production capacity and utilisation rate of the Shenzhen Facility during the Track Record Period, please refer to the section headed "Business — Production Facilities — Production Capacity" in this prospectus. We have completed the construction of our Shenzhen New Facility in July 2014 and are in the process to obtain the certificate of completion. Upon the operation at the Shenzhen New Facility, our production capacity is expected to increase by approximately 360,000 sq.m. per annum (excluding the expected increase in production capacity of 324,000 sq.m. per annum upon the completion of relocation in relation to our properties with defective titles). We believe that successful implementation of our planned capacity expansion will impact our future sales volumes, revenue and profits, and enable us to increase our market share.

However, the addition of new production capacity will require an increase in our sales volume and production volume, which in turn will require corresponding expansion of our supporting infrastructure, most importantly further acquisition of automatic machinery, and the expansion of our customer base. We must develop sufficient market share to maintain our high utilisation rates in order to make these expansion plans profitable. Our ability to expand our production facilities while maintaining our high utilization rate will continue to be a key factor to our success.

Level of income tax and preferential treatment

Our profit attributable to shareholders is affected by the level of income tax that we pay and the preferential tax treatment to which we are entitled. In the PRC, YT Printed Circuit is recognised as a high and new technology enterprise and thus is entitled to 15% CIT rate during the granted period. As a result, our Group's effective income tax rate was 17.1%, 11.2%, 7.1% and 18.1%, respectively, during the Track Record Period. Such effective income tax rates are lower than the standard CIT rate of 25%. Unless YT Printed Circuit qualifies for renewal of the high and new technology enterprise qualification or other preferential tax benefits after its high and new technology enterprise certificate expires, it is possible that the standard 25% CIT rate could apply to it in future periods. The change in the applicable CIT rate upon the expiration of preferential tax treatment could have a negative impact on the amount of taxes we pay and consequently have a material adverse impact on our results of operations and financial condition.

Competition

The PCB industry in PRC is highly competitive. The principal competitive factors in the PCB industry include pricing, technology innovation, the enhancement of added value and product quality. Price competition occurs on a market-by-market basis and particularly in the medium and low-end markets. The increasing labour and raw material costs, demand for PCBs with high performance and quality standards, environmental compliance costs and the continued emphasis on environmental protection in the production process may have significant impact on small sized PCB manufacturers. The enhanced competition and our competitiveness will be a key factor to our future market share expansion and improvement in our results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified below the accounting policies that we believe are the most critical to our combined financial statements. Notes 2.4 and 3 to the Accountants' Report included in Appendix I to this prospectus set out in detail our significant accounting policies and accounting judgments and estimates concerning the future. These accounting policies require our Directors to make judgements, estimates and assumptions, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We continue to evaluate our estimates and associated assumptions and base them on our historical experience and various other factors, including expectation of future events, that we believe are reasonable under the circumstances. The results of which form the bases for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results typically differ from these estimates. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to useful life of property, plant and equipment and fair value of financial instruments. No material deviation of our estimates as compared to our actual results were noted in the past, no material changes were made to our estimates in the past and no material changes will likely be made to our estimates in the future.

Revenue recognition

Our Group's revenue is principally generated from the production and selling of PCBs. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales returns.

Revenue from sale of goods is recognised when the goods are delivered and titles have passed based on agreed terms with customers, at which time all the following conditions are satisfied:

- we have transferred to the customer the significant risks and rewards of ownership of the goods;
- we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to us; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. We review the estimated useful lives and residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of the useful lives and residual values are based on the historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Construction in progress are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with our accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Impairment of non-financial assets

We assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

We regularly review the condition of inventories of our Group and write-down the carrying amounts of obsolete and slow-moving inventory items which are identified as no longer for use or sale to their respective net realisable value. We estimate the net realisable value for such inventories based primarily on the current market condition and the historical experience of manufacturing and selling products of similar nature at the end of each reporting period.

The identification of obsolete and slow-moving inventory items requires the use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories is recognized in the periods in which such estimates have been changed.

Trade receivables

Trade receivables are amounts due from our customers for products sold in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The policy for provision for impairment losses of our Group is based on the evaluation of collectibility, the aged analysis of the trade receivables and on our management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period of the Track Record Period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which our Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed as at each of the reporting period-ends of the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Our income tax expenses for the Track Record Period represented our tax liabilities pursuant to the tax rules and regulations in Hong Kong and the PRC in which our group entities operate. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong whereas our subsidiaries established in the PRC are subject to the CIT at a standard rate of 25% during the Track Record Period, except for a subsidiary which qualified as a high and new technology enterprise in the PRC is subject to a lower CIT rate of 15%. The details of our income tax expenses are set out in note 10 to the Accountants' Report included in Appendix I to this prospectus.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. As at each of the reporting period-ends during the Track Record Period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the financial information, the assets and liabilities of our foreign operations are translated into our presentation currency (i.e. HK dollars) using exchange rates prevailing as at each of the reporting period-ends during the Track Record Period. Income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve.

DESCRIPTION OF MAJOR COMPONENTS OF RESULTS OF OPERATIONS

The following table sets forth the principal components of our combined statements of profit or loss.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue* (unaudited)	*HK$'000*	*% of total revenue*
REVENUE	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%
Cost of sales	(439,771)	(78.3%)	(449,616)	(78.0%)	(446,418)	(76.8%)	(174,101)	(76.4%)	(213,094)	(78.1%)
Gross profit	121,814	21.7%	127,047	22.0%	135,139	23.2%	53,767	23.6%	59,913	21.9%
Other income and gains	1,283	0.2%	4,402	0.8%	7,871	1.4%	1,022	0.4%	4,225	1.5%
Selling and distribution expenses	(17,396)	(3.1%)	(22,071)	(3.8%)	(21,850)	(3.8%)	(8,176)	(3.6%)	(10,934)	(4.0%)
Administrative expenses	(74,514)	(13.2%)	(70,675)	(12.3%)	(73,883)	(12.7%)	(29,389)	(12.9%)	(28,434)	(10.4%)
Other expenses	(1,764)	(0.3%)	(101)	(0.0%)	(888)	(0.2%)	(45)	(0.0%)	(3,113)	(1.1%)
Finance costs	(7,164)	(1.3%)	(4,630)	(0.8%)	(3,567)	(0.6%)	(1,400)	(0.6%)	(2,519)	(0.9%)
PROFIT BEFORE TAX	22,259	4.0%	33,972	5.9%	42,822	7.3%	15,779	6.9%	19,138	7.0%
Income tax expenses	(3,815)	(0.7%)	(3,794)	(0.7%)	(3,055)	(0.5%)	(1,445)	(0.6%)	(3,458)	(1.3%)
PROFIT FOR THE YEAR/PERIOD	18,444	3.3%	30,178	5.2%	39,767	6.8%	14,334	6.3%	15,680	5.7%
Owners of the Company	18,446	3.3%	30,180	5.2%	39,769	6.8%	14,335	6.3%	15,681	5.7%
Non-controlling interest	(2)	(0.0%)	(2)	(0.0%)	(2)	(0.0%)	(1)	(0.0%)	(1)	(0.0%)
	18,444	3.3%	30,178	5.2%	39,767	6.8%	14,334	6.3%	15,680	5.7%

Revenue

We generate revenue from sale of PCBs during the Track Record Period. We recognise revenue from the sales of our PCBs when the economic benefits of the sales flow to us, particularly the significant risks and rewards of ownership have been transferred to the customer, provided we maintain neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our revenue amounted to HK$561.6 million, HK$576.7 million, HK$581.6 million and HK$273.0 million, respectively.

During the Track Record Period, revenue from double-sided Conventional PCBs amounted to HK$246.4 million, HK$247.0 million, HK$310.9 million and HK$149.9 million, representing 43.9%, 42.8%, 53.5% and 54.9% of the total revenue, respectively. The following table sets forth our revenue by product category for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Conventional PCBs										
Single-sided	4,472	0.8%	4,532	0.8%	3,684	0.6%	1,772	0.7%	2,242	0.8%
Double-sided	246,398	43.9%	246,954	42.8%	310,873	53.5%	119,186	52.3%	149,865	54.9%
Multi-layered	125,397	22.3%	126,020	21.9%	161,532	27.8%	59,150	26.0%	73,213	26.8%
Subtotal	376,267	67.0%	377,506	65.5%	476,089	81.9%	180,108	79.0%	225,320	82.5%
Special Material PCBs										
Single-sided	160,274	28.6%	171,938	29.8%	65,975	11.3%	30,834	13.6%	23,318	8.6%
Double-sided	22,623	4.0%	25,418	4.4%	38,536	6.6%	16,270	7.1%	22,621	8.3%
Multi-layered	2,421	0.4%	1,801	0.3%	957	0.2%	656	0.3%	1,748	0.6%
Subtotal	185,318	33.0%	199,157	34.5%	105,468	18.1%	47,760	21.0%	47,687	17.5%
Total	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

During the Track Record Period, revenue arising from sales in the PRC amounted to HK$371.1 million, HK$361.9 million, HK$321.2 million and HK$140.0 million, representing 66.1%, 62.8%, 55.2% and 51.3%, respectively, whereas revenue generated from Europe amounted to HK$67.7 million, HK$91.5 million, HK$112.5 million and HK$58.8 million, representing 12.1%, 15.9%, 19.3% and 21.5%, respectively.

The following table sets forth our revenue by geographic location for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
The PRC	371,136	66.1%	361,908	62.8%	321,219	55.2%	131,032	57.5%	140,043	51.3%
Europe	67,680	12.1%	91,477	15.9%	112,471	19.3%	36,746	16.1%	58,807	21.5%
Hong Kong	44,944	8.0%	48,391	8.4%	55,938	9.6%	22,344	9.8%	24,513	9.0%
North America	49,418	8.8%	47,567	8.2%	52,271	9.0%	22,821	10.0%	27,829	10.2%
Asia (except the PRC and Hong Kong)	25,871	4.6%	23,453	4.1%	28,419	4.9%	10,753	4.7%	14,789	5.4%
Africa	—	—	23	0.0%	10,269	1.8%	3,755	1.7%	6,506	2.4%
Oceania	2,259	0.4%	3,664	0.6%	886	0.2%	334	0.2%	520	0.2%
South America	277	0.0%	180	0.0%	84	0.0%	83	0.0%	—	—
Total	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

During the Track Record Period, revenue generated from communication sector amounted to HK$264.3 million, HK$237.0 million, HK$102.4 million and HK$47.4 million, representing 47.1%, 41.2%, 17.6% and 17.4%, respectively. As regards automobile sector, revenue generated from this sector amounted to HK$85.3 million, HK$117.9 million, HK$191.3 million and HK$88.8 million, representing 15.2%, 20.4%, 32.9% and 32.5%, respectively.

The following table sets forth our revenue by product application for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Communication	264,279	47.1%	236,969	41.2%	102,444	17.6%	40,997	18.0%	47,431	17.4%
Automobile	85,329	15.2%	117,903	20.4%	191,288	32.9%	75,889	33.3%	88,832	32.5%
Industrial automation	87,282	15.5%	80,295	13.9%	108,932	18.7%	43,231	19.0%	51,886	19.0%
Consumer electronics	67,489	12.0%	80,259	13.9%	122,998	21.1%	44,277	19.4%	55,679	20.4%
Medical	4,114	0.7%	3,507	0.6%	4,253	0.7%	1,667	0.7%	2,490	0.9%
Others	53,092	9.5%	57,730	10.0%	51,642	9.0%	21,807	9.6%	26,689	9.8%
Total	561,585	100.0%	576,663	100.0%	581,557	100.0%	227,868	100.0%	273,007	100.0%

Cost of Sales

Our cost of sales primarily consist of purchase of raw materials, manufacturing overhead, direct labour and finished PCB subcontracting fees. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our cost of sales amounted to HK$439.8 million, HK$449.6 million, HK$446.4 million and HK$213.1 million, respectively. The following table sets forth our cost of sales, which are also expressed as a percentage of total cost of sales, for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Raw materials	310,391	70.6%	304,468	67.7%	277,491	62.2%	112,969	64.9%	117,253	55.0%
Manufacturing overhead(1)	62,776	14.3%	76,057	16.9%	70,608	15.8%	29,462	16.9%	33,592	15.8%
Direct labour	46,775	10.6%	53,901	12.0%	52,029	11.7%	21,094	12.1%	22,938	10.8%
Finished PCB subcontracting fees(2)	19,829	4.5%	15,190	3.4%	46,290	10.3%	10,576	6.1%	39,311	18.4%
	439,771	100%	449,616	100%	446,418	100%	174,101	100%	213,094	100%

Notes:

(1) Manufacturing overhead includes fees paid for production process subcontracting. During the Track Record Period, the production process subcontracting fees amounted to HK$18.0 million, HK$23.5 million, HK$13.3 million and HK$10.5 million, respectively.

(2) The subcontracting fees represent the amount paid for finished product subcontracting. For details of subcontracting, please refer to section headed "Business — Subcontracting" in this prospectus.

During the Track Record Period, cost of raw materials represented the majority of our cost of sales. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our cost of raw materials amounted to HK$310.4 million, HK$304.5 million, HK$277.5 million and HK$117.3 million, representing 70.6%, 67.7%, 62.2% and 55.0% of our total cost of sales, respectively. Our principal raw materials were laminate and auxiliary materials such as prepregs, solder masks, printing ink, copper foils, leaded solder, lead free solder and a variety of chemicals. Our cost of raw materials maintained relatively stable in the years ended 31 December 2011 and 2012. In contrast with the increase in our revenue by approximately HK$4.9 million, or 0.8%, from the year ended 31 December 2012 to the year ended 31 December 2013, our cost of raw materials decreased by approximately HK$27.0 million, or 8.9%, from the year ended 31 December 2012 to the year ended 31 December 2013. The decrease was primarily due to the decrease in the consumption of raw materials used for the production of copper-based PCBs resulting from the decrease in purchase orders from a major customer in the communication sector. Our cost of raw materials remained relatively stable for the five months ended 31 May 2014 as compared with that for the five months ended 31 May 2013.

Among all, laminate was our principal raw material and accounted for approximately 48% to 52% of our total cost of raw materials during the Track Record Period. The following table sets forth the breakdown of our cost of raw materials for the periods indicated:

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
Laminate	161,085	51.9%	159,464	52.4%	131,968	47.6%	57,077	50.5%	56,515	48.2%
Auxiliary materials	149,306	48.1%	145,004	47.6%	145,523	52.4%	55,892	49.5%	60,738	51.8%
	310,391	100%	304,468	100%	277,491	100%	112,969	100%	117,253	100%

During each periods of the Track Record Period, the average costs of raw materials per sq.m. of our PCBs were HK$766.0, HK$755.3, HK$572.9 and HK$583.9, respectively. The fluctuation of the average unit costs of raw materials of our PCBs was mainly due to the fluctuation of our average unit costs of laminate. During each periods of the Track Record Period, our average costs of laminate per sq.m. of our PCBs were HK$397.6, HK$395.6, HK$272.4 and HK$281.5, respectively. The unit costs of laminate decreased from HK$395.6 for the year ended 31 December 2012 to HK$272.4 for the year ended 31 December 2013, or 31.1%, primarily due to the decrease in the consumption of laminate used for the production of copper-based PCBs as mentioned above.

Gross Profit and Gross Profit Margin

Our overall gross profit in the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 amounted to HK$121.8 million, HK$127.0 million, HK$135.1 million and HK$59.9 million, respectively. The gross profit margin was 21.7%, 22.0%, 23.2% and 21.9%, respectively, during the same periods.

During the Track Record Period, as our Conventional PCBs accounted for a majority of our revenue, laminates used for producing Conventional PCBs were also our major raw material. In general, average unit price of laminates used for producing Conventional PCBs experienced a decrease by approximately 9% in 2012 and 5% in 2013, and remained relatively stable during the five months ended 31 May 2014. However, our gross profit margin was relatively stable during the Track Record Period, mainly because the pricing of our PCBs was on a cost-plus basis and since PCBs were made-to-order, the pricing was subject to the specifications provided by our customers. We generally enter into agreements with customers on a cost-plus pricing basis and thus we are able to pass the increase in the costs of raw materials to our customers. As a result, we believe the effect of fluctuations in the prices of raw materials on us is limited. In the event that we foresee the fluctuation of the costs of raw materials in the market, we will consult our customers on the potential increase of pricing.

During the Track Record Period, the average gross profit margin of our Special Material PCBs was higher than that of our Conventional PCBs by approximately 21% to 36%.

In contrast with the decrease in our cost of raw materials by approximately HK$27.0 million, or 8.9%, from the year ended 31 December 2012 to the year ended 31 December 2013, we recorded an increase in the subcontracting fees during the same period. As a result, our gross profit increased by only HK$8.1 million from the year ended 31 December 2012 to the year ended 31 December 2013.

Other Income and Gains

Our other income primarily consists of bank interest income and government grants. Bank interest income is generated by bank deposits. Government grants have been received from the PRC Government in recognition of our efforts in environmental awareness and protection, and technology development and investing in Shenzhen. Gains primarily include sales of scraps, gains on settlement of derivative financial instruments, write back of trade and other payables and gain from non-interest bearing financial arrangement and foreign exchange gain. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our other income and gains amounted to HK$1.3 million, HK$4.4 million, HK$7.9 million and HK$4.2 million, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of transportation costs, salaries, for our sales employees, commission to sales persons and agents, sales and marketing related expenditure such as commission to our customers and compensation in connection with product sales. We pay commission to our sales and marketing personnel based on 1.5% to 7% of the total sales to and settlements made by certain customers. We provides sales commission, calculated based on 1% to 3% of the purchase amount, to certain of our customers on the condition that the purchase amount exceeds a specified level. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our selling and distribution expenses amounted to HK$17.4 million, HK$22.1 million, HK$21.9 million and HK$10.9 million, respectively. Other selling and distribution expenses include advertising and promotion expenses, depreciation and office rental expenses.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Commission	4,522	26.0%	6,398	29.0%	7,736	35.4%	2,505	30.6%	4,259	39.0%
Salaries	3,072	17.7%	5,097	23.1%	2,946	13.5%	1,062	13.0%	1,105	10.0%
Transportation costs	6,269	36.0%	7,280	33.0%	8,454	38.7%	3,253	39.8%	4,064	37.2%
Others	3,533	20.3%	3,296	14.9%	2,714	12.4%	1,356	16.6%	1,506	13.8%
	17,396	100.0%	22,071	100.0%	21,850	100.0%	8,176	100.0%	10,934	100.0%

Administrative Expenses

Our administrative expenses primarily comprise of depreciation, impairment on trade receivables, R&D expenses, salaries for non-sales employees, exchange difference and social insurance payment. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our administrative expenses amounted to HK$74.5 million, HK$70.7 million, HK$73.9 million and HK$28.4 million, respectively. The following table sets forth a breakdown of our administrative expenses for the periods indicated. Other administrative expenses include staff welfare expenses, entertainment expenses and insurance.

	Year ended 31 December						Five months ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Depreciation	4,786	6.4%	7,342	10.4%	6,767	9.2%	2,929	10.0%	3,100	10.9%
Impairment on trade receivables	6,167	8.3%	737	1.0%	257	0.3%	—	—	5	0.0%
R&D expenses	13,208	17.7%	13,438	19.0%	13,883	18.8%	5,580	19.0%	5,635	19.8%
Salaries	18,315	24.6%	22,831	32.3%	25,543	34.6%	9,697	33.0%	10,293	36.2%
Exchange loss	11,023	14.8%	3,287	4.7%	4,205	5.7%	2,533	8.6%	—	—
Others	21,015	28.2%	23,040	32.6%	23,228	31.4%	8,650	29.4%	9,401	33.1%
	74,514	100.0%	70,675	100.0%	73,883	100.0%	29,389	100.0%	28,434	100.0%

Finance Costs

Our finance costs consist primarily of interest expense on bank borrowings, interest expense on trust receipt loans, finance charges on obligations under finance leases and discounted bills. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our finance costs amounted to HK$7.2 million, HK$4.6 million, HK$3.6 million and HK$2.5 million, respectively.

Income Tax Expenses

Pursuant to the laws and regulations of the Cayman Islands and the BVI, we are not subject to any taxation in the Cayman Islands and the BVI.

We are subject to Hong Kong profits tax. The Hong Kong profits tax rate is currently 16.5% of estimated assessable profits arising in Hong Kong. Our PRC subsidiaries are subject to the CIT at a standard rate of 25%, except for YT Printed Circuit which qualified as a high and new technology enterprise in the PRC and is entitled to a lower PRC corporate income tax rate of 15% during the three years ended 31 December 2013. The qualification as a high and new technology enterprise is subject to a three-year review by the relevant authorities. The existing high and new technology enterprise certificate of YT Printed Circuit expired on 31 October 2014. As at the Latest Practicable Date, YT Printed Circuit had submitted application for the renewal of the high and new technology enterprise certificate with the relevant authorities. YT Printed Circuit appeared in the name list of the proposed enterprises to be recognised as high and new technology enterprises of Shenzhen in 2014 published by the local authority on 30 September 2014. The publication was subject to a statutory period of 15 days for the public's comments upon its release. According to such publication, YT Printed Circuit has fulfilled the substantive conditions pertaining to the renewal of its high and new technology enterprise certificate and was proposed to be granted the same. As at the Latest Practicable Date, YT Printed Circuit had not received the formal approval of renewal or the renewed high and new technology enterprise certificate from the relevant authorities which was expected to be received in December 2014. If any objection to granting the renewal to YT Printed Circuit has been received by the relevant authorities during the statutory period of the publication for the public's comments, there will be uncertainties as to whether YT Printed Circuit will successfully renew its high and new technology enterprise certificate. King & Wood Mallesons, our PRC legal adviser is of the view that there is no material legal impediment for YT Printed Circuit to extend its recognition as a high and new technology enterprise, provided that the relevant authorities have not received objections to granting the renewal to YT Printed Circuit during the statutory period of the publication. For more details on the risks in relation to our preferential tax treatment, please refer to the section headed "Risk Factors — Risks Relating to our Business — We may not be entitled to the preferential tax treatment we received, which may adversely affect our results of operations and financial condition" in this prospectus.

All income tax assessed for Track Record Period has been paid when due. Our income tax expenses for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 were HK$3.8 million, HK$3.8 million and HK$3.1 million and HK$3.5 million, respectively. Our effective tax rate was 17.1%, 11.2%, 7.1% and 18.1% during the same periods, respectively.

The income tax on our profit before income tax differs from the theoretical amount that would arise using the statutory tax rates in Hong Kong and the PRC. The reconciliation between the statutory tax expenses and the effective tax rate is disclosed in note 10 to the Accountant's Report as set out in Appendix I to this prospectus.

FIVE MONTHS ENDED 31 MAY 2014 COMPARED TO FIVE MONTHS ENDED 31 MAY 2013

Revenue

Our revenue increased by HK$45.1 million, or 19.8%, to HK$273.0 million for the five months ended 31 May 2014 from HK$227.9 million for the five months ended 31 May 2013. The increase was primarily due to an increase in purchase orders from each product application generally, resulting in an increase in total sales volume by 31.0% to 269,835 sq.m. for the five months ended 31 May 2014 from 205,988 sq.m. for the five months ended 31 May 2013.

The increase in purchase orders was primarily due to the increase in the demand for double-sided Conventional PCBs from our major customers, in particular in automobile and consumer electronics sectors. Revenue from double-sided Conventional PCBs, which contributed to over 50% of our revenue for each of the five months ended 31 May 2013 and 2014, respectively, increased by approximately HK$30.7 million, or 25.8%, to HK$149.9 million for the five months ended 31 May 2014 from HK$119.2 million for the five months ended 31 May 2013.

Revenue from multi-layered Conventional PCBs increased by HK$14.1 million, or 23.8%, to HK$73.2 million for the five months ended 31 May 2014 from HK$59.2 million for the five months ended 31 May 2013. The increase was primarily due to the increase in the demand for multi-layered Conventional PCBs from our major customers, in particular in automobile and consumer electronics sectors.

Revenue from Special Material PCBs amounted to HK$47.7 million for the five months ended 31 May 2014, remained flat compared to HK$47.8 million for the five months ended 31 May 2013. This was primarily due to decrease in purchase order from a major customer in communication sector which was offset by increase in sales from various smaller customers in the same sector.

Cost of Sales

Our cost of sales increased by HK$39.0 million, or 22.4%, to HK$213.1 million for the five months ended 31 May 2014 from HK$174.1 million for the five months ended 31 May 2013. The increase was in line with the increase in revenue for the same period. Subject to our production capacity, we made subcontracting arrangements in response to the increase in purchase orders from our customers. The subcontracting fees increased by approximately HK$28.7 million, or 271%, to HK$39.3 million for the five months ended 31 May 2014 from HK$10.6 million for the five months ended 31 May 2013. We outsourced certain production work to subcontractors to meet the demand of our customers which exceeded our then production capacity. Our production volume increased by 10,346 sq.m., or 5.4% to 200,798 sq.m. for the five months ended 31 May 2014 from 190,452 sq.m. for the five months ended 31 May 2013. The increase in subcontracting fee was attributable to our plan to cater for our expected increase in production capacity when our Shenzhen New Facility is in trial operation in the first quarter of 2015. When our Shenzhen New Facility is in operation, we will reduce our demand for subcontracting arrangements. The increase in cost of sales was also attributable to the increase in manufacturing overhead by approximately HK$4.1 million, or 13.9%, to HK$33.6 million for the five months ended 31 May 2014 from HK$29.5 million for the five months ended 31 May 2013, primarily due to the increase in production volume driven by increase in sales orders.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased by HK$6.2 million, or 11.5%, to HK$60.0 million for the five months ended 31 May 2014 from HK$53.8 million for the five months ended 31 May 2013. Our gross profit grew in line with our revenue and costs of sales from the five months ended 31 May 2013 to the five months ended 31 May 2014. Our gross profit margin was 21.9% for the five months ended 31 May 2014, compared to 23.6% for the five months ended 31 May 2013. The decrease was primarily due to increase in subcontracting arrangements which generally offered lower gross profit margin to our Group that adversely affected our overall gross profit margin.

Other Income and Gains

Our other income and gains increased by HK$3.2 million, or 320%, to HK$4.2 million for the five months ended 31 May 2014 from HK$1.0 million for the five months ended 31 May 2013, primarily resulting from the increase in exchange gain arising from the settlement of foreign currency transaction, as a result of depreciation of Renminbi against U.S. dollars during the five months ended 31 May 2014.

Selling and Distribution Expenses

Our selling and distribution expenses increased by HK$2.7 million, or 32.9%, to HK$10.9 million for the five months ended 31 May 2014 from HK$8.2 million for the five months ended 31 May 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$1.0 million, or 3.4%, to HK$28.4 million for the five months ended 31 May 2014 from HK$29.4 million for the five months ended 31 May 2013. The decrease was primarily due to exchange gain instead of exchange loss in 2014. For details of exchange gain, please refer to the paragraph headed "Other Income and Gains" in this section of this prospectus.

Other Expenses

Our other expenses increased by HK$3.05 million, or 61 times, to HK$3.1 million for the five months ended 31 May 2014 from HK$0.05 million for the five months ended 31 May 2013. The increase was primarily due to HK$2.5 million listing expenses recorded.

Finance Costs

Our finance costs increased by HK$1.1 million, or 78.6%, to HK$2.5 million for the five months ended 31 May 2014 from HK$1.4 million for the five months ended 31 May 2013. The reason for this was primarily due to the fact that although our bank loan was increased, the corresponding increase in interest was capitalised under our accounting policy. For more details on bank loans, please refer to the paragraph headed "Indebtedness" in this section of this prospectus.

Profit before Tax

As a result of the foregoing, we recorded profit before taxes of HK$19.1 million for the five months ended 31 May 2014, compared to HK$15.8 million for the five months ended 31 May 2013, representing an increase of 20.9%.

Income Tax Expenses

Our income tax expenses increased by HK$2.1 million, or 150%, to HK$3.5 million for the five months ended 31 May 2014 from HK$1.4 million for the five months ended 31 May 2013, primarily due to increase in profit before tax, decrease in tax deductible R&D expenses and increase in non-tax deductible listing expenses in 2014.

Profit for the period

As a result of the foregoing, our profit for the period increased by HK$1.4 million, or 9.8%, to HK$15.7 million for the five months ended 31 May 2014 from HK$14.3 million for the five months ended 31 May 2013. The increase was primarily due to increase in gross profit and increase in exchange gain but partially offset by the Listing expenses in 2014. Our net profit margin decreased to 5.7% for the five months ended 31 May 2014 from 6.3% for the five months ended 31 May 2013. The decrease was primarily due to lower gross profit margin and higher other expenses as a percentage of revenue.

YEAR ENDED 31 DECEMBER 2013 COMPARED TO YEAR ENDED 31 DECEMBER 2012

Revenue

Our revenue slightly increased by HK$4.9 million, or 0.8%, to HK$581.6 million for the year ended 31 December 2013 from HK$576.7 million for the year ended 31 December 2012. Our revenue remained relatively stable in these two years. This was primarily due to the fact that increase in revenue from double-sided Conventional PCBs and multi-layered Conventional PCBs was offset by a decrease in revenue from Special Material PCBs and single-sided Conventional PCBs.

Revenue from double-sided Conventional PCBs increased by approximately HK$63.9 million, or 25.9%, to HK$310.9 million for the year ended 31 December 2013 from HK$247.0 million for the year ended 31 December 2012. The increase was primarily due to the increase in the demand for double-sided Conventional PCBs from our major customers, in particular in the automobile and consumer electronics sectors.

Revenue from multi-layered Conventional PCBs increased by approximately HK$35.5 million, or 28.2%, to HK$161.5 million for the year ended 31 December 2013 from HK$126.0 million for the year ended 31 December 2012. The increase was primarily due to the increase in the demand for multi-layered Conventional PCBs from our major customers, in particular in the automobile, industrial automation and consumer electronics sectors.

Revenue from Special Material PCBs decreased by approximately HK$93.7 million, or 47.0%, to HK$105.5 million for the year ended 31 December 2013 from HK$199.2 million for the year ended 31 December 2012. In 2011, we recorded large sale volume of our copper-based PCBs due to strong demand from a major customer in the communication sector who introduced new products with the copper-based PCB component. In subsequent years, such demand gradually faded out. As a result, our sales of copper-based PCBs decreased significantly since 2012.

Costs of Sales

Our cost of sales decreased by HK$3.2 million, or 0.7%, to HK$446.4 million for the year ended 31 December 2013 from HK$449.6 million for the year ended 31 December 2012. The decrease was primarily due to a decrease in the costs of raw materials for Special Materials PCBs resulting from the reduction in purchase order for Special Materials PCBs mainly from a major customer in the communication sector for the year ended 31 December 2013, as the purchase orders for copper-based PCBs from a major customer in the communication sector decreased. However, this decrease was partly offset by increase in subcontracting fees. The increase in subcontracting fee was attributable to our plan to cater for our expected increase in production capacity when our Shenzhen New Facility is in trial operation in the first quarter of 2015. When our Shenzhen New Facility is in operation, we will reduce our demand for subcontracting arrangements.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased by HK$8.1 million, or 6.4%, to HK$135.1 million for the year ended 31 December 2013 from HK$127.0 million for the year ended 31 December 2012. Our gross profit grew slightly as a result of increase in revenue together with the decrease in costs of sales from the year ended 31 December 2012 to the year ended 31 December 2013. Our gross profit margin was 23.2% for the year ended 31 December 2013, remained relatively stable compared to 22.0% for the year ended 31 December 2012. The increase was primarily due to economies of scale arising from higher utilisation of production plant which was partly offset by increase in subcontracting arrangements which offered lower gross profit margin.

Other Income and Gains

Our other income and gains increased by HK$3.5 million, or 79.5%, to HK$7.9 million for the year ended 31 December 2013 from HK$4.4 million for the year ended 31 December 2012. The increase was primarily due to gain on one-off non-interest bearing financial arrangement as a result of discounting long term amounts due to shareholders.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by HK$0.2 million, or 0.9%, to HK$21.9 million for the year ended 31 December 2013 from HK$22.1 million for the year ended 31 December 2012. The decrease was primarily due to a decrease in bonus payments made to a senior management in 2013, but partially offset by an increase in transportation costs and sales commission.

Administrative Expenses

Our administrative expenses increased by HK$3.2 million, or 4.5%, to HK$73.9 million for the year ended 31 December 2013 from HK$70.7 million for the year ended 31 December 2012. The increase was primarily due to an increase in pay rise for non-sales employees by approximately HK$2.8 million from the year ended 31 December 2012 to the year ended 31 December 2013.

Finance Costs

Our finance costs decreased by HK$1.0 million, or 21.7%, to HK$3.6 million for the year ended 31 December 2013 from HK$4.6 million for the year ended 31 December 2012. The decrease was primarily due to capitalisation of interest expenses of HK$1.5 million in 2013 resulting from our bank loan designated for construction of our Shenzhen New Facility.

Profit before Tax

As a result of the foregoing, we recorded profit before taxes of HK$42.8 million for the year ended 31 December 2013, compared to HK$34.0 million for the year ended 31 December 2012, representing an increase of 25.9%. This increase was primarily due to an increase in gross profit and gain on non-interest bearing financial arrangement as a result of discounting long term amounts due to shareholder which was partially offset by an increase in administrative expenses.

Income Tax Expenses

Our income tax expenses decreased by HK$0.7 million, or 18.4%, to HK$3.1 million for the year ended 31 December 2013 from HK$3.8 million for the year ended 31 December 2012. The decrease was primarily due to lower tax expenses in 2013 as a result of more tax deductible R&D expenses for 2013.

Profit for the Year

As a result of the foregoing, our profit for the year increased by HK$9.6 million, or 31.8%, to HK$39.8 million for the year ended 31 December 2013 from HK$30.2 million for the year ended 31 December 2012. Our net profit margin increased to 6.8% for the year ended 31 December 2013 from 5.2% for the year ended 31 December 2012. The increase was primarily due to an increase in gross profit margin which was partially offset by administrative expenses as a percentage of revenue.

YEAR ENDED 31 DECEMBER 2012 COMPARED TO YEAR ENDED 31 DECEMBER 2011

Revenue

Our revenue slightly increased by HK$15.1 million, or 2.7%, to HK$576.7 million for the year ended 31 December 2012 from HK$561.6 million for the year ended 31 December 2011. This was primarily due to the small increase in our Special Material PCBs. For the year ended 31 December 2012, sales from double-sided Conventional PCBs, multi-layered Conventional PCBs and single-sided Conventional PCBs amounted to HK$247.0 million, HK$126.0 million and HK$4.5 million, respectively, which remained relatively stable when compared with HK$246.4 million, HK$125.4 million and HK$4.5 million for the year ended 31 December 2011. Revenue generated from Special Material PCBs increased by approximately HK$13.7 million, or 7.4%, to HK$199.2 million for the year ended 31 December 2012 from HK$185.3 million for the year ended 31 December 2011. The increase was primarily due to an increase in sales volume to two major customers in the communication sector.

Costs of Sales

Our cost of sales increased by HK$9.8 million, or 2.2%, to HK$449.6 million for the year ended 31 December 2012 from HK$439.8 million for the year ended 31 December 2011. The increase in costs of sales was primarily due to increase in production process subcontracting fees and increase in direct labour costs.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased by HK$5.2 million, or 4.3%, to HK$127.0 million for the year ended 31 December 2012 from HK$121.8 million for the year ended 31 December 2011. The increase was primarily due to an increase in the gross profit of Special Material PCBs. Our gross profit margin was 22.0% for the year ended 31 December 2012, compared to 21.7% for the year ended 31 December 2011. We maintain our stable gross profit margin primarily due to relatively stable production volume, relatively stable revenue from Conventional PCBs and relatively stable revenue from product application sectors for both 2011 and 2012.

Other Income and Gains

Our other income and gains increased by HK$3.1 million, or 238%, to HK$4.4 million for the year ended 31 December 2012 from HK$1.3 million for the year ended 31 December 2011. The increase was primarily due to an increase by HK$1.5 million in fair value gains on derivative financial instruments and an increase by HK$0.6 million in gains on settlement of derivative financial instruments.

Selling and Distribution Expenses

Our selling and distribution expenses increased by HK$4.7 million, or 27.0%, to HK$22.1 million for the year ended 31 December 2012 from HK$17.4 million for the year ended 31 December 2011. The increase was primarily due to the discretionary bonus payment made in the amount of HK$2.3 million to one of our senior management and sales commission paid in the amount of HK$1.9 million during the year ended 31 December 2012.

Administrative Expenses

Our administrative expenses decreased by HK$3.8 million, or 5.1%, to HK$70.7 million for the year ended 31 December 2012 from HK$74.5 million for the year ended 31 December 2011. The decrease was primarily due to (i) a decrease in exchange loss by approximately HK$7.7 million because of percentage change in appreciation of Renminbi in 2012 is smaller than that in 2011; and (ii) a decrease in impairment on trade receivables by approximately HK$5.4 million. The decrease was partly offset by (i) an increase in depreciation by approximately HK$2.6 million as a result of additions of property, plant and equipment of HK$27.2 million in 2011; and (ii) an increase in salaries for non-sales employees by approximately HK$4.5 million due to our increased average salaries for non-sales employees in 2012.

Other Expenses

Our other expenses decreased by HK$1.7 million, or 94.4%, to HK$0.1 million for the year ended 31 December 2012 from HK$1.8 million for the year ended 31 December 2011. The decrease was primarily due to the loss in fair value of our derivative financial instruments in 2011.

Finance Costs

Our finance costs decreased by HK$2.6 million, or 36.1%, to HK$4.6 million for the year ended 31 December 2012 from HK$7.2 million for the year ended 31 December 2011. The decrease was primarily due to a decrease in the interest expenses on discounted bills to HK$0.2 million as at 31 December 2012 from HK$2.3 million as at 31 December 2011. We have discontinued the use of discounted bills since 2012 for saving of financing costs.

Profit before Tax

As a result of the foregoing, we recorded profit before income taxes of HK$34.0 million for the year ended 31 December 2012, compared to HK$22.3 million for the year ended 31 December 2011, representing an increase of 52.5%. The increase was primarily due to increase in gross profit and decrease in administration expenses which was partially offset by increase in selling and distribution expenses.

Income Tax Expenses

Our income tax expenses remained relative stable at HK$3.8 million for the year ended 31 December 2012 and for the year ended 31 December 2011. The stable income tax expenses were primarily due to unutilised tax loss incurred by YT Technology in 2011.

Profit for the Year

As a result of the foregoing, our profit for the year increased by HK$11.8 million, or 64.1%, to HK$30.2 million for the year ended 31 December 2012 from HK$18.4 million for the year ended 31 December 2011. Our net profit margin increased to 5.2% for the year ended 31 December 2012 from 3.3% for the year ended 31 December 2011. The increase was primarily due to decrease in administrative expenses, other expenses and finance costs.

NET CURRENT ASSETS

The following table sets forth details of our current assets and current liabilities as at the dates indicated.

	As at 31 December			As at 31 May	As at 30 September
	2011	**2012**	**2013**	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Current assets					
Inventories	58,117	49,719	60,130	69,523	64,251
Trade and bills receivables	176,243	188,365	204,520	214,898	206,856
Prepayments, deposits and other receivables	15,573	12,517	22,148	20,566	18,435
Tax recoverable	—	—	496	254	—
Pledged deposits and restricted cash	14,015	18,591	17,957	16,181	15,903
Cash and bank balances	62,201	74,409	45,060	56,680	78,816
Total current assets	326,149	343,601	350,311	378,102	384,261
Current liabilities					
Trade and bills payables	108,742	116,140	118,040	142,921	132,128
Other payables and accruals	30,774	37,024	38,525	39,010	40,572
Derivative financial instruments	1,476	14	—	—	—
Interest-bearing bank borrowings	86,245	76,527	86,222	94,089	88,840
Due to shareholders	79,669	94,057	—	—	—
Finance lease payables	1,044	4,094	3,525	3,513	3,220
Due to a minority shareholder	2,107	2,124	2,187	2,118	—
Tax payable	11,563	9,754	9,535	11,335	13,768
Total current liabilities	321,620	339,734	258,034	292,986	278,528
Net current assets	4,529	3,867	92,277	85,116	105,733

Our net current assets increased to HK$105.7 million as at 30 September 2014 from HK$85.1 million as at 31 May 2014, primarily due to an increase in cash and bank balances as a result of drawdown of long-term bank loans and other borrowings, net of a decrease in short-term bank loans and other borrowings.

Our net current assets decreased to HK$85.1 million as at 31 May 2014 from HK$92.3 million as at 31 December 2013. The decrease was primarily due to (i) an increase of HK$24.9 million in trade and bills payables; (ii) an increase of HK$7.9 million in bank and other borrowings; offset by (i) an increase of HK$9.4 million in inventories; (ii) an increase of HK$10.4 million in trade and bills receivables; and (iii) an increase of HK$11.6 million in cash and bank balances.

Our net current assets increased to HK$92.3 million as at 31 December 2013 from HK$3.9 million as at 31 December 2012. The increase was primarily due to change in terms from payment on demand to long term payment with respect to amount due to shareholders which resulted in change in accounting treatment from current liability to non-current liability.

Our net current asset decreased to HK$3.9 million as at 31 December 2012 from HK$4.5 million as at 31 December 2011. The decrease was primarily due to (i) an increase of HK$12.1 million in trade and bills receivables; (ii) an decrease of HK$9.7 million in bank and other borrowings; and (iii) an increase of HK$12.2 million in cash and bank balance, partially offset by (i) an decrease of HK$8.4 million in inventories; (ii) an increase of HK$7.4 million in trade and bills payables; and (iii) an increase of HK$6.3 million in other payables and accruals.

DISCUSSION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Inventories

We value inventories at the lower of cost and net realisable value. Cost is determined on weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of production and selling products of similar nature. The Group's management reassesses the estimation at the end of each reporting period.

We review the condition of our inventories and make provision for obsolete and slow-moving inventory items. We carry out an inventory review on a product-by-product basis at the end of each reporting period and make provision for obsolete or slow-moving items.

During the Track Record Period, inventories were one of the principal components of our current assets. We strive to carefully manage and control our level of inventories. The value of our inventories accounted for approximately 17.8%, 14.5%, 17.2% and 18.4% of our total current assets as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively.

Our inventories decreased by approximately HK$8.4 million, or 14.5%, to HK$49.7 million as at 31 December 2012 from HK$58.1 million as at 31 December 2011. The decrease was primarily due to an increase in monthly sales in December 2012 compared to December 2011. Our inventories increased by approximately HK$10.4 million, or 20.9%, to HK$60.1 million as at 31 December 2013 from

HK$49.7 million as at 31 December 2012. The increase was primarily due to an increase in the level of scheduled purchase order ("SPO") stock for several of our key customers due to an increase in SPO sales in 2013. Our inventories increased by approximately HK$9.4 million, or 15.6%, to HK$69.5 million as at 31 May 2014 from HK$60.1 million as at 31 December 2013. The increase was primarily due to (i) an increase by HK$3.0 million in level of SPO stock for our SPO customers due to an increase in SPO sales in 2014; and (ii) an increase in our inventory level as a result of our overall growth. For more details regarding SPO arrangements, please refer to the section headed "Business — Customer, Sales and Marketing — Scheduled Purchase Order" in this prospectus.

The following table is a summary of our balance of inventories as at the dates indicated.

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	22,140	24,246	24,944	29,266
Work in progress	11,132	8,244	12,262	12,268
Finished goods	24,845	17,229	22,924	27,989
Total	58,117	49,719	60,130	69,523

Our average inventory turnover days decreased from 49.8 days in 2011 to 43.8 days in 2012 in connection with (i) a decrease in SPO stock from a major customer; (ii) an increase of provision for inventory in 2012; and (iii) increase in sales and delivery in December 2012 as compared with that in 2011. Our average inventory turnover days remained relatively stable for 2012 and 2013. Our average inventory turnover days increased slightly from 44.9 days in 2013 to 45.9 days due to the increase in level of SPO stock in 2014.

	Year ended 31 December			Five months ended 31 May
	2011	**2012**	**2013**	**2014**
Average inventory turnover days (1)(2)	49.8	43.8	44.9	45.9

Notes:

(1) Average of the beginning and ending balances of total inventories in the period indicated.

(2) Calculated as the average balances of total inventories, divided by the total cost of sales in the period, multiplied by 365 days for 2011, 2012 and 2013 and by 151 days for the five months ended 31 May 2014.

Trade and Bills Receivables

The following table below sets forth our trade and bills receivables as at the dates indicated.

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	175,303	166,340	190,352	201,302
Bill receivables	12,058	30,280	21,837	21,213
Impairment	(11,118)	(8,255)	(7,669)	(7,617)
Total	176,243	188,365	204,520	214,898

Our trade and bills receivables primarily relate to receivables for goods sold to our customers. We grant different credit periods, usually ranging from one to three months from the month end of date of invoice, to our normal customers, except for new customers where payment in advance may be required. We strictly control outstanding receivables to maintain credit risk. Overdue balances are reviewed regularly by our senior management. We believe there is no significant concentration of credit risk due to the fact that our trade and bills receivables relate to a large number of diversified customers. We do not hold any collateral or other credit enhancements over the balances.

Trade receivables are unsecured and non-interest-bearing. Our trade and bills receivables increased by HK$12.1 million, or 6.9%, to HK$188.4 million as at 31 December 2012 from HK$176.2 million as at 31 December 2011. This increase was primarily due to increase in sale in December of 2012 when compared with that in 2011 which resulted in higher amount of receivables at year end. Similarly, our trade and bills receivables increased by HK$16.1 million, or 8.5%, to HK$204.5 million as at 31 December 2013 from HK$188.4 million as at 31 December 2012, primarily due to the same reasons. Our trade and bills receivables increased by HK$10.4 million, or 5.1%, to HK$214.9 million as at 31 May 2014 from HK$204.5 million as at 31 December 2013 as a result of the increase in annualised revenue for the five months ended 31 May 2014, as compared with the revenue of the year ended 31 December 2013. As at 30 September 2014, 96.3% of trade and bills receivables outstanding as at 31 May 2014 were settled.

The following table sets forth an ageing analysis of our trade and bills receivables based on the invoice date, net of provision, as at the dates indicated.

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one month	67,973	82,235	93,003	92,031
One to two months	46,728	40,956	47,592	64,168
Two to three months	39,606	42,391	41,308	44,263
Over three months	21,936	22,783	22,617	14,436
	176,243	188,365	204,520	214,898

Our provision for impairment of trade and bills receivables is a provision for individually impaired trade receivables of HK$11.1 million, HK$8.3 million, HK$7.7 million, and HK$7.6 million with aggregate carrying amounts of HK$13.2 million, HK$17.5 million, HK$11.2 million and HK$18.7 million respectively, as at 31 December 2011, 2012 and 2013 and 31 May 2014. The individually impaired trade receivables relate to customers that have been in default in payment or in financial difficulties for prolonged periods and are not expected to be recovered.

The following table sets forth an ageing analysis of our trade and bills receivables which were past due but not impaired as at the dates indicated.

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than one month past due	6,006	10,179	13,254	16,692
One to three months past due	4,919	7,508	10,442	4,334
Over three months past due	15,998	1,497	3,611	147
	26,923	19,184	27,307	21,173

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with us. Based on our past experience, we believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Our trade receivables includes amounts due from a related company of HK$14.4 million, HK$15.3 million, HK$21.7 million, and HK$18.8 million respectively, as at 31 December 2011, 2012 and 2013 and 31 May 2014, which are repayable on similar credit terms to those offered to our major customers. For more details on related party transaction, please refer to the paragraph headed "Related Party Transactions" in this section of this prospectus.

The following table below sets forth our average trade and bills receivables turnover days for the periods indicated.

	Year ended 31 December			Five months ended 31 May
	2011	2012	2013	2014
Average trade and bills receivables turnover days[(1)]	99.7	115.4	123.3	116.0

Note:

(1) The average trade receivables turnover days are equal to average trade receivables (trade receivables at the beginning of the year plus trade receivables at the end of the year divided by two) divided by total revenue for the year and multiplied by 365 days for each of the three years ended 31 December 2011, 2012 and 2013 and by 151 days for the five months ended 31 May 2014.

Our average trade and bills receivables turnover days increased to 115.4 days for the year ended 31 December 2012 from 99.7 days for the year ended 31 December 2011. The increase was primarily due to our discontinued use of discounted bills in 2012. The discounted bills could have improved our early settlement of bills receivables as we sold the bill of exchange to banks at a discounted face value.

Our average trade and bills receivables turnover days slightly increased to 123.3 days for the year ended 31 December 2013 from 115.4 days for the year ended 31 December 2012. The increase was primarily due to overall longer settlement period of the trade receivables by a major customer with which we have long good business relationship without any default in payment records.

Our average trade and bills receivables turnover days decreased to 116.0 days for the five months ended 31 May 2014 from 123.3 days for the year ended 31 December 2013, which was in line with the Company's average trade and bills receivables turnover days during in 2011 and 2012.

Prepayments, Deposits and Other Receivables

We principally make prepayment and advance to suppliers in connection with our purchase of raw materials, construction raw materials and insurance, payment of exhibition fee and current portion of prepaid land lease payment. Deposits are primarily in connection with rental and utilities deposits. Other receivables mainly consist of advance to a real estate developer relating to 13 apartments in Shenzhen on behalf of our employees. For details of the 13 apartments, please refer to the section headed "Business — Properties" of this prospectus. Loan to an investee refer to the loan we made to our investee in Shanghai according to our proportionate percentage of shareholding in the company. The loan was unsecured, interest free without fixed payment schedule. The principal activity of the investee is property holding. The following table below sets forth our prepayments, deposits and other receivables as at the dates indicated.

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Loan to an investee	—	2,239	2,306	2,233
Current				
Prepayments and advance to suppliers	13,920	6,720	11,604	11,323
Deposits and other receivables	1,653	5,797	10,544	9,243
	15,573	12,517	22,148	20,566

Our prepayment, deposits and other receivables decreased by HK$0.8 million, or 5.2%, to HK$14.8 million as at 31 December 2012 from HK$15.6 million as at 31 December 2011. The decrease was primarily due to reduction in VAT receivables and prepayments. Our prepayment, deposits and other receivables increased by HK$9.8 million, or 65.5%, to HK$24.5 million as at 31 December 2013 from HK$14.8 million as at 31 December 2012. The increase was primarily due to advance to a real estate developer relating to 13 apartments in Shenzhen on behalf of our employees. Our prepayment, deposits and other receivables decreased by HK$1.7 million, or 6.9%, to HK$22.8 million as at 31 May 2014 from HK$24.5 million as at 31 December 2013, primarily due to refund of the advance to a real estate development relating to one of the 13 apartments in Shenzhen and reduction of staff advance. For details of the acquisition of the 13 apartments, please refer to the section headed "Business — Properties" of this prospectus.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Pledged Deposit and Restricted Cash

Our pledged deposit represents pledged time deposits to secure our bank borrowings and bank deposit pledged to secure our bills payables. Our pledged deposits amounted to HK$12.2 million, HK$16.7 million, HK$16.0 million and HK$16.2 million, respectively, as at 31 December 2011, 2012 and 2013 and 31 May 2014.

Our restricted cash represents a special fund granted by a PRC Government authority which was deposited into a designated bank account in relation to the Group's construction of sewage treatment facilities. Such fund will only be released to the Group's use upon fulfilment of certain conditions (including achieving the target rate of using 65% recycled waste water). Our restricted cash remained stable from HK$1.9 million as at 31 December 2011 to HK$1.9 million as at 31 December 2012 and to HK$2.0 million as at 31 December 2013. Our restricted cash decreased from HK$2.0 million as at 31 December 2013 to HK$29,000 as at 31 May 2014. The decrease was primarily due to fulfilment of the conditions where the fund was available for the Group's use.

Trade and Bills Payables

Our trade and bills payables primarily consist of payables for raw materials for production.

The following table below sets forth our trade payables as at the dates indicated.

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	98,714	100,172	103,174	130,238
Bill payables	10,028	15,968	14,866	12,683
Total	108,742	116,140	118,040	142,921

Our trade and bills payables increased by HK$7.4 million, or 6.8%, to HK$116.1 million as at 31 December 2012 from HK$108.7 million as at 31 December 2011. The increase was primarily due to increase in purchase of raw materials as a result of increase in purchase orders. Our trade and bills payables remained stable as at 31 December 2013 and as at 31 December 2012. Our trade and bills payables increased by HK$24.9 million, or 21.1%, to HK$142.9 million as at 31 May 2014 from HK$118.0 million as at 31 December 2013 as a result of the increase in annualised cost of sales for the five months ended 31 May 2014, as compared with the cost of sales for the year ended 31 December 2013.

The following table below sets forth an ageing analysis of our trade payables, based on the invoice date, as at the dates indicated.

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within three months	84,016	91,428	96,458	117,235
Three to six months	18,331	23,100	19,968	19,623
Over six months	6,395	1,612	1,614	6,063
	108,742	116,140	118,040	142,921

The trade payables are unsecured, non-interest-bearing and are normally settled within three months.

The credit periods on our purchase of raw materials are normally within three months from the month-end of the invoice date. As at 31 December 2011, 2012 and 2013 and 31 May 2014, bills payable with aggregate carrying amounts of HK$7.7 million, HK$14.2 million, HK$12.7 million and HK$10.7 million were secured by pledged deposits of HK$1.6 million, HK$5.8 million, HK$4.7 million and HK$5.0 million respectively.

The following table below sets forth our average trade and bills payables turnover days for the periods indicated.

	Year ended 31 December			Five months ended 31 May
	2011	**2012**	**2013**	**2014**
Average trade and bills payables turnover days(1)	89.6	91.3	95.7	92.5

Note:

(1) The average trade payables turnover days are equal to average trade payables (trade payables at the beginning of the year plus trade payables at the end of the year divided by two) divided by costs of sales for the year and multiplied by 365 days for each of the three years ended December 31, 2011, 2012 and 2013 and by 151 days for the five months ended 31 May 2014.

Our average trade and bills payables turnover days remained stable to 91.3 days for the year ended 31 December 2012 from 89.6 days for the year ended 31 December 2011.

Our average trade and bills payables turnover days increased to 95.7 days for the year ended 31 December 2013 from 91.3 days for the year ended 31 December 2012. The increase was primarily due to the decrease in costs of good sold as a result of reduction in purchase order for Special Material PCBs mainly from a major customer in the communication sector for the year ended 31 December 2013.

Our average trade and bills payables turnover days decreased to 92.5 days for the five months ended 31 May 2014 from 95.7 days for the year ended 31 December 2013. The average turnover days were in line with our usual credit period on our purchase of raw materials of approximately 90 days.

Other Payables and Accruals

Our other payables and accruals primarily consist of sundry payables, accruals and deferred income. The sundry payable are payable for purchasing property, plant and equipment and other tax payables. The sundry payables are non-interest bearing and have an average term of three months. Accruals mainly refer to accrued social insurance expenses and accrued payroll expenses. Deferred income refers to the government grants received for the Group's construction of sewage treatment facilities which will be amortised over the useful life of the facilities after they commence operation. There are no unfilled conditions or contingencies relating to these grants. The following table below sets forth our accruals and other payables as at the dates indicated.

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Sundry payables	5,542	5,162	4,099	4,866
Accruals	25,232	31,862	34,426	34,144
	30,774	37,024	38,525	39,010
Non-current				
Deferred income	3,726	3,757	3,868	3,747

Our accruals increased by HK$6.7 million, or 26.6% to HK$31.9 million as at 31 December 2012 from HK$25.2 million as at 31 December 2011. The increase was primarily due to an increase in wages and salaries. Our sundry payables and deferred income were relatively stable throughout the years.

Derivative Financial Instruments

During the Track Record Period, we entered into three forward currency contracts to manage our exchange rate exposure. The forward currency contracts comprised Renminbi, Hong Kong dollars and U.S. dollars contracts. As our Company had incurred substantial costs in Renminbi in its operation whereas our revenue was dominated in U.S. dollars, we therefore entered into these forward currency contracts to hedge our anticipation of an increase in value of Renminbi during the Track Record Period. As at 31 December 2011, 2012 and 2013 and 31 May 2014, the fair value of financial liability with respect to our forward currency contracts amounted to HK$1.5 million, HK$14,000, nil and nil, respectively. These derivative financial instruments have expired in 2013. The three forward currency contracts that we entered into were not qualified as hedging instruments in hedge relationships as defined by HKAS 39. Therefore, gains or losses on liabilities for these forward currency contracts were recognized in our statement of profit or loss. Due to this accounting treatment, the inherent risks for entering these financial instruments and the anticipated stable exchange rate between Renminbi and U.S. dollars from 2013 onwards, our Group has not entered into any more such derivative financial instruments after their expiration in 2013.

Finance Lease Payables

As at 31 December 2011, 2012 and 2013 and 31 May 2014, we had certain of our motor vehicles, machinery and equipment for our operation under finance lease. Under the terms of the leases, we have the option to purchase, at or near the end of the lease terms, certain of our motor vehicles, machinery and equipment for our operation at either fair market value or a percentage of the respective lessors' defined cost. These leases have remaining lease terms ranging from one to three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. As at 31 December 2011, 2012 and 2013 and 31 May 2014, our finance lease payables amounted to HK$2.0 million, HK$9.7 million, HK$5.6 million and HK$4.1 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary use of cash is to pay for purchase of raw materials for production, construction for our Shenzhen New Facility, employee salaries and purchase of equipment, and to fund our working capital and other operating expenses. We have historically financed our operations primarily through a combination of cash flow generated from our operating activities, amount due to shareholder and bank borrowings. We were able to repay our obligations under bank borrowings when they became due. We did not experience any difficulties in rolling over our bank borrowings during the Track Record Period. Except for the funding requirements for construction and renovation of the Shenzhen New Facility, we did not expect there would be any material change in the source and use of cash. We are able to manage liquidity risks by maintaining adequate reserves, banking facilities, continuously monitoring forecasted and actual cash flows and matching the maturity profiles of assets and liabilities. In the event that additional working capital is required for business expansion, we may approach other banks to obtain additional banking facilities and/or negotiate with our existing lenders for an increase in banking facilities. We do not foresee any deterioration of the credit markets or tightened monetary policies in the PRC and Hong Kong, which may result in an adverse impact on the banking facilities available to us. In the future, we expect that our working capital and other liquidity requirements will be satisfied through a combination of cash generated from our operating activities, banking facilities made available to us and the proceeds from the Global Offering.

We are undergoing a period of expansion. Our expansion strategy is mainly the construction of our Shenzhen New Facility, which will increase our production capacity. To this end, we have incurred significant bank loans primarily to fund the construction of the Shenzhen New Facility. We completed the production facility construction in July 2014 and expect the Shenzhen New Facility to start trial operation by the first quarter of 2015. As at 30 September 2014, an additional HK$145 million will be required for the construction and renovation of the Shenzhen New Facility and purchase of new machinery for the planned installed capacity of 360,000 sq.m. in 2014. We plan to satisfy the funding primarily through cash generated from our sales of PCBs, existing banking facilities and proceeds from the Global Offering.

Our cash and bank balance amounted to HK$62.2 million, HK$74.4 million, HK$45.1 million, HK$56.7 million and HK$78.8 million, respectively, as at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014. Our cash and bank balance are denominated primarily in Renminbi, U.S. dollars and HK dollars.

Cash Flows

The following table sets forth a summary of our cash flows information for the periods indicated.

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Net cash from operating activities	2,900	57,022	20,558	37,401	26,158
Net cash used in investing activities	(28,143)	(35,218)	(79,361)	(38,214)	(22,554)
Net cash from/(used in) financing activities	5,521	(5,482)	27,820	(28,319)	8,895
Net (decrease)/increase in cash and cash equivalents	(19,722)	16,322	(30,983)	(29,132)	12,499
Effect of foreign exchange rate change, net	1,568	438	937	711	(734)
Cash and cash equivalents at beginning of the year/period	92,507	74,353	91,113	91,113	61,067
Cash and cash equivalents at the end of the year/period	74,353	91,113	61,067	62,692	72,832

Net Cash Generated From Operating Activities

Our primary source of cash generated from operating activities consists of revenue generated from sales of our PCBs. Our primary uses of cash in operating activities are daily operations, procurement of raw materials, acquisition and upgrades of equipment and payment of borrowings.

For the five months ended 31 May 2014, we had operating profit before tax of HK$19.1 million and net cash generated from operating activities of HK$26.2 million. The cash inflow was primarily reflected in the following working capital changes: (i) an increase of HK$27.5 million in trade and bills payables, primarily due to an increase in costs of sales for the five months ended 31 May 2014; (ii) an increase of HK$13.3 million in trade and bills receivables, primarily due to an increase in sales for the five months ended 31 May 2014; and (iii) an increase of HK$11.3 million in inventories primarily due to an increase in SPO stocks.

For the year ended 31 December 2013, we had operating profit before tax of HK$42.8 million and net cash generated from operating activities of HK$20.6 million. The cash inflow was mainly adjusted for depreciation of HK$15.3 million and reflected in the following working capital changes: (i) an increase of HK$13.8 million in trade and bills receivables, primarily due to overall longer settlement period of the trade receivables by a customer with which we have long good business relationship with; (ii) an increase of HK$10.1 million in inventories, primarily due to increase in level of SPO stocks; and (iii) increase of HK$9.2 million in prepayment, deposit and other receivables due to advance to a real estate developer relating to 13 apartments in Shenzhen on behalf of our employees.

For the year ended 31 December 2012, we had operating profit before tax of HK$34.0 million and net cash generated from operating activities of HK$57.0 million. The cash inflow was mainly adjusted for depreciation of HK$15.1 million and reflected the following working capital changes: (i) an increase of HK$6.6 million of trade and bills payables primarily due to increase in purchase of raw materials as a result of increase in purchase order; (ii) a decrease of inventory of HK$6.5 million primarily due to increase in monthly sales in December 2012 compared to December 2011; and (iii) an increase of other payables and accruals of HK$6.9 million, partially offset by an increase of trade and bill receivables of HK$12.1 million.

For the year ended 31 December 2011, we had operating profit before tax of HK$22.3 million and net cash generated from operating activities of HK$2.9 million. The cash inflow was mainly adjusted for depreciation of HK$11.4 million and finance costs of HK$7.2 million and impairment of trade receivables of HK$6.2 million and an increase in other payables and accruals of HK$3.1 million, primarily due to increase in wages and salaries, offset by an increase of other bills and trade receivables of HK$49.0 million, primarily due to increase in sales.

Net Cash Used In Investing Activities

Our cash used in investing activities mainly consists of the construction of property, plant and equipment. Our cash flow from investing activities mainly represents proceeds from disposal of property, plant and equipment and machinery.

For the five months ended 31 May 2014, net cash used in investing activities amounted to HK$22.6 million, which primarily consisted of purchase and deposit paid for property, plant and equipment of HK$25.1 million mainly for the Shenzhen New Facility and motor vehicle.

For the year ended 31 December 2013, net cash used in investing activities was HK$79.4 million, which primarily consisted of the purchase and deposit paid for property, plant and equipment of HK$79.9 million, primarily for Shenzhen New Facility and leasehold improvement.

For the year ended 31 December 2012, net cash used in investing activities was HK$35.2 million, which primarily consisted of the purchase and deposit paid for property, plant and equipment of HK$32.1 million, primarily for Shenzhen New Facility.

For the year ended 31 December 2011, net cash used in investing activities was HK$28.1 million, which primarily consisted of the purchase and deposit paid for property, plant and equipment of HK$30.0 million, primarily due to purchase of plant and machinery and construction of sewage treatment facilities.

Net Cash From/(Used In) Financing Activities

Our cash inflow from financing activities mainly consist of proceeds from bank borrowings. Our cash used in financing activities mainly consist of repayments of borrowings, rental payment obligation under finance lease and dividend paid.

For the five months ended 31 May 2014, net cash generated from financing activities amounted to HK$8.9 million, which primarily consisted of (i) new bank loan of HK$96.7 million for the purpose of construction of the Shenzhen New Facility; and (ii) repayment of bank borrowings of HK$84.7 million and capital element of finance lease of HK$1.5 million.

For the year ended 31 December 2013, net cash generated from financing activities was HK$27.8 million, which primarily consisted of proceeds from bank borrowing of HK$220.0 million, primarily from revolving bank facilities, partially offset by the (i) repayments of bank borrowings of HK$183.7 million; and (ii) rental payment obligation under finance lease of HK$4.1 million.

For the year ended 31 December 2012, net cash used in financing activities was HK$5.5 million, which primarily consisted of repayment of bank borrowing of HK$137.9 million, partially offset by the (i) proceeds of bank borrowings of HK$126.6 million; and (ii) repayment of advance to shareholder of HK$14.7 million.

For the year ended 31 December 2011, net cash generated from financing activities was HK$5.5 million, which primarily consisted of proceeds from bank borrowing of HK$143.1 million, partially offset by the (i) repayments of bank borrowings of HK$134.0 million; and (ii) dividend paid of HK$2.5 million.

Working Capital

Taking into account the financial resources available to us, including the estimated net proceeds from the Global Offering, our operating cash inflow and available credit facilities, our Directors are of the opinion, and the Sole Sponsor concurs with our Directors, that we have sufficient working capital for our present requirements and for at least next 12 months from the date of this prospectus.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditure comprised expenditures on construction in progress and property, plant and equipment for our Shenzhen New Facility. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our total capital expenditures amounted to HK$30.0 million, HK$45.6 million, HK$81.4 million and HK$26.3 million, respectively. We financed our capital expenditures primarily through our cash generated from our operating activities, amount due to shareholders and bank borrowings. The following table sets forth our capital expenditures for the periods indicated.

	Year ended 31 December			Five months ended 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Purchase of items of property, plant and equipment	27,162	44,774	76,909	22,441
Deposits paid for purchase of items of property, plant and equipment	2,854	823	4,456	3,837
Total	30,016	45,597	81,365	26,278

For the year ending 31 December 2014 and 31 December 2015, we estimate that our capital expenditures will amount to approximately HK$159 million and HK$20 million, respectively.

Our projected capital expenditure are subject to revision based on any future changes in our business plans, market conditions, economic and regulatory environment. For more details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

We expect to fund our contractual commitments and capital expenditures principally through the net proceeds we receive from the Global Offering, cash generated from our operating activities and existing banking facilities. We believe that these source of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months from the date of this prospectus.

Capital Commitments

As at 31 December 2011, 2012 and 2013 and 31 May 2014, our capital commitments were primarily related to the capital contribution to our subsidiaries in Nantong and the construction and purchase of items of property, plant and equipment for our Shenzhen New Facility. The following table sets forth our capital commitments as at the dates indicated.

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for:				
Capital contribution to subsidiaries				
— YT Nantong	93,600	—	—	—
— YT Environmental	45,037	—	—	—
Construction and purchases of items of property, plant and equipment	51,590	86,827	38,097	23,915
	190,227	86,827	38,097	23,915

According to the articles of association of YT Nantong, an indirect wholly owned subsidiary of the Company, its registered capital was US$20 million, of which US$8 million had been paid up/contributed and the unpaid capital commitment was US$12 million (equivalent to HK$93.6 million) as at 31 December 2011. On 25 June 2012, the registered capital in the subsidiary's articles of association was amended from US$20 million to US$8 million. Accordingly, there were no outstanding unpaid registered capital as at 31 December 2012, 31 December 2013 and 31 May 2014.

On 30 December 2006, we set up a subsidiary, YT Environmental with registered capital of RMB80,000,000, in which we held approximately 99% interest at the time of its establishment. On 20 August 2012, the registered capital in the subsidiary's articles of association was amended from RMB80,000,000 to RMB43,100,000. The registered capital was fully contributed in form of cash injection.

Operating Lease Arrangement

We lease certain properties under an operating lease arrangement. Leases for these properties are negotiated for one to thirteen years. The Group had total future minimum lease payments under the non-cancellable operating lease falling due as follows.

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	768	1,486	899	1,326
In the second to fifth years, inclusive	1,545	1,486	252	851
Total	2,313	2,972	1,151	2,177

We expect to fund our capital and operating lease arrangement primarily through our cash generated from our operating activities, existing banking facilities and net proceeds of the Global Offering.

CONTINGENT LIABILITIES

Our contingent liabilities primarily consists of our obligations relating to the guarantees given to the banks in connection with banking facilities granted to a related company. For more details on related party transaction please refer to the paragraph headed "Related Party Transaction" in this section. As at 31 December 2011, 2012 and 2013 and 31 May 2014, we provided guarantee in the amount of HK$16.0 million, HK$15.1 million, HK$7.6 million and HK$7.6 million, respectively. As at 31 December 2011, 2012 and 2013 and 31 May 2014, the utilized amount of the banking facilities were approximately HK$15.4 million, HK$14.5 million, HK$7.3 million and HK$7.1 million, respectively.

Except for the litigation as set out in the section headed "Business — Legal Proceedings" of this prospectus, we are currently not involved in any material legal proceedings, nor are we aware of any pending or potential material legal proceedings involving us. If we were involved in such material legal proceedings, we would record any loss or contingency when, based on information then available, it is likely that a loss has been incurred and the amount of the loss can be reasonable estimated.

INDEBTEDNESS

Bank and Other Borrowings

We obtain bank and other borrowings to finance the construction our Shenzhen New Facility and machineries, and working capital needs. All of our bank borrowings obtained and finance lease payables were secured. As at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014 (unaudited), our total outstanding balance of bank and other borrowings was HK$183.2 million, HK$194.2 million, HK$221.1 million, HK$228.5 million and HK$239.8 million, respectively. The following table sets forth a breakdown of our current and non-current bank and other borrowings as at the dates indicated.

	As at 31 December			As at 31 May	As at 30 September
	2011	**2012**	**2013**	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Current					
Interest-bearing bank borrowings (secured)	86,245	76,527	86,222	94,089	88,840
Finance lease payables	1,044	4,094	3,525	3,513	3,220
Due to a minority shareholder	2,107	2,124	2,187	2,118	—
Due to shareholders	79,669	94,057	—	—	—
Other payable[(1)]	—	—	—	—	2,160
	169,065	176,802	91,934	99,720	94,220
Non-current					
Interest-bearing bank borrowings (secured)	13,152	11,836	40,023	41,838	59,149
Finance lease payables	976	5,564	2,039	588	1,238
Due to shareholders	—	—	87,137	86,384	85,182
	14,128	17,400	129,199	128,810	145,569
Total	183,193	194,202	221,133	228,530	239,789

Note:

(1) On 3 June 2014, the Group acquired all remaining interest in a subsidiary, YT Environmental, from its minority shareholder. Accordingly, the amount due to a minority shareholder was classified as an other payable as at 30 September 2014.

Our bank and other borrowings increased to HK$194.2 million as at 31 December 2012 from HK$183.2 million as at 31 December 2011. The increase was primarily due to the increase in amount due to shareholders of HK$14.4 million. Our bank and other borrowings increased to HK$221.1 million as at 31 December 2013 from HK$194.2 million as at 31 December 2012. The increase was primarily due to new bank loans in the amount of approximately HK$34.6 million designated for the construction of our Shenzhen New Facility which was offset by discounting long term amounts due to shareholders to present value as a result of change in repayment terms. Our bank and other borrowings increased to HK$228.5 million as at 31 May 2014 from HK$221.1 million as at 31 December 2013, primarily due to new loans in the amount of HK$9.3 million designated for the construction of our Shenzhen New Facility.

Our bank and other borrowings are denominated principally in U.S. dollars, Hong Kong dollars and Renminbi. As at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014, the weighted average effective interest rates of our bank loans were 5.35%, 3.67%, 4.71%, 4.62% and 5.05%.

The Group's bank loan agreements contain repayment on demand clauses and the corresponding bank loans have been classified as current liabilities in the statements of financial position. Ignoring the effect of any repayment on demand clauses and based on the maturity terms of these loans, the interest-bearing bank borrowings and finance leases payables of the Group are repayable:

	As at 31 December			As at 31 May	As at 30 September
	2011	2012	2013	2014	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Bank loans (1)(2)(3)(4)					
Within one year	81,045	65,218	69,984	79,630	68,131
In the second year	3,871	6,404	12,542	15,035	25,879
In the third to fifth years, inclusive	9,310	11,587	35,329	33,897	47,338
Beyond five years	5,171	5,154	8,390	7,365	6,641
	99,397	88,363	126,245	135,927	147,989
Obligations under finance leases (5)					
Within one year	1,044	4,094	3,525	3,513	3,220
In the second year	976	3,524	2,039	588	316
In the third year	—	2,040	—	—	922
	2,020	9,658	5,564	4,101	4,458
	101,417	98,021	131,809	140,028	152,447

Notes:

(1) At 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014 (unaudited), the Group's bank borrowings at the end of the reporting periods are secured by:

(i) the Group's leasehold land and buildings and construction in progress with aggregate carrying values at the end of the reporting periods of HK$35.7 million, HK$75.0 million, HK$142.8 million, HK$155.1 million and HK$162.6 million (unaudited);

(ii) the Group's pieces of leasehold land situated in the PRC which are classified as prepaid land lease payments.

(iii) pledged deposits with banks amounting to HK$10.6 million, HK$10.9 million, HK$11.3 million, HK$11.2 million and HK$11.4 million (unaudited);

(iv) fixed deposit of not less than HK$3,700,000 from a director of the Group, such securities will be released upon Listing;

(v) certain leasehold land and buildings of a related company owned by certain directors of the Group, such securities will be released upon Listing; and

(vi) certain leasehold land and buildings of a director of the Group, such securities will be released upon Listing.

(2) Certain bank borrowings are also guaranteed by certain directors of the Group, such guarantee will be released upon Listing.

(3) The Government of the Hong Kong Special Administrative Region has provided special guarantees for banking facilities of the Group up to guarantee amounts of HK$7.4 million, HK$5.0 million, HK$7.9 million, HK$6.4 million and HK$5.2 million (unaudited) as at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014 (unaudited), respectively. Furthermore, the Hong Kong Mortgage Corporation Limited, a limited company wholly-owned by the Government of the Hong Kong Special Administrative Region, has also provided a special guarantee for a banking facility of the Group up to a guarantee amount of nil, HK$11.0 million, HK$8.6 million, HK$7.6 million and HK$6.8 million (unaudited) as at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014, respectively.

(4) Included in the bank borrowings as at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014 (unaudited) were borrowings with carrying amounts of HK$57.6 million, HK$45.9 million, HK$66.0 million, HK$74.9 million and HK$94.2 million (unaudited) which were denominated in RMB, respectively; borrowings with carrying amounts of HK$24.0 million, HK$12.5 million, HK$21.0 million, HK$21.6 million and HK$19.3 million (unaudited), which were denominated in the U.S. dollars, respectively. All other bank borrowings were denominated in HK dollars.

(5) The net book values of the Group's items of property, plant and equipment held under finance leases included in the total amounts of plant and machinery and motor vehicles of the Group at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014 (unaudited) amounted to HK$2.9 million, HK$16.9 million, HK$13.9 million, HK$12.7 million and HK$14.1 million (unaudited), respectively.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, we had an amount due to a minority shareholder of HK$2.1 million, HK$2.1 million, HK$2.2 million and HK$2.1 million, respectively. As at 30 September 2014, we had an amount due to a former minority shareholder classified as an other payable of HK$2.2 million (unaudited). All such amounts were unsecured, interest-free and has no fixed terms of repayment.

As at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014, we had amounts due to shareholders in the amount of HK$79.7 million, HK$94.1 million, HK$87.1 million, HK$86.4 million and HK$85.2 million (unaudited), respectively. All such amounts were unsecured and interest-free. The amounts as at 31 December 2013, 31 May 2014 and 30 September 2014 are not repayable on or prior to 31 December 2015, while the amounts as at 31 December 2011 and 2012 had no fixed terms of repayment.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, interest rates on the bank borrowings were either fixed or floating and determined with reference to rates such as Hong Kong/London Inter-Bank Offered Rate, People's Bank of China benchmark lending rates and prime/best lending rates of banks. The interest rates of the Group's bank borrowing portfolio ranged from 2.10% to 8.54%, from 1.70% to 6.90%, from 2.00% to 7.36% and from 1.98% to 7.36% per annum for the Track Record Period.

During the Track Record Period, certain of our subsidiaries had provided corporate guarantees to a bank to secure the banking facilities granted to a related company, Yantek Electronics Company Limited, and the utilisation of such facilities amounted to HK$15.4 million, HK$14.5 million, HK$7.3 million, HK$7.1 million and HK$6.9 million (unaudited) as at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014, respectively. Such corporate guarantees will be released upon Listing.

We have no present intention or plan to raise material external debt financing. There is no material covenants include in our bank facilities or other agreements which impact or restrict our ability to undertake additional debt or equity financing.

Director's Confirmation

Our Directors confirm that we had no material defaults in the payment of trade and non-trade payables, bank loans, obligation under finance lease, nor any material breaches of the finance covenants during the Track Record Period.

Statement of Indebtedness

As at 30 September 2014, being the latest practicable date for the purpose of this indebtedness statement, we had outstanding indebtedness of approximately HK$239.8 million comprising interest-bearing bank borrowings of HK$148.0 million, obligations under finance lease of HK$4.5 million which were secured by a motor vehicle and certain machineries, and amounts due to a former minority shareholder (classified as an other payable) and shareholders of HK$87.3 million.

As at 30 September 2014, we had total banking facilities of HK$272.9 million, of which bank loan facilities of HK$148.0 million and a bank guarantee of HK$6.9 million were utilised. The remaining facilities of approximately HK$118.0 million remained unutilised.

As at 30 September 2014, certain of our subsidiaries had provided corporate guarantees to a bank to secure the banking facilities granted to a related company, Yantek Electronics Company Limited, and the utilisation of such facilities amounted to HK$6.9 million as at 30 September 2014.

Save as disclosed above, as at 30 September 2014, being the latest practicable date for the purpose of this indebtedness statement, we did not have any outstanding bank borrowings, mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees.

We confirm that there had not been any material adverse change in our indebtedness position since 1 October 2014.

KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios as at the dates or for the periods indicated.

	As at or for the year ended 31 December			As at or for the five months ended 31 May
	2011	**2012**	**2013**	**2014**
Current ratio(1)	1.0	1.0	1.4	1.3
Quick ratio(2)	0.8	0.9	1.1	1.1
Gearing ratio(3)	1.0	0.9	0.8	0.8
Net debt to equity ratio(4)	0.6	0.5	0.7	0.6
Return on equity(5)	9.8%	13.8%	14.8%	13.9%
Return on assets(6)	3.5%	5.2%	6.0%	5.4%

Notes:

(1) Current assets divided by current liabilities.

(2) Current assets less inventories and divided by current liabilities.

(3) Total debt divided by total equity.

(4) Net debt divided by total equity. Net debt is calculated as total debts less cash and cash equivalents and restricted cash deposits pledged for borrowings.

(5) Profit (on an annualised basis for the period ended 31 May 2014) divided by total equity and multiplied by 100%.

(6) Profit (on an annualised basis for the period ended 31 May 2014) divided by total assets and multiplied by 100%.

Current Ratio

Our current ratio remained stable during the Track Record Period. The slight increase in current ratio for 2013 was primarily due to change in repayment term of amount due to shareholders.

Quick Ratio

Our quick ratio remained stable during the Track Record Period. The slight increase in quick ratio was primarily due to the same reasons for the current ratio as set forth above.

Gearing Ratio

Our gearing ratio decreased from 1.0 in 2011 to 0.9 in 2012. The decrease was primarily due to percentage increase in total equity exceeded the percentage increase in total debt. Similarly, the decrease in gearing ratio from 0.9 in 2012 to 0.8 in 2013 was due to the same reason. The gearing ratio for 2013 and the period ended 31 May 2014 remained relatively stable.

Net Debt to Equity Ratio

Our net debt to equity ratio decreased from 0.6 in 2011 to 0.5 in 2012. The decrease was primarily due to a decrease in bank loans in 2012. Whereas the increase of our net debt to equity ratio from 0.5 in 2012 to 0.7 in 2013 was primarily due to increase of bank borrowing in 2013. The reason for the slight decrease in our net debt to equity ratio from 0.7 in 2013 to 0.6 in the five months ended 31 May 2014 was primarily due to the increase of equity as a result of conversion of net profits to reserves in the five months ended 31 May 2014.

Return on Equity

Our return on equity increased from 9.8% in 2011 to 13.8% in 2012. The increase was primarily due to increase in profit. Similarly the return on equity increase from 13.8% in 2012 to 14.8% in 2013 was primarily due to the same reason. Our return on equity decreased from 14.8% in 2013 to 13.9% in the five months ended 31 May 2014. The decrease was primarily due to annualised profits for the five months ended 31 May 2014 where profit for first half of the year is normally less than the second half of the same year.

Return on Assets

As our return on assets followed the same trend as that of our return on equity, please see the same reasons as set out above under the paragraph headed "Return on Equity" in this section.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

In the ordinary course of our business operation, we are exposed to various market risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. Our risk management strategy aims to minimise the potential adverse effects of such risks on our financial performances.

Foreign Exchange Rate

Our foreign exchange risk arises from operating activities. For the years ended 31 December 2011, 2012 and 2013 and the five months period ended 31 May 2014, over 50% of our cost of sales were settled in Renminbi, while over 60% of our revenue were denominated in U.S. dollars and Hong Kong dollars. The value of Renminbi against the U.S. dollars and Hong Kong dollars may fluctuate. Therefore, there is a currency mismatch between our revenue (mainly U.S. dollars and Hong Kong dollars denominated) and costs (mainly Renminbi denominated), which give rise to an exposure to foreign exchange risks. During the Track Record Period, we entered into three forward currency contracts, comprising of Renminbi, Hong Kong dollars and U.S. dollars contracts, to hedge our anticipation of an increase in value of Renminbi during the Track Record Period. As at 31 December 2011, 2012 and 2013 and 31 May 2014, the fair value of financial liabilities with respect to our forward currency contracts amounted to HK$1.5 million, HK$14,000, nil and nil, respectively. These derivative financial instruments had expired in 2013. The three forward currency contracts that we entered into were not designated as hedging instruments in hedge relationships as defined by HKAS 39. Therefore, any gains or losses arising from changes in fair value of these forward currency contracts were recognized in our statement of profit or loss. Due to the anticipated stable exchange rate between Renminbi and U.S. dollars from 2013 onwards, our Group has not entered into any more such derivative financial instruments after their expiration in 2013. Our Directors believe that our foreign exchange risk remains significant to our financial performance.

While we currently do not enter into any derivative financial instrument to hedge our potential foreign currency risk exposure, we manage our foreign currency risk exposure by closely monitoring the movement of exchange rates between Renminbi and U.S. dollars or vice versa. We manage our exchange rate exposure by designating our staff member to closely monitor the movement of exchange rates between Renminbi and U.S. dollars and between Renminbi and Hong Kong dollars, or vice versa. The designated staff member reports movements of exchange rates to the Directors at weekly meetings for the Directors' consideration, and is recorded in the meeting minutes for follow up. We may use derivative financial instruments to manage significant foreign currency risk exposure when the Group foresees such risk to have a material and adverse impact on our financial performance. The decision for the Group to use derivative financial instruments for such purpose is subject to the recommendation by our Group's chief financial officer and approval by any of the executive Directors. For the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, we recorded net foreign exchange loss of HK$11.0 million, HK$3.3 million, HK$4.2 million and net foreign exchange gain of HK$3.5 million, respectively.

The following table sets forth the reasonably possible change of our profit before tax and our equity (excluding retained profits) as a result of foreign exchange gains or losses if Renminbi had weakened or strengthened by 5% against the relevant foreign currencies, with all other variables held constant.

	Year ended 31 December			Five months ended 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit before tax increase/(decrease)				
5% weakened against				
Hong Kong dollars	10,189	8,774	5,284	4,858
U.S. dollars	389	281	273	1,727
5% strengthened against				
Hong Kong dollars	(10,189)	(8,774)	(5,284)	(4,858)
U.S. dollars	(389)	(281)	(273)	(1,727)
Equity increase/(decrease)				
5% weakened against				
Hong Kong dollars	(21,725)	(21,108)	(23,024)	(23,278)
U.S. dollars	—	—	—	—
5% strengthened against				
Hong Kong dollars	21,725	21,108	23,024	23,278
U.S. dollars	—	—	—	—

Interest Rate Risk

Other than bank balances with variable interest rate, we have no other significant interest-bearing assets. Our Directors do not anticipate significant impacts to interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly. Our exposure to changes in interest rates is mainly attributable to our cash and time deposits at banks and borrowings with floating interest rates. Cash and time deposits at banks and borrowings at variable rates expose us to cash flow interest rate risk. Cash and time deposits at banks and borrowings at fixed rates expose us to fair value interest rate risk. There is no impact on the Group's equity except on the retained profits. We currently do not have a specific policy to manage our interest rate risk and have not entered into interest rate swaps to hedge our exposure, but will closely monitor our interest rate risk exposure in the future. The interest rates and terms of repayments of borrowings are disclosed in note 23 to the Accountants' Report as set out in Appendix I to this prospectus.

Credit Risk

We trade only with recognised and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures and cash collateral may be required. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

The credit risk of our other financial assets, which comprise trade and bills receivable, pledged deposits and restricted cash, cash and bank balances, deposits and other receivables, amounts due from a related company, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. We are also exposed to credit risk through the granting of financial guarantees to a related company and subsidiaries respectively, further details of which are set out in note 32 to the Accountants' Report in Appendix I to this prospectus.

Liquidity Risk

Our primary cash requirements have been for day-to-day operations and payments on bank borrowings. We finance our working capital requirements through a combination of funds generated from operations and borrowings. We generally finance the acquisition of certain of our motor vehicles, machinery and equipment for our operation through finance lease.

Our Directors believe that cash from operations and borrowings will be sufficient to meet our operating cash flow. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain related party transactions in the normal course of business. These transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on arm's length basis. Our Directors have further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

Sales to related party

During the Track Record Period, sales to the related company, Parason Industries Limited, in which Mr. Chan and an Independent Third Party each holds 50% equity interest, were HK$20.2 million, HK$27.1 million, HK$35.9 million and HK$16.8 million, respectively. The sales were on arm's length basis in accordance with the mutually agreed prices between the parties. Parason Industries Limited ceased to become our related party since 8 May 2014 as Mr. Chan transferred all of his equity interest in Parason Industries Limited to the other shareholder of Parason Industries Limited.

Rental payment to related party

During the Track Record Period, Yantek Electronics Company Limited, a related company of the Group has entered into a tenancy agreement with the Group for renting a staff quarter for a Director for HK$0.5 million, HK$0.6 million, HK$0.6 million and HK$0.3 million for the year ended 31 December 2011, 2012, 2013 and for the five months ended 31 May 2014, respectively.

Amount due to a minority shareholder

The amount due to Tuoxin, a minority shareholder as at 31 December 2011, 31 December 2012, 31 December 2013 and 31 May 2014 were HK$2.1 million, HK$2.1 million, HK$2.2 million and HK$2.1 million, respectively. This amount due to minority shareholder related to set up cost for YT Environmental. The Group will fully settle this amount upon Listing.

On 16 June 2014, Tuoxin disposed of its entire equity interest of 0.93% in Yan Tat Environmental to the Group for a cash consideration of RMB400,000. Yan Tat Environmental became a wholly-owned subsidiary of the Group since then.

The amount due to Tuoxin was unsecured and interest-free, and had no fixed repayment terms.

Amounts due to shareholders

The amount due to shareholders as at 31 December 2011 and 31 December 2012 were HK$79.7 million and HK$94.1 million, respectively, and were unsecured, interest-free, and had no fixed repayment terms. The amounts due to shareholders as at 31 December 2013 and 31 May 2014 were HK$87.1 million and HK$86.4 million, respectively, and were unsecured, interest free and not repayable on or before 31 December 2015. This amount due to shareholders related to the funding provided by Mr. Chan and Mrs. Chan to the Group at its initial operation stage by means of amount due to shareholders.

As at the Latest Practicable Date, the amount due to shareholders was HK$83.6 million. The decrease was mainly due to the repayment of approximately HK$2.8 million during the period. The Group will settle this amount in full upon Listing in the following manner:

(i) setting off against the consideration of approximately HK$23.1 million paid by Yantek Electronics Company Limited for its acquisition of the HK Headquarters (Please refer to the section headed "Connected Transactions" of this prospectus for more details); and

(ii) entering into a deed of waiver by Mr. Chan and Mrs. Chan in favour of the Group by waiving the remaining balance as at the Latest Practicable Date of approximately HK$60.5 million, being the carrying amounts due to shareholders after deducting the consideration for acquisition of the HK Headquarters from the amount due to shareholders set out in paragraph (i) above. After the waiver, our capital reserves will increase by a corresponding amount.

Amount due from a related party

As at 31 December 2011, 2012 and 2013 and 31 May 2014, amount due from a related party were HK$14.4 million, HK$15.3 million, HK$21.7 million and HK$18.8 million. During the Track Record Period, amount due from a related party consisted of amount due from Parason Industries Limited, in which Mr. Chan and an Independent Third Party each holds 50% equity interest. The amount due from Parason Industries Limited primarily consisted of trade receivables in connection with purchase of PCBs. The amount due from Parason Industries Limited was unsecured, interest-free and repayable within three months. Parason Industries Limited ceased to become our related party since 8 May 2014 as Mr. Chan transferred all of his equity interest in Parason Industries Limited to the other existing shareholder of Parason Industries Limited.

Guarantee made to a related party

As at 31 December 2011, 2012 and 2013 and 31 May 2014, we provided corporate guarantee to Yantek Electronics Company Limited in the amount of HK$16.0 million, HK$15.1 million, HK$7.6 million and HK$7.6 million, respectively. As at 31 December 2011, 2012 and 2013 and 31 May 2014, the utilised amount of the banking facilities were approximately HK$15.4 million, HK$14.5 million, HK$7.3 million and HK$7.1 million, respectively. We expect to release the corporate guarantees made to the related company upon Listing.

Sales commission and compensation to key management personnel

A director of the Company received sales commission of HK$1.8 million, HK$2.6 million, HK$1.8 million, HK$0.6 million and HK$0.5 million for his services provided to the Group for the years ended 31 December 2011, 2012 and 2013 and the five-month periods ended 31 May 2013 and 2014, respectively. The sales commission is based on 3%, 3%, 1.5% to 3%, 1.5% to 3% and 1.5% of the transaction amounts for the same period, respectively.

For more information on our related party transactions, please refer to note 32 to Accountants' Report as set out in Appendix I to this prospectus.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, our Company did not declare any dividends to our then shareholders. For each of the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, YT Group declared and paid interim dividends of HK$2.5 million, HK$2.5 million, HK$2.5 million and nil, respectively.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends that we declare. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. We cannot assure you that we will be able to distribute dividends of any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future.

DISTRIBUTABLE RESERVES

As at 31 May 2014, our Company had no distributable reserves which were available for distribution to our Shareholders.

LISTING EXPENSES

Our listing expenses mainly consist of underwriting commissions in addition to professional fees paid to the sponsor, professional valuers, legal advisors and the reporting accountant for their services rendered in relation to the Listing and Global Offering. The total amount of listing expenses and commissions, that will be borne by us in connection with the Global Offering, is estimated to be approximately HK$30.8 million (based on the mid-point of our indicative price range for the Global Offering). We incurred listing fees and expenses in the Track Record Period in the amount of approximately HK$3.6 million, of which HK$1.0 million was recorded as prepayment and HK$2.6 million was charged to our combined statements of profit or loss. We expect that the remaining HK$27.2 million fees and expenses to be incurred, approximately HK$19.5 million will be charged to our combined statements of profit or loss for the year ending 31 December 2014 and approximately HK$7.7 million will be accounted for as a deduction from equity after the Listing under the relevant accounting standards. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

EFFECT ON OUR FINANCIAL PERFORMANCE DUE TO LISTING EXPENSES

Our net profit for the year ending 31 December 2014 will have a considerable reduction due to the incurrence of listing expenses in 2014. Our financial performance for the year ending 31 December 2014 will be affected by such expenses as compared with our financial performance for the year ended 31 December 2013.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the combined net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on 31 May 2014. This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as at 31 May 2014 or any future dates.

	Combined net tangible assets attributable to owners of the Company as at 31 May 2014[(1)]	Estimated net proceeds from the Global Offering[(2)]	Unaudited pro forma adjusted combined net tangible assets per Share[(3)]
	HK$'000	*HK$'000*	*HK$*
Based on an Offer Price of HK$1.09 per Share	269,643	34,789	1.27
Based on an Offer Price of HK$1.25 per Share	269,643	44,100	1.31

Notes:

(1) The combined net tangible assets of the Group attributable to owners of the Company as at 31 May 2014 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited combined equity attributable to owners of the Company as at 31 May 2014 of HK$269,643,000.

(2) The estimated net proceeds from the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or the exercise of any options which may be granted under the Share Option Scheme) are based on the estimated Offer Price of HK$1.09 and HK$1.25 per Share, after deduction of the underwriting fees and other related expenses payable by the Company.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 240,000,000 Shares expected to be in issue immediately following the completion of the Global Offering (without taking into account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or the exercise of any options which may be granted under Share Option Scheme).

(4) With reference to the valuation of property interests of the Group as set out in Appendix III to this prospectus, the aggregate revaluated amount of the property interests owned and occupied and property interests held under construction by the Group as at 30 September 2014 was approximately HK$330.7 million. The net book value of these property interests as at 30 September 2014 was HK$235.5 million. The revaluation surplus for these property interests is approximately HK$95.2 million. Had such property interests been stated at revaluation in the Group's combined financial statements, additional annual depreciation and amortisation of approximately HK$1.8 million would be charged. Such revaluation surplus has not been and will not be included in the Group's combined financial statements as the Group's property, plant and equipment and prepaid land lease payments are stated at cost less depreciation or amortisation and impairment losses, if any.

(5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 May 2014.

(6) The unaudited pro forma adjusted combined net tangible assets and unaudited pro forma adjusted combined net tangible assets per Share have not taken into account the waiver of shareholders' loans in favour of the Group by Mr. Chan and Mrs. Chan, the shareholders of the Company, in a total carrying amount of approximately HK$60.5 million taken place on 20 November 2014. The unaudited pro forma adjusted combined net tangible assets per Share would have been increased to HK$1.52 and HK$1.56 per Share based on the minimum and maximum estimated offer prices of HK$1.09 and HK$1.25 per Share, respectively, after taking into account the loan waiver which would increase the Group's capital reserve by the corresponding amount.

PROPERTY INTERESTS AND PROPERTY VALUATION

Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent property valuer, has valued the property interest of the Group at HK$330.7 million as at 30 September 2014.

The table below sets forth the reconciliation of the aggregate amount of net book value of our property interests from our combined financial information as at 31 May 2014 and the valuation of such property interests as at 30 September 2014 set out in Appendix III to this Prospectus.

	HK$ (million)	*HK$ (million)*
Valuation of property interest owned, occupied and held under development by the Group as at 30 September 2014 as set out in the property valuation report in Appendix III to this Prospectus		330.7
Net book value of the following properties as at 31 May 2014 as set out in Appendix I to this Prospectus:		
— Prepaid land lease payments	6.5	
— Property, plant and equipment (only including land and buildings and construction in progress)	210.9	
	217.4	
Add: Additions during the period from 1 June 2014 to 30 September 2014	14.6	
Less: Depreciation and amortisation during the period from 1 June 2014 to 30 September 2014	(0.8)	
Exchange adjustment	4.3	
Net book value as at 30 September 2014		235.5
Net valuation surplus		95.2

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 May 2014, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since 31 May 2014 which would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus. Our Director consider that all information necessary for the public to make an informed assessment of the activities and financial position of our Group has been included in this prospectus.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as at the Latest Practicable Date, there have been no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the Shares listed on the Stock Exchange.

FUTURE PLANS

Please refer to the section headed "Business — Our Business Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth the estimated net proceeds of the Global Offering that we will receive after deduction of underwriting fees and commissions, fees and anticipated expenses payable by us in connection with the Global Offering:

	Assuming the Offer Size Adjustment Option is not exercised	**Assuming the Offer Size Adjustment Option is exercised in full**
	HK$ in million	*HK$ in million*
Assuming an Offer Price of HK$1.25 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	44.1	55.0
Assuming an Offer Price of HK$1.17 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	39.4	49.7
Assuming an Offer Price of HK$1.09 per Offer Price (being the low end of the Offer Price range stated in this prospectus)	34.8	44.3

We currently intend to apply the net proceeds of approximately HK$39.4 million for the following purposes assuming the Offer Size Adjustment Option is not exercised and assuming an Offer Price of HK$1.17 per Share, being the mid-point of the Offer Price range stated in this prospectus:

- approximately HK$14.8 million (approximately 37.5% of our total estimated net proceeds) for the renovation of the Shenzhen New Facility. The Renovation includes air filtered recirculation, clean room and epoxy coated floor. We expect such portion of the net proceed will be fully utilised during the year ending 31 December 2014. Apart from the funding from net proceeds from the Global Offering, we estimate that an additional fund of approximately HK$40.0 million will be required to complete the renovation, all of which will be funded by existing banking facilities.

- approximately HK$24.6 million (approximately 62.5% of our total estimated net proceeds) for the acquisition of machinery for the Shenzhen New Facility to expand our production capacity by 360,000 sq.m. per annum. The new machinery includes outer layer image transfer and lamination, AOI, immersion tin, drilling and solder mask coating. We expect such portion of the net proceed will be fully utilised during the year ending 31 December 2014. Apart from the funding from net proceeds from the Global Offering, we estimate that an additional fund of approximately HK$45.3 million will be required to acquire the machinery, all of which will be funded by existing banking facilities.

The above allocation of the net proceeds will be adjusted on a pro-rata basis in the event that the Offer Size Adjustment Option is not exercised and the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range stated in this prospectus.

In the event that the Offer Size Adjustment Option is exercised in full, the net proceeds will increase to approximately HK$49.7 million, assuming an Offer Price of HK$1.17 per Share, being the mid-point of the Offer Price range stated in this prospectus. In such event, we intend to allocate the net proceeds to the above purposes on a pro-rata basis. Assuming the Offer Size Adjustment Option is exercised in full, the above allocation of the net proceeds will be further adjusted on a pro-rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range stated in this prospectus.

In each of the above circumstances, we expect that the respective portions of the net proceeds from the Global Offering will be fully utilised during the year ending 31 December 2014 for the above purposes.

To the extent that the net proceeds are not immediately used for the above purposes, we intend to deposit the net proceeds into short-term demand deposits, interest-bearing bank accounts with licensed banks or financial institutions as permitted by the relevant laws and regulations.

HONG KONG UNDERWRITERS

The Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

Guotai Junan Securities (Hong Kong) Limited
27/F Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Co-Managers

Ever-Long Securities Company Limited

Luk Fook Securities (HK) Limited

Telecom Digital Securities Ltd

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Public Offer Shares for subscription, subject to the terms and conditions of this prospectus and the Application Forms relating thereto, at the Offer Price.

Subject to, among other matters, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and the Offer Price having been determined by the Company and the Sole Global Coordinator at or prior to Tuesday, 2 December 2014 or such other date or time as may be agreed between the Company and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) but in any event not later than Thursday, 4 December 2014, the Hong Kong Underwriters have agreed to subscribe for or procure subscribers to subscribe for, on the terms and conditions of this prospectus and the Application Forms relating thereto, the Hong Kong Public Offer Shares now being offered for subscription under the Hong Kong Public Offering and which are not taken up under the Hong Kong Public Offering.

Grounds for termination

The Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) shall be entitled, in its sole and absolute discretion, by notice in writing to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(i) there shall develop, occur, exist or come into effect:

(a) any event, or series of events, beyond the reasonable control of the Hong Kong Underwriters (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions, outbreak of diseases or epidemics including SARS and avian influenza and such related/mutated forms or interruption or delay in transportation) in or affecting Hong Kong, the Cayman Islands or any jurisdiction relevant to any member of our Group or the Global Offering (collectively, the "Relevant Jurisdictions") which in the reasonable opinion of the Sole Global Coordinator has or would have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change in local, national, international, financial, economic, political, military, industrial, fiscal, regulatory or market conditions and matters and/or disaster or any monetary or trading settlement systems (including any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency, or any interruption in securities settlement or clearance service or procedures in the Relevant Jurisdictions); or

(c) any new law or change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in any of the Relevant Jurisdictions; or

(d) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for any of the Relevant Jurisdictions; or

(e) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in any of the Relevant Jurisdictions; or

(f) any material change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(g) any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group; or

(h) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(i) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(j) a petition is presented for the winding up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(k) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or any of the Relevant Jurisdictions,

which in the sole reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(1) is/are or shall have or could be expected to have an material adverse effect on the business, financial or other condition or prospects of our Group as a whole or in the case of sub-paragraph (e) above, to any present or prospective shareholder of the Company in his, her or its capacity as such; or

(2) has/have or shall have or could reasonably be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or

(3) make(s) it inadvisable, inexpedient or impracticable for the Global Offering to proceed; or

(ii) there has come to the notice of the Sole Global Coordinator

(a) that any statement, reasonably considered by the Sole Global Coordinator to be material, contained in any of this prospectus, the Application Forms and any documents in connection with the Global Offering was when the same was issued, or has become, untrue, incorrect or misleading in any material respect; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom reasonably considered by the Sole Global Coordinator to be material to the Global Offering; or

(c) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than on any of the Hong Kong Underwriters or the International Underwriters or the Sole Global Coordinator); or

(d) any change or development that reasonably considered by the Sole Global Coordinator to have or could be expected to have a material adverse effect on business affairs, prospects or the financial or trading position of our Group as a whole; or

(e) any breach, reasonably considered by the Sole Global Coordinator to be material, of any of the warranties; or

(iii) the International Underwriting Agreement shall not have been duly executed at or before 12:00 noon on 2 December 2014 (or such other date or time as may be agreed between our Company and the Sole Global Coordinator) and in any event not later than 4 December 2014 due to any reason whatsoever.

Undertakings to the Stock Exchange

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by the Company or form the subject of any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except pursuant to the Global Offering or for the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders undertakes to the Stock Exchange and to our Company that except pursuant to the Global Offering (including the Offer Size Adjustment Option), they will not at any time:

(a) during the period commencing on the date by reference to which disclosure of our interests in our Company is made in this prospectus and ending on the date falling six months from the Listing Date (the "First Six-month Period"), he/it shall not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which he/it is shown by this prospectus to be the beneficial owners; or

(b) in the six-month period commencing on the expiry of the First Six-month Period set out in paragraph (a) above (the "Second Six-month Period"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities mentioned in paragraph (a) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder of our Company for the purposes of the Listing Rules.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/its shareholdings is made in this prospectus and to the date which is 12 months from the Listing Date, they will:

(a) when they pledge or change any securities of our Company or interests therein beneficially owned by them in favour of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and

(b) when they receive indications, either verbal or written, from the pledgee or chargee that any of the securities of our Company pledged or charged will be disposed of, immediately inform our Company of such indications.

The Company will inform the Stock Exchange as soon as it is informed of the above matters by any of our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by any of our Controlling Shareholders.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Our Company undertakes to the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that it shall, and each of the Controlling Shareholders undertakes to the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters to procure our Company to, ensure that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the commencement of dealings), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders undertakes to each of our Company, the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless as a result of any exercise of the Offer Size Adjustment Option and unless in compliance with the requirements of the Listing Rules, none of our Controlling Shareholders will:

(a) during the First Six-month Period, he/it shall not, and shall procure that the relevant registered holder(s) and our associates and companies controlled by it and any nominee or trustee holding in trust for it shall not,

(i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any of the Shares or securities of our Company disclosed in this prospectus to be beneficially owned by him/it or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by him/it) which is directly or indirectly a beneficial owner of any of the Shares or securities of our Company as disclosed in this prospectus as aforesaid (the "Relevant Securities");

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Relevant Securities, in cash or otherwise;

(iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above;

(iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above;

(b) he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates or companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, directly or indirectly in the Second Six-month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder of our Company for purposes of the Listing Rules;

(c) in the event of a disposal of any Shares or securities of our Company or any interest therein within the Second Six-month Period, he/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of our Company;

(d) he/it shall, and shall procure that his/its associates and companies controlled by him/it and nominees or trustees holding in trust for him/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/it or by the registered holder controlled by him/it of any Shares;

(e) he/it shall comply with all applicable restrictions under the Listing Rules on the disposal by him/it or by the registered holder(s) of any Shares or other securities of our Company in respect of which he/it is disclosed in this prospectus to be interested therein;

(f) neither he/it nor any of his/its associates nor any companies controlled by him/it nor any nominee or trustee holding in trust for him/it has any present intention of disposing of any Shares or other securities of our Company in respect of which he/it is disclosed in this prospectus to be interested therein;

(g) during the 12-month period from the Listing Date, when he/it pledges or charges any securities or interests in the Relevant Securities, he/it will immediately inform our Company and the Sole Global Coordinator in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(h) during the 12-month period from the Listing Date, when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Global Coordinator in writing of such indications.

International Underwriting Agreement

In connection with the International Placing, it is expected that the Company and the Controlling Shareholders, will, on or about 2 December 2014, enter into the International Underwriting Agreement with, among other parties, the Sole Global Coordinator, the Sole Sponsor and the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions set out therein, agree to subscribe for or procure subscribers to subscribe for the International Placing Shares.

Under the International Underwriting Agreement, the Company intends to grant to the International Underwriters the Offer Size Adjustment Option, which is exercisable by the Sole Global Coordinator (for itself and on behalf of the other International Underwriters) at any time during the period from the date of this prospectus to 5:00 p.m. on the Business Day immediately prior to the date of the announcement of the results of allocations and the basis of allocation of the Hong Kong Public Offer Shares, at its sole and absolute discretion, to require the Company to issue up to an aggregate of 9,000,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Placing, if any.

Commission and expenses

The Underwriters will receive an underwriting commission of 3.0% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission will be paid.

The underwriting commissions, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and other expenses relating to the Global Offering are payable by our Company with reference to the number of Shares under the Global Offering respectively.

The Sole Sponsor will receive financial advisory and documentation fees. The underwriting commission, financial advisory and documentation fee, Stock Exchange listing fees and trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expenses relating to the Global Offering are estimated to amount to approximately HK$30.8 million in total (based on an Offer Price of HK$1.17 per Share, being the mid-point of the indicative Offer Price range of between HK$1.09 and HK$1.25 per Share, and on the assumption that the Offer Size Adjustment Option is not exercised), which will be payable by the Company.

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

Underwriters' interests in our Company

As at the Latest Practicable Date and save as disclosed in this prospectus and other than pursuant to the Underwriting Agreements, none of the Hong Kong Underwriters was interested, directly or indirectly, in any shares or securities in any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement and the International Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the International Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Global Offering (the "Syndicate Members") and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own accounts and for the account of others. In relation to our Shares, other activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their underlying, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our Shares in most cases.

These activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 6,000,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "The Hong Kong Public Offering" of this section; and

(b) the International Placing of an aggregate of 54,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option as mentioned below) outside the United States to professional and institutional investors.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Placing, but may not do both. References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The Offer Shares will represent 25% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme. If the Offer Size Adjustment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Offer Size Adjustment Option as set out in the paragraph headed "Offer Size Adjustment Option" in this section.

THE HONG KONG PUBLIC OFFERING

Number of Shares initially offered

We are initially offering 6,000,000 new Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Public Offer Shares will represent approximately 2.5% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "— Conditions of the Hong Kong Public Offering" in this section.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants.

Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

Multiple or suspected multiple applications and any application for more than 6,000,000 Hong Kong Public Offer Shares (being 100% of the Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to the following adjustments:

(a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Placing will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 18,000,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

(b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Placing will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 24,000,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and

(c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Placing will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will 30,000,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

Any such clawback and reallocation between the International Placing and the Hong Kong Public Offering will be completed prior to any adjustment of the number of the Offer Shares pursuant to the exercise of the Offer Size Adjustment Option, if any.

In each case, based on the additional Offer Shares reallocated to the Hong Kong Public Offering, the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Placing in such proportions as the Sole Global Coordinator deems appropriate. Conversely, the Sole Global Coordinator may at its sole discretion re-allocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$1.25 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing of the Global Offering" of this section, is less than the maximum price of HK$1.25 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares offered

The International Placing will consist of an initial offering of 54,000,000 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering and approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Offer Size Adjustment Option is not exercised. The International Placing will be offered by us outside of the United States in reliance on Regulation S under the U.S. Securities Act, including to professional and institutional investors in Hong Kong.

Allocation

The International Placing will include selective marketing of the International Placing Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for the International Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the International Placing Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in the section entitled "Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the

Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the other Underwriters) may require any investor who has been offered International Placing Shares under the International Placing, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of the Hong Kong Public Offer Shares under the Hong Kong Public Offering.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Global Offering and pursuant to the International Underwriting Agreement, we expect to grant an Offer Size Adjustment Option to the International Underwriters.

Offer Size Adjustment Option

Pursuant to the Offer Size Adjustment Option, the Sole Global Coordinator (for itself and on behalf of the other International Underwriters) will have the right, exercisable at any time during the period from the date of this prospectus to 5:00 p.m. on the Business Day immediately prior to the date of the announcement of the results of allocations and the basis of allocation of the Hong Kong Public Offer Shares, at its sole and absolute discretion, to require our Company to issue, at the Offer Price, up to an aggregate of 9,000,000 additional Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, to cover over-allocations in the International Placing, subject to the terms of the International Underwriting Agreement. The Sole Global Coordinator in its sole and absolute discretion may decide to whom and proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, the additional Shares will represent approximately 3.6% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering, the Capitalisation Issue and the exercise of the Offer Size Adjustment Option.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Sole Global Coordinator to meet any excess demand in the International Placing. The Offer Size Adjustment Option will not be associated with any price stabilisation activities of the Shares in the secondary market after the Listing and will not be subject to the Securities and Futures (Price Stabilising) Rules of the SFO. No purchase of the Shares in the secondary market will be effected to cover any excess demand in the International Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

Our Company will disclose in its allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by then, the Offer Size Adjustment Option will lapse and cannot be exercised at any future date. The allotment results announcement will be published on the Stock Exchange website at (**www.hkexnews.hk**) and our Company's website at (**www.yantat.com**).

Pricing of the Global Offering

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of the International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, 2 December 2014, and in any event on or before Thursday, 4 December 2014, by agreement between the Sole Global Coordinator (for itself and on behalf of the other Underwriters), and our Company and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$1.25 per Share and is expected to be not less than HK$1.09 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Sole Global Coordinator (for itself and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), on the website of our Company (**www.yantat.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) a notice of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company, will be fixed within such revised offer price range. Before submitting applications for the Hong Kong Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the event there is a reduction in the Offer Shares and/or indicative Offer Price range, if the applicants have already submitted an application for the Hong Kong Public Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, they will be allowed to subsequently withdraw their applications. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Sole Global Coordinator, will under no circumstances be set outside the offer price range as stated in this prospectus.

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Global Offering, assuming the Offer Size Adjustment Option is not exercised) are estimated to be approximately HK$39.4 million, assuming an Offer Price per Share of HK$1.17 (being the mid-point of the stated indicative Offer Price range of HK$1.09 to HK$1.25 per Share) or if the Offer Size Adjustment Option is exercised in full, approximately HK$49.7 million, assuming an Offer Price per Share of HK$1.17 (being the mid-point of the stated indicative Offer Price range of HK$1.09 to HK$1.25 per Share).

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Public Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Friday, 5 December 2014 in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), on the website of our Company (**www.yantat.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters expect to enter into the International Underwriting Agreement relating to the International Placing on or around the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed "Underwriting" of this prospectus.

THE SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into the CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Public Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Offer Size Adjustment Option) (subject only to allotment);

(b) the Offer Price having been fixed on or about the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), or the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licenced bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Shares are expected to be issued on Friday, 5 December 2014 but will only become valid certificates of title at 8:00 a.m. on Monday, 8 December 2014 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Underwriting Agreement — Grounds for termination" of this prospectus has not been exercised.

DEALINGS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 8 December 2014, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 8 December 2014.

The Shares will be traded in board lots of 2,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company or the Sole Global Coordinator, HK eIPO White Form Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must (i) have a valid Hong Kong identity card number and (ii) provide a valid email address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator (or its agents or nominees) may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Hong Kong Public Offer Shares and they may not apply by means of the **HK eIPO White Form** service for the Hong Kong Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of shares of our Company and/or any of our subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in any International Placing Shares under the International Placing or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which application channel to use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 26 November 2014 to 12:00 noon on Monday, 1 December 2014 from:

(i) the following addresses of the following Hong Kong Underwriters:

Guotai Junan Securities (Hong Kong) Limited
27th Floor
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Ever-Long Securities Company Limited
18th Floor, Dah Sing Life Building
99–105 Des Voeux Road Central
Hong Kong

Luk Fook Securities (HK) Limited
Units 502–6, 5th Floor
Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Telecom Digital Securities Ltd
Units 3608–12, Tower 2, Metroplaza
223 Hing Fong Road
Kwai Fong
Hong Kong

(ii) any of the following branches of Standard Chartered Bank (Hong Kong) Limited, the receiving bank for the Hong Kong Public Offering:

	Branch name	Branch address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong, Kowloon
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan
	Lok Fu Shopping Centre Branch	Shop G201, G/F., Lok Fu Shopping Centre
	Mei Foo Stage I Branch	G/F, 1C Broadway, Mei Foo Sun Chuen Stage I, Lai Chi Kok
New Territories	Tuen Mun Town Plaza Branch	Shop No. G047–G052, Tuen Mun Town Plaza Phase I, Tuen Mun
	Tseung Kwan O Branch	Shop G37–40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Wednesday, 26 November 2014 until 12:00 noon on Monday, 1 December 2014 from the depository counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited — Yan Tat Group Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Wednesday, 26 November 2014	**—**	**9:00 a.m. to 5:00 p.m.**
Thursday, 27 November 2014	**—**	**9:00 a.m. to 5:00 p.m.**
Friday, 28 November 2014	**—**	**9:00 a.m. to 5:00 p.m.**
Saturday, 29 November 2014	**—**	**9:00 a.m. to 1:00 p.m.**
Monday, 1 December 2014	**—**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 1 December 2014, the last application day or such later time as described in the paragraph headed "— Effect of bad weather conditions on the opening of the applications lists" of this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Sponsor and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance (Miscellaneous Provisions) and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, the Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website **www.hkeipo.hk**.

Detailed instruction for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the HK eIPO White Form Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for submitting applications under the HK eIPO White Form

You may submit your application to the HK eIPO White Form Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, 26 November 2014 until 11:30 a.m. on Monday, 1 December 2014 and the latest time for completing full payment of application monies in respect of such application will be 12:00 noon on Monday, 1 December 2014 or such later time under the paragraph headed "Effect of bad weather conditions on the opening of the application lists" of this section.

No multiple applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies Ordinance (Miscellaneous Provisions)

For the avoidance of doubt, the Company and other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (Miscellaneous Provisions) (as applied by Section 342E of the Companies Ordinance (Miscellaneous Provisions)).

Environmental Protection

The advantage of HK eIPO white form is to minimise the usage of paper via the self-serviced and electronic application process. The Company and the Sole Sponsor encourage you to utilise this application channel should you desire the Hong Kong Public Offer Shares to be issued under your own name.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing;

- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors, the Sole Sponsor and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, the Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor and the Sole Global Coordinator and/ or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance (Miscellaneous Provisions) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders,with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance (Miscellaneous Provision), the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Public Offer Shares. Instructions for more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 26 November 2014	**—**	**9:00 a.m. to 8:30 p.m.(1)**
Thursday, 27 November 2014	**—**	**8:00 a.m. to 8:30 p.m.(1)**
Friday, 28 November 2014	**—**	**8:00 a.m. to 8:30 p.m.(1)**
Saturday, 29 November 2014	**—**	**8:00 a.m. to 1:00 p.m.(1)**
Monday, 1 December 2014	**—**	**8:00 a.m.(1) to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 26 November 2014 until 12:00 noon on Monday, 1 December 2014 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 1 December 2014, the last application day or such later time as described in the paragraph headed "Effect of bad weather conditions on the opening of the application lists" of this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies Ordinance (Miscellaneous Provisions)

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (Miscellaneous Provisions) (as applied by Section 342E of the Companies Ordinance (Miscellaneous Provisions)).

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by us, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the HK eIPO White Form Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 1 December 2014.

8. HOW MANY APPLICATIONS YOU CAN MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** and **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed "Structure of the Global Offering" in this prospectus.

10. EFFECT OF BAD WEATHER CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 1 December 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 1 December 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" of this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Friday, 5 December 2014 in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), on our Company's website at **www.yantat.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.yantat.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Friday, 5 December 2014;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, 5 December 2014 to midnight on Thursday, 11 December 2014;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 5 December 2014 to Wednesday, 10 December 2014 (excluding Saturday and Sunday);
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 5 December 2014 to Tuesday, 9 December 2014 at all the receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the HK eIPO White Form Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (Miscellaneous Provisions) (as applied by Section 342E of the Companies Ordinance (Miscellaneous Provisions)) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor and the Sole Global Coordinator, the HK eIPO White Form Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions of the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Sponsor or the Sole Global Coordinator believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Hong Kong Public Offer Shares initially offer under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$1.25 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering" of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Friday, 5 December 2014.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, 5 December 2014. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 8 December 2014 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" of this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a **WHITE** Application Form

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 5 December 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, 5 December 2014, by ordinary post and at your own risk.

(ii) If you apply using a **YELLOW** Application Form

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, 5 December 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, 5 December 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For Hong Kong Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS Participant.

- If you are applying as a CCASS Investor Participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 5 December 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through **HK eIPO White Form** service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from our Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 5 December 2014 or such other date as notified by the Company in the newspapers as at the date of despatch/collection of share certificate(s)/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) (where application) will be sent to the address on the relevant application instruction on Friday, 5 December 2014, by ordinary post and at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via **electronic application instructions** to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 5 December 2014, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of results" above on Friday, 5 December 2014. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 5 December 2014 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 5 December 2014. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 5 December 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

EY 安永

22/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

26 November 2014

The Directors
Yan Tat Group Holdings Limited
Guotai Junan Capital Limited

Dear Sirs,

We set out below our report on the financial information of Yan Tat Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2011, 2012 and 2013, and the five-month period ended 31 May 2014 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 December 2011, 2012 and 2013 and 31 May 2014, together with the notes thereto (the "Financial Information"), and the combined statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the five-month period ended 31 May 2013 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in this prospectus of the Company dated 26 November 2014 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 July 2014. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 2.1 of Section II below, which was completed on 11 August 2014, the Company became the holding company of the subsidiaries comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements or management accounts of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") 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 (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2011, 2012 and 2013, and the five-month period ended 31 May 2014 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2011, 2012 and 2013 and 31 May 2014, and of the combined results and cash flows of the Group for each of the Relevant Periods.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Combined Statements of Profit or Loss

		Year ended 31 December			Five-month period ended 31 May	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
REVENUE	*5*	561,585	576,663	581,557	227,868	273,007
Cost of sales		(439,771)	(449,616)	(446,418)	(174,101)	(213,094)
Gross profit		121,814	127,047	135,139	53,767	59,913
Other income and gains	*5*	1,283	4,402	7,871	1,022	4,225
Selling and distribution expenses		(17,396)	(22,071)	(21,850)	(8,176)	(10,934)
Administrative expenses		(74,514)	(70,675)	(73,883)	(29,389)	(28,434)
Other expenses		(1,764)	(101)	(888)	(45)	(3,113)
Finance costs	*7*	(7,164)	(4,630)	(3,567)	(1,400)	(2,519)
PROFIT BEFORE TAX	*6*	22,259	33,972	42,822	15,779	19,138
Income tax expenses	*10*	(3,815)	(3,794)	(3,055)	(1,445)	(3,458)
PROFIT FOR THE YEAR/ PERIOD		18,444	30,178	39,767	14,334	15,680
Attributable to:						
Owners of the Company		18,446	30,180	39,769	14,335	15,681
Non-controlling interest		(2)	(2)	(2)	(1)	(1)
		18,444	30,178	39,767	14,334	15,680

Details of the dividends declared and paid during the Relevant Periods and the five-month period ended 31 May 2013 are disclosed in note 11 to the financial statements.

Combined Statements of Comprehensive Income

		Year ended 31 December			Five-month period ended 31 May	
		2011	2012	2013	2013	2014
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
PROFIT FOR THE YEAR/ PERIOD		18,444	30,178	39,767	14,334	15,680
OTHER COMPREHENSIVE INCOME						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Changes in fair value of an available-for-sale investment		—	—	21	—	202
Exchange differences on translation of foreign operations		17,831	3,529	11,887	6,694	(13,639)
		17,831	3,529	11,908	6,694	(13,437)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		36,275	33,707	51,675	21,028	2,243
Attributable to:						
Owners of the Company		36,277	33,709	51,677	21,029	2,244
Non-controlling interest		(2)	(2)	(2)	(1)	(1)
		36,275	33,707	51,675	21,028	2,243
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY						
Basic and diluted	*36*	N/A	N/A	N/A	N/A	N/A

Combined Statements of Financial Position

		As at 31 December			As at 31 May
		2011	**2012**	**2013**	**2014**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*12*	178,700	212,465	282,487	288,431
Prepaid land lease payments	*13*	6,791	6,584	6,509	6,197
Deposits for purchases of items of property, plant and equipment	*14*	7,783	6,351	9,331	12,008
Deferred tax assets	*25*	8,149	7,421	7,064	7,779
Available-for-sale investment	*15*	—	1,120	1,173	1,340
Loan to an investee	*15*	—	2,239	2,306	2,233
Total non-current assets		201,423	236,180	308,870	317,988
CURRENT ASSETS					
Inventories	*16*	58,117	49,719	60,130	69,523
Trade and bills receivables	*17*	176,243	188,365	204,520	214,898
Prepayments, deposits and other receivables	*18*	15,573	12,517	22,148	20,566
Tax recoverable		—	—	496	254
Pledged deposits and restricted cash	*19*	14,015	18,591	17,957	16,181
Cash and bank balances	*19*	62,201	74,409	45,060	56,680
Total current assets		326,149	343,601	350,311	378,102
CURRENT LIABILITIES					
Trade and bills payables	*20*	108,742	116,140	118,040	142,921
Other payables and accruals	*21*	30,774	37,024	38,525	39,010
Derivative financial instruments	*22*	1,476	14	—	—
Interest-bearing bank borrowings	*23*	86,245	76,527	86,222	94,089
Finance lease payables	*24*	1,044	4,094	3,525	3,513
Due to shareholders	*32(c)*	79,669	94,057	—	—
Due to a minority shareholder	*32(b)*	2,107	2,124	2,187	2,118
Tax payable		11,563	9,754	9,535	11,335
Total current liabilities		321,620	339,734	258,034	292,986
NET CURRENT ASSETS		4,529	3,867	92,277	85,116
TOTAL ASSETS LESS CURRENT LIABILITIES		205,952	240,047	401,147	403,104

		As at 31 December			As at 31 May
		2011	**2012**	**2013**	**2014**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*23*	13,152	11,836	40,023	41,838
Finance lease payables	*24*	976	5,564	2,039	588
Deferred tax liabilities	*25*	687	256	255	479
Due to shareholders	*32(c)*	—	—	87,137	86,384
Deferred income	*21*	3,726	3,757	3,868	3,747
Total non-current liabilities		18,541	21,413	133,322	133,036
Net assets		187,411	218,634	267,825	270,068
EQUITY					
Equity attributable to owners of the Company					
Issued capital	*26*	—	—	—	—
Reserves	*27*	186,981	218,206	267,399	269,643
		186,981	218,206	267,399	269,643
Non-controlling interest		430	428	426	425
Total equity		187,411	218,634	267,825	270,068

Combined Statements of Changes in Equity

		Attributable to owners of the Company								
		Issued share capital	Merger reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Reserve funds*	Retained profits	Total	Non-controlling interest	Total equity
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011		—	1	—	38,554	19,311	95,322	153,188	432	153,620
Profit/(loss) for the year		—	—	—	—	—	18,446	18,446	(2)	18,444
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		—	—	—	17,831	—	—	17,831	—	17,831
Total comprehensive income/(loss) for the year		—	—	—	17,831	—	18,446	36,277	(2)	36,275
Transfer from retained profits		—	—	—	—	2,047	(2,047)	—	—	—
2011 interim dividend	*11*	—	—	—	—	—	(2,484)	(2,484)	—	(2,484)
At 31 December 2011 and 1 January 2012		—	1#	—#	56,385#	21,358#	109,237#	186,981	430	187,411
Profit/(loss) for the year		—	—	—	—	—	30,180	30,180	(2)	30,178
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		—	—	—	3,529	—	—	3,529	—	3,529
Total comprehensive income/(loss) for the year		—	—	—	3,529	—	30,180	33,709	(2)	33,707
Transfer from retained profits		—	—	—	—	2,483	(2,483)	—	—	—
2012 interim dividend	*11*	—	—	—	—	—	(2,484)	(2,484)	—	(2,484)
At 31 December 2012 and 1 January 2013		—	1#	—#	59,914#	23,841#	134,450#	218,206	428	218,634
At 31 December 2012 and 1 January 2013		—	1	—	59,914	23,841	134,450	218,206	428	218,634
Profit/(loss) for the year		—	—	—	—	—	39,769	39,769	(2)	39,767
Other comprehensive income for the year:										
Changes in fair value of an available-for-sale investment		—	—	21	—	—	—	21	—	21
Exchange differences on translation of foreign operations		—	—	—	11,887	—	—	11,887	—	11,887
Total comprehensive income/(loss) for the year		—	—	21	11,887	—	39,769	51,677	(2)	51,675
Transfer from retained profits		—	—	—	—	2,695	(2,695)	—	—	—
2013 interim dividend	*11*	—	—	—	—	—	(2,484)	(2,484)	—	(2,484)
At 31 December 2013 and 1 January 2014		—	1#	21#	71,801#	26,536#	169,040#	267,399	426	267,825
Profit/(loss) for the period		—	—	—	—	—	15,681	15,681	(1)	15,680
Other comprehensive income for the period:										
Changes in fair value of an available-for-sale investment		—	—	202	—	—	—	202	—	202
Exchange differences on translation of foreign operations		—	—	—	(13,639)	—	—	(13,639)	—	(13,639)
Total comprehensive income/(loss) for the period		—	—	202	(13,639)	—	15,681	2,244	(1)	2,243
Transfer from retained profits		—	—	—	—	2,449	(2,449)	—	—	—
At 31 May 2014		—	1#	223#	58,162#	28,985#	182,272#	269,643	425	270,068

		Attributable to owners of the Company								
		Issued share capital	Merger reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Reserve funds*	Retained profits	Total	Non-controlling interest	Total equity
(Unaudited)	*Note*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013		—	1	—	59,914	23,841	134,450	218,206	428	218,634
Profit/(loss) for the year		—	—	—	—	—	14,335	14,335	(1)	14,334
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations		—	—	—	6,694	—	—	6,694	—	6,694
Total comprehensive income/(loss) for the period		—	—	—	6,694	—	14,335	21,029	(1)	21,028
Transfer from retained profits		—	—	—	—	1,197	(1,197)	—	—	—
At 31 May 2013 (unaudited)		—	1#	—#	66,608#	25,038#	147,588#	239,235	427	239,662

* Pursuant to the relevant laws and regulations for foreign investment enterprises, a portion of the profits of certain subsidiaries in the People's Republic of China (the "PRC") is required to be transferred to the PRC reserve funds which are restricted as to use. These PRC entities are not required to effect any further transfer when the amount of the PRC reserve funds reaches 50% of their registered capital. The PRC reserve funds can be used to make good their future losses or to increase their registered capital.

\# These reserve accounts comprise the combined reserves of HK$186,981,000, HK$218,206,000, HK$267,399,000, HK$239,235,000 (unaudited) and HK$269,643,000, in the combined statements of financial position as at 31 December 2011, 2012 and 2013 and 31 May 2013 and 2014, respectively.

Combined Statements of Cash Flows

		Year ended 31 December			Five-month period ended 31 May	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		22,259	33,972	42,822	15,779	19,138
Adjustments for:						
Finance costs	7	7,164	4,630	3,567	1,400	1,438
Bank interest income	5	(296)	(304)	(332)	(156)	(130)
Depreciation	6	11,371	15,096	15,337	6,482	6,878
Fair value losses/(gains) on derivative financial instruments not qualified as hedge, net	5, 6	1,476	(1,462)	(14)	(14)	—
Recognition of prepaid land lease payments	13	254	259	266	111	111
Write-down of inventories to net realisable value	6	4,520	2,197	1,075	204	212
Impairment of trade receivables, net	6	6,167	737	257	—	5
Write-off of items of property, plant and equipment	6	—	20	613	—	511
Gains on disposal of items of property, plant and equipment	5	(56)	(73)	(326)	—	(130)
Write-back of trade payables	5	—	(851)	—	—	—
Gain from non-interest-bearing financial arrangement	5	—	—	(5,334)	—	—
Imputed interest on non-interest-bearing financial arrangement	7	—	—	—	—	1,081
		52,859	54,221	57,931	23,806	29,114
Decrease/(increase) in inventories		2,037	6,482	(10,140)	(19,639)	(11,329)
Increase in trade and bills receivables		(48,950)	(12,112)	(13,801)	(1,200)	(13,297)
Decrease/(increase) in prepayments, deposits and other receivables		(4,090)	3,129	(9,208)	(10,803)	953
Increase/(decrease) in trade and bills payables		(1,956)	6,619	(500)	46,455	27,471
Increase/(decrease) in other payables and accruals		3,052	6,871	642	(1,524)	1,463
Exchange realignment		8,342	990	3,838	2,926	(3,472)
Cash generated from operations		11,294	66,200	28,762	40,021	30,903
Interest received		296	304	332	156	130
Interest paid		(7,050)	(4,404)	(4,746)	(1,500)	(2,507)
Interest element of finance lease rental payments		(114)	(226)	(310)	(151)	(84)
Hong Kong profits tax refunded/(paid)		241	(1,701)	(1,256)	—	—
Overseas taxes paid		(1,767)	(3,151)	(2,224)	(1,125)	(2,284)
Net cash flows from operating activities		2,900	57,022	20,558	37,401	26,158

		Year ended 31 December			Five-month period ended 31 May	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(27,162)	(31,234)	(75,420)	(32,460)	(21,288)
Proceeds from disposal of items of property, plant and equipment		76	158	515	—	681
Deposits paid for purchases of items of property, plant and equipment	*14*	(2,854)	(823)	(4,456)	(5,754)	(3,837)
Purchase of an available-for sale investment		—	(1,106)	—	—	—
Decrease in restricted cash		1,797	—	—	—	1,890
Loan to an investee		—	(2,213)	—	—	—
Net cash flows used in investing activities		(28,143)	(35,218)	(79,361)	(38,214)	(22,554)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank borrowings		143,051	126,588	219,961	38,685	96,660
Repayment of bank borrowings		(133,992)	(137,947)	(183,717)	(69,131)	(84,742)
Increase in amounts due to shareholders		4	14,718	—	—	—
Decrease in amounts due to shareholders		(60)	(455)	(1,846)	(1,673)	(1,560)
Capital element of finance lease rental payments, net		(998)	(5,902)	(4,094)	3,800	(1,463)
Dividend paid	*11*	(2,484)	(2,484)	(2,484)	—	—
Net cash flows from/(used in) financing activities		5,521	(5,482)	27,820	(28,319)	8,895
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(19,722)	16,322	(30,983)	(29,132)	12,499
Cash and cash equivalents at beginning of year/period		92,507	74,353	91,113	91,113	61,067
Effect of foreign exchange rate changes, net		1,568	438	937	711	(734)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		74,353	91,113	61,067	62,692	72,832
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances and cash and cash equivalents as stated in the combined statements of financial position	*19*	62,201	74,409	45,060	53,514	56,680
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	*19*	12,152	16,704	16,007	9,178	16,152
Cash and cash equivalents as stated in the combined statements of cash flows		74,353	91,113	61,067	62,692	72,832

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office of the Company is located at Clifton House, 75 Fort Street, PO 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.

The Company is an investment holding company. During the Relevant Periods and the five-month period ended 31 May 2013, the Company's subsidiaries were principally engaged in the manufacture and sale of printed circuit boards.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Corporate Structure and Reorganisation" in this Prospectus. The Company became the holding company of the subsidiaries now comprising the Group upon completion of the Reorganisation.

The Company was incorporated with an authorised share capital of HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each and 100 ordinary shares of HK$0.01 each were issued and allotted to Million Pearl Holdings Limited on 8 July 2014.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and business	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company: Direct	Percentage of equity attributable to the Company: Indirect	Principal activities
Yan Tat Group Limited [1]	British Virgin Islands/ Hong Kong 27 August 2007	US$100	100	—	Investment holding
Yan Tat (HK) Industrial Limited [2]	Hong Kong 23 January 1992	HK$5,000,000	—	100	Trading of printed circuit boards
Yan Tat Technology Limited [2]	Hong Kong 14 November 2001	HK$1,000,000	—	100	Trading of printed circuit boards
Yan Tat Printed Circuits (Shenzhen) Co., Ltd.[^#3] (恩達電路（深圳）有限公司)	The PRC/ Mainland China 18 December 2001	RMB110,000,000	—	100	Manufacturing of printed circuit boards
Grace Yan Tat Electronics (Shenzhen) Co., Ltd.[^#4] (宏恩達電子（深圳）有限公司)	The PRC/ Mainland China 7 August 2012	RMB1,000,000	—	100	Property holding
Yan Tat Printed Circuit Technology (Nantong) Co., Ltd.[^#5] (恩達電路科技（南通）有限公司)	The PRC/ Mainland China 29 June 2005	US$8,000,000	—	100	Inactive
Yan Tat Environmental Technology (Nantong) Co., Ltd.[*#6] (南通恩達環保科技有限公司)	The PRC/ Mainland China 30 December 2006	RMB43,100,000	—	100	Property holding for self-use

Notes:

^ Registered as wholly-foreign-owned enterprises under PRC Law.

* Registered as limited liability company under PRC Law.

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they do not register any official English names.

[1] No audited financial statements have been prepared for this company as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdictions of incorporation.

[2] The statutory financial statements of these entities for the years ended 31 December 2011, 2012 and 2013 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.

[3] The statutory financial statements for the years ended 31 December 2011, 2012 and 2013 prepared under the PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Shenzhen ChangJiang Certified Public Accountants (深圳長江會計師事務所), certified public accountants registered in the PRC.

[4] The statutory financial statements for the year ended 31 December 2013 and for the period from 7 August 2012 (date of registration) to 31 December 2012 prepared under the PRC GAAP were audited by Shenzhen Xinrui Certified Public Accountants (深圳新睿會計師事務所), certified public accountants registered in the PRC.

[5] The statutory financial statements for the years ended 31 December 2011, 2012 and 2013 prepared under the PRC GAAP were audited by Nantong Hengxin United Certified Public Accountants (南通恆信聯合會計師事務所), certified public accountants registered in the PRC.

[6] No audited financial statements have been prepared for this company.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Corporate Structure and Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Relevant Periods on 11 August 2014. The companies now comprising the Group were under the common control of the controlling shareholders before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information and the Interim Comparative Information have been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the five-month period ended 31 May 2013 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholders, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2011, 2012 and 2013 and 31 May 2014 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Financial Information has 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"), accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2014, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention, except for an available-for-sale investment and derivative financial instruments which have been measured at fair value. The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9 (2014)	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting* and amendments to HKFRS 9, HKFRS 7 and HKAS 39[4]
HKFRS 10 and HKAS 28 Amendments	Amendments to HKFRS 10 and HKAS 28 — *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
HKFRS 11 Amendments	Amendments to HKFRS 11 — *Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 — *Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
HKAS 16 and HKAS 41 Amendments	Amendments to HKAS 16 and HKAS 41 — *Bearers Plants*[2]
HKAS 19 Amendments	Amendments to HKAS 19 — *Defined Benefit Plans: Employee Contributions*[1]
HKAS 27 (2011) Amendments	Amendments to HKAS 27 (2011) — *Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs issued in October 2014[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 first annual HKFRS financial statements for a period beginning on or after 1 January 2016 and not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Fair value measurement

The Group measures its derivative financial instruments and available-for-sale investment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	2% to 4.5%
Leasehold improvements	10% to 20%
Plant and machinery	9% to 18%
Furniture, fixtures and equipment	9% to 33%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents buildings and leasehold improvements under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets of the Group are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Available-for-sale financial investment

Available-for-sale financial investment of the Group is a non-derivative financial asset in unlisted equity investment. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investment is subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in a separate component of equity until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the separate component of equity to the statement of profit or loss. Interest and dividends earned whilst holding the available-for-sale financial investment are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Available-for-sale financial investment

For the available-for-sale financial investment, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of the equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (a) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (b) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency contracts, to hedge its interest rate risk. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain specific percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Financial Information are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the combined statements of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they have been approved by the shareholder.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Financial Information and Interim Comparative Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information and Interim Comparative Information:

Deferred tax liabilities

Deferred tax liabilities are recognised for withholding tax in respect of the unremitted earnings of certain subsidiaries of the Group established in Mainland China to the extent that the Directors are of the opinion that they would be probable for distribution in foreseeable future. Significant management judgement is required to determine the amount of deferred tax liabilities that should be recognised. Further details are contained in note 25 to the Financial Information.

Determination of functional currency

In determining the functional currency of each entity of the Group, judgement is required to determine and consider the currency that mainly influences sales prices of goods; the currency that mainly influences costs of providing goods; the currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained, etc. The functional currency of each entity is determined based on management's assessment of the primary economic environment in which the entities operate. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Measurement of available-for-sale investment at fair value

The fair values of the financial instrument that is not traded in an active market are estimated by management based on the valuation performed by independent qualified valuers by using valuation techniques that requires various sources of information and assumptions. The carrying amounts of the Group's available-for-sale investment at 31 December 2012 and 2013 and 31 May 2014 were HK$1,120,000, HK$1,173,000 and HK$1,340,000 (31 December 2011: Nil).

Provision and write-down of inventories to net realisable value

The Group performs regular review of the carrying amounts of inventories with reference to aged analyses of the Group's inventories, projections of expected future saleability/usage of goods/materials and management experience and judgement. Write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Actual saleability/usage of goods/materials may be different from estimation and profit or loss could be affected by differences in this estimation.

Provision for income taxes

Provision for income tax is made based on the taxable income for the period as determined by the Group. The determination of taxable income involves the exercise of judgement on interpretation of the relevant tax rules and regulations. The amounts of income tax and hence profit or loss could be affected by any interpretations and clarifications which the tax authority may issue from time to time.

Impairment of trade and bills receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

The Group maintains an allowance for estimated loss arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the aging of its receivable balances, debtors' creditworthiness, past payment history and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance.

4. OPERATING SEGMENT INFORMATION

The Group focuses primarily on the manufacturing and selling of printed circuit boards during the Relevant Periods and the five-month period ended 31 May 2013. 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

	Year ended 31 December			Five-month period ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Mainland China	371,136	361,908	321,219	131,032	140,043
Europe	67,680	91,477	112,471	36,746	58,807
Hong Kong	44,944	48,391	55,938	22,344	24,513
North America	49,418	47,567	52,271	22,821	27,829
Asia (except Mainland China and Hong Kong)	25,871	23,453	28,419	10,753	14,789
Africa	—	23	10,269	3,755	6,506
Oceania	2,259	3,664	886	334	520
South America	277	180	84	83	—
	561,585	576,663	581,557	227,868	273,007

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

(b) Non-current assets

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	6,318	5,785	5,037	6,629
Mainland China	186,956	221,854	295,596	302,240
	193,274	227,639	300,633	308,869

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 for each of the Relevant Periods and the five-month period ended 31 May 2013 is set out below:

	Year ended 31 December			Five-month period ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Customer A	54,392*	82,763	140,178	48,442	60,887
Customer B	32,557*	49,143*	62,026	17,628*	35,282
Customer C	141,236	154,784	52,954*	27,234	16,288*
Customer D	69,965	37,601*	18,406*	9,187*	3,594*
Customer E	34,329*	42,020*	57,917*	21,223*	25,959*
Sale of goods	332,479	366,311	331,481	123,714	142,010

* Accounted for less than 10 percent of the Group's revenue for the respective periods

5. 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:

		Year ended 31 December			Five-month period ended 31 May	
		2011	2012	2013	2013	2014
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue						
Sale of goods		561,585	576,663	581,557	227,868	273,007
Other income						
Bank interest income		296	304	332	156	130
Government grants received from the PRC government authorities^		309	221	686	253	315
Others		192	61	120	369	136
		797	586	1,138	778	581
Gains						
Gain on disposal of items of property, plant and equipment, net		56	73	326	—	130
Sales of scraps		188	637	829	—	—
Write-back of trade payables		—	851	—	—	—
Gain on settlement of derivative financial instruments		242	793	230	230	—
Fair value gains on derivative financial instruments not qualifying as hedges, net	22	—	1,462	14	14	—
Gain from non-interest-bearing financial arrangement		—	—	5,334	—	—
Foreign exchange differences, net		—	—	—	—	3,514
		486	3,816	6,733	244	3,644
		1,283	4,402	7,871	1,022	4,225

^ 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.

6. PROFIT BEFORE TAX

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

		Year ended 31 December			Five-month period ended 31 May	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cost of inventories sold^@		439,771	449,616	446,418	174,101	213,094
Minimum lease payments under operating leases in respect of land and buildings		1,431	1,539	1,648	761	647
Auditors' remuneration		552	729	757	355	342
Depreciation	*12*	11,371	15,096	15,337	6,482	6,878
Amortisation of land lease payments	*13*	254	259	266	111	111
Employee benefit expense@ (including directors' remuneration as disclosed in note 8):						
Wages and salaries		68,651	83,601	81,890	33,375	34,916
Pension scheme contributions (defined contribution schemes)#		172	191	169	75	72
Other staff welfare		5,306	4,744	6,183	2,145	2,599
		74,129	88,536	88,242	35,595	37,587
Research and development costs		13,208	13,438	13,883	5,580	5,635
Write-off of items of property, plant and equipment		—	20	613	—	511
Write-down of inventories to net realisable value^		4,520	2,197	1,075	204	212
Impairment of trade receivables, net	*17*	6,167	737	257	—	5
Fair value losses/(gains) on derivative instruments not qualifying as hedges*	*22*	1,476	(1,462)	(14)	(14)	—
Foreign exchange differences, net*		11,023	3,287	4,205	2,533	(3,514)

* Gains are included in "Other income and gains" and the losses are included in "Other expenses" or "Administrative expenses", as appropriate, in the combined statements of profit or loss.

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

\# As at the end of each of the Relevant Periods and the five-month period ended 31 May 2013, 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".

7. FINANCE COSTS

	Year ended 31 December			Five-month period ended 31 May	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interests on:					
Bank loans and trust receipt loans wholly repayable within five years or on demand	3,772	3,256	3,791	1,097	2,134
Bank loans wholly repayable over five years	990	950	955	403	373
Finance leases	114	226	310	151	84
Discounted bills	2,288	198	—	—	—
Total interest expense on financial liabilities not at fair value through profit or loss	7,164	4,630	5,056	1,651	2,591
Less: Interest capitalised*	—	—	(1,489)	(251)	(1,153)
	7,164	4,630	3,567	1,400	1,438
Other finance cost:					
Imputed interest on non-interest-bearing financial arrangement	—	—	—	—	1,081
	7,164	4,630	3,567	1,400	2,519

* The borrowing costs had been capitalised at the rates of 6.7% to 7.36%, 7.36% (unaudited) and 6.7% to 7.36% per annum for the year ended 31 December 2013 and the five-month periods ended 31 May 2013 and 2014, respectively.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors at any time during the Relevant Periods and the five-month period ended 31 May 2013 since the Company was only incorporated subsequent to the end of the Relevant Periods on 8 July 2014.

Subsequent to the end of the Relevant Periods, Mr. Chan Wing Yin, Ms. Chan Yung, Mr. Chan Yan Kwong and Mr. Chan Yan Wing were appointed as executive directors of the Company on 8 July 2014. Mr. Yeung Kam Ho, Mr. Chung Yuk Ming and Mr. Yau Wing Yiu were appointed as independent non-executive directors of the Company on 18 November 2014, and Mr. Chan Wing Yin was appointed as the chief executive of the Company on 8 July 2014.

Certain of the directors and the chief executive received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors and the chief executive as recorded in the financial statements of the subsidiaries is set out below:

	Fees	Salaries, allowances and benefits in kind	Commission	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2011					
Mr. Chan Wing Yin	—	858	—	12	870
Ms. Chan Yung	—	583	—	12	595
Mr. Chan Yan Kwong	—	383	—	9	392
Mr. Chan Yan Wing	—	356	1,795	12	2,163
	—	2,180	1,795	45	4,020
Year ended 31 December 2012					
Mr. Chan Wing Yin	—	959	—	14	973
Ms. Chan Yung	—	607	—	14	621
Mr. Chan Yan Kwong	—	593	—	14	607
Mr. Chan Yan Wing	—	360	2,582	13	2,955
	—	2,519	2,582	55	5,156
Year ended 31 December 2013					
Mr. Chan Wing Yin	—	1,209	—	15	1,224
Ms. Chan Yung	—	625	—	15	640
Mr. Chan Yan Kwong	—	652	—	15	667
Mr. Chan Yan Wing	—	362	1,849	14	2,225
	—	2,848	1,849	59	4,756
Five-month period ended 31 May 2014					
Mr. Chan Wing Yin	—	491	—	6	497
Ms. Chan Yung	—	252	—	6	258
Mr. Chan Yan Kwong	—	278	—	6	284
Mr. Chan Yan Wing	—	143	515	6	664
	—	1,164	515	24	1,703
Five-month period ended 31 May 2013 (unaudited)					
Mr. Chan Wing Yin	—	489	—	6	495
Ms. Chan Yung	—	250	—	6	256
Mr. Chan Yan Kwong	—	251	—	6	257
Mr. Chan Yan Wing	—	141	612	6	759
	—	1,131	612	24	1,767

9. FIVE HIGHEST PAID EMPLOYEES

2, 2, 2, 3 (unaudited) and 3 of the highest paid individuals were directors of the Company for the years ended 31 December 2011, 2012 and 2013 and the five-month periods ended 31 May 2013 and 2014, respectively. Details of their remuneration are set out in note 8 above.

Details of the remuneration of the remaining 3, 3, 3, 2 (unaudited) and 2 highest paid employees, who are neither a director nor the chief executive, for each of the Relevant Periods and the five-month period ended 31 May 2013, respectively are as follows:

	Year ended 31 December			Five-month period ended 31 May	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries, allowances and benefits in kind	2,797	2,866	3,655	1,168	1,338
Discretionary bonus	712	2,941	599	—	—
Retirement benefit scheme contributions	33	37	40	12	12
	3,542	5,844	4,294	1,180	1,350

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Five-month period ended 31 May	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Nil to HK$1,000,000	2	1	1	2	2
HK$1,000,001 to HK$1,500,000	—	1	1	—	—
HK$1,500,001 to HK$2,000,000	1	—	—	—	—
HK$2,000,001 to HK$2,500,000	—	—	1	—	—
HK$2,500,001 to HK$3,000,000	—	—	—	—	—
HK$3,000,001 to HK$3,500,000	—	—	—	—	—
HK$3,500,001 to HK$4,000,000	—	1	—	—	—
	3	3	3	2	2

During the Relevant Periods and the five-month period ended 31 May 2013, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods and the five-month period ended 31 May 2013. 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% during the Relevant Periods and the five-month period ended 31 May 2013, 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% had been applied during the Relevant Periods and the five-month period ended 31 May 2013.

	Year ended 31 December			Five-month period ended 31 May	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current — Hong Kong					
Charge for the year	811	1,090	593	265	253
Overprovision in prior years	—	(23)	(10)	(10)	(10)
Current — Mainland China					
Charge for the year	2,585	2,061	2,532	1,061	3,547
Underprovision/(overprovision) in prior years	270	313	(627)	84	397
Deferred *(note 25)*	149	353	567	45	(729)
	3,815	3,794	3,055	1,445	3,458

A reconciliation of the tax charge applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 December						Five-month period ended 31 May			
	2011		2012		2013		2013		2014	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Profit before tax	22,259		33,972		42,822		15,779		19,138	
Tax at the statutory tax rate	3,672	16.5	5,605	16.5	7,066	16.5	2,603	16.5	3,158	16.5
Different tax rates for specific entities in the PRC	(304)	(1.4)	(405)	(1.2)	(505)	(1.2)	(216)	(1.4)	(233)	(1.2)
Adjustment in respect of current tax of previous periods	270	1.2	290	0.8	(637)	(1.5)	74	0.5	387	2.0
Income not subject to tax	(1)	—	(1)	—	(881)	(2.1)	(1)	—	(21)	(0.1)
Expenses not deductible for tax	718	3.2	618	1.8	194	0.5	152	1.0	993	5.2
Tax losses not recognised/(utilised)	1,096	4.9	(512)	(1.5)	(358)	(0.9)	(102)	(0.7)	(77)	(0.4)
Additional deduction of research and development costs	(1,636)	(7.3)	(1,801)	(5.3)	(1,824)	(4.2)	(1,065)	(6.7)	(749)	(3.9)
Tax charge at the Group's effective rate	3,815	17.1	3,794	11.1	3,055	7.1	1,445	9.2	3,458	18.1

11. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

The dividends paid by the Company's subsidiaries to the shareholders during the Relevant Periods and the five-month period ended 31 May 2013 were as follows:

	Year ended 31 December			Five-month period ended 31 May	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Yan Tat Group Limited	2,484	2,484	2,484	—	—

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Construction in progress	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2011							
At 1 January 2011:							
Cost	67,127	13,289	1,345	152,181	16,833	5,070	255,845
Accumulated depreciation	(6,178)	—	(770)	(81,763)	(14,128)	(2,459)	(105,298)
Net carrying amount	60,949	13,289	575	70,418	2,705	2,611	150,547
At 1 January 2011, net of accumulated depreciation	60,949	13,289	575	70,418	2,705	2,611	150,547
Additions	1,189	8,758	3,692	11,325	1,769	429	27,162
Transfer from deposits for purchases of items of property, plant and equipment *(note 14)*	—	—	—	4,104	—	—	4,104
Disposals/write-off	—	—	—	—	—	(20)	(20)
Depreciation provided during the year	(2,016)	—	(338)	(7,316)	(700)	(1,001)	(11,371)
Exchange realignment	2,700	864	109	4,410	153	42	8,278
At 31 December 2011, net of accumulated depreciation	62,822	22,911	4,038	82,941	3,927	2,061	178,700
At 31 December 2011:							
Cost	71,300	22,911	5,178	176,188	19,341	5,409	300,327
Accumulated depreciation	(8,478)	—	(1,140)	(93,247)	(15,414)	(3,348)	(121,627)
Net carrying amount	62,822	22,911	4,038	82,941	3,927	2,061	178,700
31 December 2012							
At 31 December 2011 and 1 January 2012:							
Cost	71,300	22,911	5,178	176,188	19,341	5,409	300,327
Accumulated depreciation	(8,478)	—	(1,140)	(93,247)	(15,414)	(3,348)	(121,627)
Net carrying amount	62,822	22,911	4,038	82,941	3,927	2,061	178,700
At 1 January 2012, net of accumulated depreciation	62,822	22,911	4,038	82,941	3,927	2,061	178,700
Additions	—	37,875	3,953	1,070	350	1,526	44,774
Transfer from deposits for purchases of items of property, plant and equipment *(note 14)*	—	—	2,292	9	—	—	2,301
Disposals/write-off	—	—	—	—	(20)	(85)	(105)
Depreciation provided during the year	(2,070)	—	(1,798)	(8,663)	(1,308)	(1,257)	(15,096)
Exchange realignment	428	632	85	711	20	15	1,891
At 31 December 2012, net of accumulated depreciation	61,180	61,418	8,570	76,068	2,969	2,260	212,465
At 31 December 2012:							
Cost	71,824	61,418	11,535	178,836	19,626	6,588	349,827
Accumulated depreciation	(10,644)	—	(2,965)	(102,768)	(16,657)	(4,328)	(137,362)
Net carrying amount	61,180	61,418	8,570	76,068	2,969	2,260	212,465
31 December 2013							
At 31 December 2012 and 1 January 2013:							
Cost	71,824	61,418	11,535	178,836	19,626	6,588	349,827
Accumulated depreciation	(10,644)	—	(2,965)	(102,768)	(16,657)	(4,328)	(137,362)
Net carrying amount	61,180	61,418	8,570	76,068	2,969	2,260	212,465

	Land and buildings	Construction in progress	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013, net of accumulated depreciation	61,180	61,418	8,570	76,068	2,969	2,260	212,465
Additions	—	73,609	1,955	1,076	269	—	76,909
Transfer from deposits for purchases of items of property, plant and equipment *(note 14)*	—	—	—	1,706	—	—	1,706
Disposals/write-off	—	—	—	(755)	(8)	(39)	(802)
Depreciation provided during the year	(2,142)	—	(2,224)	(9,009)	(791)	(1,171)	(15,337)
Exchange realignment	1,632	2,937	251	2,613	79	34	7,546
At 31 December 2013, net of accumulated depreciation	60,670	137,964	8,552	71,699	2,518	1,084	282,487
At 31 December 2013:							
Cost	73,754	137,964	13,853	184,787	20,320	6,290	436,968
Accumulated depreciation	(13,084)	—	(5,301)	(113,088)	(17,802)	(5,206)	(154,481)
Net carrying amount	60,670	137,964	8,552	71,699	2,518	1,084	282,487
31 May 2014							
At 31 December 2013 and 1 January 2014:							
Cost	73,754	137,964	13,853	184,787	20,320	6,290	436,968
Accumulated depreciation	(13,084)	—	(5,301)	(113,088)	(17,802)	(5,206)	(154,481)
Net carrying amount	60,670	137,964	8,552	71,699	2,518	1,084	282,487
At 1 January 2014, net of accumulated depreciation	60,670	137,964	8,552	71,699	2,518	1,084	282,487
Additions	—	19,535	265	331	96	2,214	22,441
Transfer from deposits for purchases of items of property, plant and equipment *(note 14)*	—	—	—	821	—	—	821
Disposals/write-off	—	—	—	(997)	(65)	—	(1,062)
Depreciation provided during the period	(886)	—	(1,177)	(4,009)	(293)	(513)	(6,878)
Exchange realignment	(1,732)	(4,617)	(252)	(2,674)	(73)	(30)	(9,378)
At 31 May 2014, net of accumulated depreciation	58,052	152,882	7,388	65,171	2,183	2,755	288,431
At 31 May 2014:							
Cost	71,624	152,882	13,691	176,582	19,255	7,207	441,241
Accumulated depreciation	(13,572)	—	(6,303)	(111,411)	(17,072)	(4,452)	(152,810)
Net carrying amount	58,052	152,882	7,388	65,171	2,183	2,755	288,431

The aggregate net book value of the Group's plant and machinery held under finance leases at 31 December 2011, 2012 and 2013 and 31 May 2014 amounted to HK$2,898,000, HK$16,931,000, HK$13,861,000 and HK$12,745,000, respectively.

The net book value of the Group's motor vehicles held under finance leases at 31 December 2011 and 2012 amounted to HK$1,008,000 and HK$543,000, respectively.

The Group's land and buildings were included in property, plant and equipment at their net carrying amounts as at the end of each of the Relevant Periods and held under the following lease terms:

	Hong Kong	**China**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
31 December 2011			
Medium term leases	5,115	57,707	62,822
31 December 2012			
Medium term leases	4,966	56,214	61,180
31 December 2013			
Medium term leases	4,818	55,852	60,670
31 May 2014			
Medium term leases	4,756	53,296	58,052

At 31 December 2011, 2012 and 2013 and 31 May 2014, certain of the Group's leasehold land and buildings and construction in progress, with total net book values of HK$35,735,000, HK$75,008,000, HK$142,788,000 and HK$155,113,000, respectively, were pledged to secure general banking facilities granted to the Group (note 23).

Certain of the Group's building structures situated in Mainland China with aggregate net book values of approximately HK$2,831,000, HK$2,145,000, HK$2,315,000 and HK$1,780,000 as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively, do not have building ownership certificates because they were either built on land where the Group did not have the land use right certificates or being built without obtaining the construction works planning permit and construction works commencement permit. The Group continued to occupy and use the land and building structures constructed thereon as the Group did not receive formal removal notice, which management of the Group considered as an implied consent to use. The Group has also conducted face-to-face interviews with the relevant PRC bureaus of land and resources in July 2014 and confirmed that (1) the relevant PRC bureaus of land and resources were fully aware of the situation and the Group can continue to use such building structures at least up to 31 December 2015; and (2) the Group had not and will not be imposed of fines or being penalised in relation to such structures. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or confiscating the building structure before 31 December 2015 is relatively low.

13. PREPAID LAND LEASE PAYMENTS

	As at 31 December			**As at 31 May**
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at 1 January	6,970	7,051	6,846	6,779
Recognised during the year/period *(note 6)*	(254)	(259)	(266)	(111)
Exchange realignment	335	54	199	(210)
Carrying amount at end of year/period	7,051	6,846	6,779	6,458
Current portion included in prepayments, deposits and other receivables	(260)	(262)	(270)	(261)
Non-current portion	6,791	6,584	6,509	6,197

At the end of the reporting periods, the Group's pieces of leasehold land were situated in Mainland China, held under medium term leases, and pledged to secure general banking facilities granted to the Group (note 23).

14. DEPOSITS FOR PURCHASES OF ITEMS OF PROPERTY, PLANT AND EQUIPMENT

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at 1 January	8,642	7,783	6,351	9,331
Additions	2,854	823	4,456	3,837
Transfer to property, plant and equipment *(note 12)*	(4,104)	(2,301)	(1,706)	(821)
Exchange realignment	391	46	230	(339)
Carrying amount at end of year/period	7,783	6,351	9,331	12,008

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the carrying amounts represented deposits paid for certain machinery and equipment for the Group's manufacturing operation.

15. AVAILABLE-FOR-SALE INVESTMENT

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted equity investment, at fair value	—	1,120	1,173	1,340

The gross gain in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK$21,000 and HK$202,000 for the year ended 31 December 2013 and the five-month period ended 31 May 2014, respectively.

The loan to an investee amounting to HK$2,239,000, HK$2,306,000 and HK$2,233,000 included in the Group's non-current assets as at 31 December 2012 and 2013 and 31 May 2014, respectively, represented shareholder's advance to the available-for-sale investment entity which was unsecured, interest-free and not repayable within one year from the end of each of the Relevant Periods. In the opinion of the Directors, these advances are considered as quasi-equity loans to the available-for-sale investment entity.

16. INVENTORIES

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	22,140	24,246	24,944	29,266
Work in progress	11,132	8,244	12,262	12,268
Finished goods	24,845	17,229	22,924	27,989
	58,117	49,719	60,130	69,523

17. TRADE AND BILLS RECEIVABLES

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	175,303	166,340	190,352	201,302
Impairment	(11,118)	(8,255)	(7,669)	(7,617)
	164,185	158,085	182,683	193,685
Bills receivable	12,058	30,280	21,837	21,213
	176,243	188,365	204,520	214,898

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 impairment provisions, is as follows:

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one month	67,973	82,235	93,003	92,031
One to two months	46,728	40,956	47,592	64,168
Two to three months	39,606	42,391	41,308	44,263
Over three months	21,936	22,783	22,617	14,436
	176,243	188,365	204,520	214,898

The movements in provision for impairment of trade and bills receivables are as follows:

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	4,848	11,118	8,255	7,669
Impairment losses recognised *(note 6)*	6,171	856	259	10
Impairment losses reversed *(note 6)*	(4)	(119)	(2)	(5)
Amounts written off as uncollectable	—	(3,357)	(806)	—
Exchange realignment	103	(243)	(37)	(57)
At end of year/period	11,118	8,255	7,669	7,617

Included in the above provision for impairment of trade and bills receivables of the Group were the provisions for individually impaired trade receivables of HK$11,118,000, HK$8,255,000, HK$7,669,000 and HK$7,617,000 with aggregate carrying amounts before provision of HK$13,198,000, HK$17,467,000, HK$11,245,000 and HK$18,730,000, respectively, as at 31 December 2011, 2012 and 2013 and 31 May 2014.

The individually impaired trade receivables relate to customers that were in default in payments or in financial difficulties and only a portion of the receivables is expected to be recovered.

An aged analysis of the trade and bills receivables that are past due but not individually nor collectively considered to be impaired is as follows:

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than one month past due	6,006	10,179	13,254	16,692
One to three months past due	4,919	7,508	10,442	4,334
Over three months past due	15,998	1,497	3,611	147
	26,923	19,184	27,307	21,173

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the Group's trade receivables was an amount due from Parason Industries Limited ("Parason"), a related company as detailed in note 32(g), of HK$14,443,000, HK$15,310,000, HK$21,661,000 and HK$18,813,000, respectively, as at 31 December 2011, 2012 and 2013 and 31 May 2014, which was repayable on similar credit terms to those offered to the major customers of the Group (note 32(g)).

Transfer of financial assets

At 31 December 2011, the Group presented or endorsed certain bills receivable accepted by banks in the Mainland China (the "Derecognised Bills") to certain banks with a carrying amount in aggregate of RMB36,041,000 (equivalent to HK$44,471,000). The Derecognised Bills had a maturity of one to six months at the end of 31 December 2011. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group had transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

At 31 December 2011, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

No bills receivable were presented or endorsed by the Group as at 31 December 2012 and 2013, and 31 May 2014.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	13,920	6,720	11,604	11,323
Deposits and other receivables	1,653	5,797	10,544	9,243
	15,573	12,517	22,148	20,566

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	62,201	74,409	45,060	56,680
Pledged deposits and restricted cash	14,015	18,591	17,957	16,181
	76,216	93,000	63,017	72,861
Pledged time deposits for banking facilities *(note 23)*	(10,587)	(10,865)	(11,302)	(11,171)
Pledged deposits for bills payable *(note 20)*	(1,565)	(5,839)	(4,705)	(4,981)
Restricted cash	(1,863)	(1,887)	(1,950)	(29)
Cash and cash equivalents	62,201	74,409	45,060	56,680

At 31 December 2011, 2012 and 2013 and 31 May 2014, the cash and bank balances and pledged deposits of the Group denominated in Renminbi ("RMB") amounted to HK$17,415,000, HK$43,039,000, HK$23,349,000 and HK$22,709,000, respectively. The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposits rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and pledged deposits approximate to their fair values.

Restricted cash of the Group is a special fund granted by a PRC government authority and deposited into a designated bank account in relation to the Group's construction of a sewage treatment facility. Such fund will only be released for use upon the fulfilment of certain attaching conditions and is not immediately available for use in the Group's business.

20. TRADE AND BILLS PAYABLES

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	98,714	100,172	103,174	130,238
Bills payable	10,028	15,968	14,866	12,683
	108,742	116,140	118,040	142,921

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

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within three months	84,016	91,428	96,458	117,235
Three to six months	18,331	23,100	19,968	19,623
Over six months	6,395	1,612	1,614	6,063
	108,742	116,140	118,040	142,921

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

As at 31 December 2011, 2012 and 2013 and 31 May 2014, bills payable with aggregate carrying amounts of HK$7,706,000, HK$14,234,000, HK$12,682,000 and HK$10,653,000 were secured by pledged deposits of HK$1,565,000, HK$5,839,000, HK$4,705,000 and HK$4,981,000, respectively.

21. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Sundry payables	5,542	5,162	4,099	4,866
Accruals	25,232	31,862	34,426	34,144
	30,774	37,024	38,525	39,010
Non-current				
Deferred income^	3,726	3,757	3,868	3,747

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

^ Deferred income represents fund granted by a PRC government authority in relation to the Group's construction of a sewage treatment facility. Such deferred income will be released to the statement of profit or loss over the expected useful life of the relevant sewage treatment facility by equal instalments upon the compliance with the attaching conditions of the government grant, the release of fund from the restricted bank account and the transfer of the facility to the appropriate category of property, plant and equipment when construction completed and ready to use.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Forward currency contracts — liabilities	1,476	14	—	—

During the years ended 31 December 2011, 2012 and 2013, the Group entered into various forward currency contracts to manage its exchange rate exposures. These forward currency contracts were not designated for hedge purposes and were measured at fair value through profit or loss. The changes in fair values of these derivative financial instruments were credited or charged to profit or loss as disclosed in notes 5 and 6.

23. INTEREST-BEARING BANK BORROWINGS

	As at 31 December									As at 31 May 2014		
	2011			2012			2013					
	Contractual interest rate (p.a.)	*Maturity*[2]	*HK$'000*	*Contractual interest rate (p.a.)*	*Maturity*[2]	*HK$'000*	*Contractual interest rate (p.a.)*	*Maturity*[2]	*HK$'000*	*Contractual interest rate (p.a.)*	*Maturity*[2]	*HK$'000*
Current												
Secured trust receipt loans due for repayment within one year[8]	LIBOR[1] + 2% or HIBOR[4] + 2% to 2.75%	2012	34,084	LIBOR[1] + 2.25%, HIBOR[4] + 2% or HSBC TFR[6]	2013	26,302	LIBOR[1] + 2% to 2.25%, or HIBOR[4] + 1.75% to 2.25%	2014	37,791	LIBOR[1] + 1.75% to 2%, or HIBOR[4] + 1.75%	2014	41,298
Secured bank loans due for repayment within one year which contain repayment on demand clauses[8]	HSBC BLR[3] -1.5% or 3%	2012	2,488	HSBC BLR[3] -1.5%, HIBOR[4] + 2.25%, or 3%	2013	4,891	HSBC BLR[3] -1.5%, HIBOR[4] + 2.25%, PRIME[5] -2.25% to 3.1%, or 3%	2014	6,240	HSBC BLR[3] -1.5%, HIBOR[4] + 2.25%, or PRIME[5] -2.25% to 3.1%	2014	5,348
Secured bank loans due for repayment after one year which contain repayment on demand clauses[8]	HSBC BLR[3] -1.5% or 3%	2013–2015	5,200	HSBC BLR[3] -1.5%, HIBOR[4] + 2.25%, or 3%	2014–2017	11,309	HSBC BLR[3] -1.5%, HIBOR[4] + 2.25%, PRIME[5] -2.25% to 3.1%, or 3%	2015–2043	16,238	HSBC BLR[3] -1.5%, HIBOR[4] + 2.25%, or PRIME[5] -2.25% to 3.1%	2015–2043	14,459
Secured bank loans due for repayment within one year[9]	6-month PBC BLR[7] with 12% mark-up or 1-year PBC BLR[7] with 15% mark-up	2012	43,187	1-year PBC BLR[7] with 15% mark-up or 1.7%	2013	32,610	6%	2014	19,211	4.08%–6%	2014	21,572
Current portion of secured bank loans due for repayment after one year[9]	Over-5-year PBC BLR[7]	2012	1,286	Over-5-year PBC BLR[7]	2013	1,415	3-to-5-year PBC BLR[7] with 15% mark-up, over-5-year PBC BLR[7], or 6.7%	2014	6,742	3-to-5-year PBC BLR[7] with 15% mark-up, over-5-year PBC BLR[7], or 6.7%	2014	11,412
			86,245			76,527			86,222			94,089
Non-current												
Secured bank loans due for repayment after one year[9]	Over-5-year PBC BLR[7]	2013–2020	13,152	Over-5-year PBC BLR[7]	2014–2020	11,836	3-to-5-year PBC BLR[7] with 15% mark-up, over-5-year PBC BLR[7], or 6.7%	2015–2020	40,023	3-to-5-year PBC BLR[7] with 15% mark-up, over-5-year PBC BLR[7], or 6.7%	2015–2020	41,838
Total			99,397			88,363			126,245			135,927

1 London Interbank Offered Rate ("LIBOR")
2 Based on the scheduled repayment dates as set out in the loan agreement
3 The Hongkong and Shanghai Banking Corporation best lending rate ("HSBC BLR")
4 Hong Kong Interbank Offered Rate ("HIBOR")
5 Standard Chartered Bank Prime Rate ("PRIME")
6 The Hong Kong and Shanghai Banking Corporation trade finance rate ("HSBC TFR")
7 People's Bank of China benchmark lending rate ("PBC BLR")
8 Denominated in HK$ or USD
9 Denominated in RMB

The Group's bank loan agreements contain repayment on demand clauses and the corresponding bank loans have been classified as current liabilities in the statements of financial position. Ignoring the effect of any repayment on demand clauses and based on the maturity terms of these loans, the interest-bearing bank borrowings of the Group are repayable:

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	81,045	65,218	69,984	79,630
In the second year	3,871	6,404	12,542	15,035
In the third to fifth years, inclusive	9,310	11,587	35,329	33,897
Beyond five years	5,171	5,154	8,390	7,365
	99,397	88,363	126,245	135,927

Notes:

(a) At 31 December 2011, 2012 and 2013 and 31 May 2014, the Group's bank borrowings at the end of the reporting periods are secured by:

(i) the Group's leasehold land and buildings and construction in progress with aggregate carrying values at the end of the reporting periods of HK$35,735,000, HK$75,008,000, HK$142,788,000 and HK$155,113,000 (note 12);

(ii) the Group's pieces of leasehold land situated in Mainland China which are classified as prepaid land lease payments (note 13);

(iii) pledged deposits with banks amounting to HK$10,587,000, HK$10,865,000, HK$11,302,000 and HK$11,171,000 (note 19);

(iv) fixed deposit of not less than HK$3,700,000 from a director of the Group (note 23(f));

(v) certain leasehold land and buildings of a related company owned by certain directors of the Group (note 23(f)); and

(vi) certain leasehold land and buildings of a director of the Group (note 23(f)).

(b) Certain of the bank borrowings are also guaranteed by certain directors of the Group (note 23(f)).

(c) The Government of the Hong Kong Special Administrative Region has provided special guarantees for banking facilities of the Group up to guarantee amounts of HK$7,400,000, HK$5,000,000, HK$7,900,000 and HK$6,400,000 as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. Furthermore, the Hong Kong Mortgage Corporation Limited, a limited company wholly-owned by the Government of the Hong Kong Special Administrative Region, has also provided a special guarantee for a banking facility of the Group up to a guarantee amount of HK$11,000,000, HK$8,600,000 and HK$7,600,000 as at 31 December 2012, 2013 and 31 May 2014, respectively (31 December 2011: Nil).

(d) Included in the bank borrowings as at 31 December 2011, 2012 and 2013 and 31 May 2014 were borrowings with carrying amounts of HK$57,625,000, HK$45,861,000, HK$65,975,000 and HK$74,822,000 which were denominated in RMB, respectively; and borrowings with carrying amounts of HK$24,031,000, HK$12,479,000, HK$21,016,000 and HK$21,576,000 which were denominated in the United States Dollars, respectively. All other bank borrowings were denominated in HK$.

(e) As at 31 December 2011, 2012 and 2013 and 31 May 2014, interest rates on the bank borrowings were either fixed or floating and determined with reference to rates such as Hong Kong/London Interbank Offered Rate, People's Bank of China benchmark lending rates and prime/best lending rates of banks. The interest rates of the Group's bank borrowings ranged from 2.10% to 8.54%, from 1.70% to 6.90%, from 2.00% to 7.36% and from 1.98% to 7.36% per annum for the Relevant Periods.

(f) The securities and guarantees provided by the directors will be released upon the listing of the Company's shares on the Stock Exchange.

24. FINANCE LEASE PAYABLES

The Group leases certain of their motor vehicles and machinery and equipment for its operations. These leases are classified as finance leases and have remaining lease terms ranging from one to three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 December			As at 31 May	As at 31 December			As at 31 May
	2011	2012	2013	2014	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:								
Within one year	1,112	4,404	3,682	3,613	1,044	4,094	3,525	3,513
In the second year	1,001	3,710	2,066	590	976	3,524	2,039	588
In the third year	—	2,040	—	—	—	2,040	—	—
Total minimum finance lease payments	2,113	10,154	5,748	4,203	2,020	9,658	5,564	4,101
Future finance charges	(93)	(496)	(184)	(102)				
Total net finance lease payables	2,020	9,658	5,564	4,101				
Portion classified as current liabilities	(1,044)	(4,094)	(3,525)	(3,513)				
Non-current portion	976	5,564	2,039	588				

25. DEFERRED TAX

Deferred tax liabilities

	Depreciation allowances in excess of related depreciation	Withholding tax	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2011	(118)	(470)	(588)
Deferred tax charged to profit or loss during the year *(note 10)*	(99)	—	(99)
At 31 December 2011 and 1 January 2012	(217)	(470)	(687)
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	(39)	470	431
At 31 December 2012 and 1 January 2013	(256)	—	(256)
Deferred tax charged to the profit or loss during the year *(note 10)*	1	—	1
At 31 December 2013 and 1 January 2014	(255)	—	(255)
Deferred tax charged to profit or loss during the period *(note 10)*	(224)	—	(224)
At 31 May 2014	(479)	—	(479)
At 1 January 2013	(256)	—	(256)
Deferred tax charged to profit or loss during the period (unaudited) *(note 10)*	—	—	—
At 31 May 2013 (unaudited)	(256)	—	(256)

Deferred tax assets

	Provision for accrued staff welfare costs	Depreciation in excess of related depreciation allowance	Provision for inventories and trade receivables	Other deductible temporary differences	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	1,545	4,554	1,720	–	7,819
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	391	(1,297)	585	271	(50)
Exchange realignment	85	190	98	7	380
At 31 December 2011 and 1 January 2012	2,021	3,447	2,403	278	8,149
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	235	(1,000)	(19)	—	(784)
Exchange realignment	19	16	19	2	56
At 31 December 2012 and 1 January 2013	2,275	2,463	2,403	280	7,421
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	244	(812)	—	—	(568)
Exchange realignment	71	60	72	8	211
At 31 December 2013 and 1 January 2014	2,590	1,711	2,475	288	7,064
Deferred tax credited/(charged) to profit or loss during the period *(note 10)*	101	(239)	58	1,033	953
Exchange realignment	(83)	(51)	(79)	(25)	(238)
At 31 May 2014	2,608	1,421	2,454	1,296	7,779
At 1 January 2013	2,275	2,463	2,403	280	7,421
Deferred tax credited/(charged) to profit or loss during the period (unaudited) *(note 10)*	58	(172)	69	—	(45)
Exchange realignment	39	42	41	5	127
At 31 May 2013 (unaudited)	2,372	2,333	2,513	285	7,503

There were no material unprovided deferred tax liabilities in respect of the Relevant Periods and as at the end of 31 December 2011, 2012 and 2013 and 31 May 2014.

Net deferred tax assets of the Group have not been recognised in respect of the following items:

	As at 31 December			As at 31 May
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Tax losses	17,420	14,312	12,142	11,677
Taxable temporary differences	(737)	(658)	(237)	(82)
	16,683	13,654	11,905	11,595

The above tax losses are available indefinitely for offsetting against future taxable profits. Net deferred tax assets have not been recognised in respect of these losses and the taxable temporary differences as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at the end of each of the Relevant Periods, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of a subsidiary of the Group established in Mainland China. In the opinion of the Directors, it is not probable that this subsidiary will distribute earnings arising from 1 January 2008 to 31 May 2014 in the foreseeable future. The aggregate amount of temporary differences associated with the investment in the subsidiary in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$74.9 million, HK$88.7 million, HK$114.8 million and HK$126.2 million as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. SHARE CAPITAL

The Company is a limited liability company incorporated in the Cayman Islands on 8 July 2014. The authorised share capital of the Company was HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each, while the issued share capital of the Company was HK$1 divided into 100 shares of HK$0.01 each.

There was no authorised and issued capital as at 31 December 2011, 2012 and 2013 and 31 May 2014 since the Company had not yet been incorporated by that time.

27. RESERVES

Group

The amounts of the Group's reserves and the movements therein during the Relevant Periods and the five-month period ended 31 May 2013 are presented in the combined statement of changes in equity on pages I-7 to I-9 of the financial statements.

Merger reserves

The merger reserve represents the nominal value of the paid-up capital of the subsidiary acquired by the Company pursuant to the Reorganisation set out in note 2.1 of Section II above.

28. NOTE TO THE COMBINED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the year ended 31 December 2012, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$13,540,000.

29. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees given to a bank in connection with facilities granted to Yantek Electronics Company Limited ("Yantek"), a related company as defined in note 32(a)(ii)	16,013	15,147	7,574	7,574

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the banking facilities granted to a related company subject to guarantees given to a bank by the Group were utilised to the extent of approximately HK$15,422,000, HK$14,468,000, HK$7,328,000 and HK$7,093,000 respectively.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the Financial Information.

30. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its properties under operating lease arrangements. Leases for the properties are negotiated for one to thirteen years and have remaining lease terms of up to approximately 1.5 years from 31 May 2014. The Group had total future minimum lease payments under the non-cancellable operating lease falling due as follows:

	As at 31 December			As at 31 May
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	768	1,486	899	1,326
In the second to fifth years, inclusive	1,545	1,486	252	851
	2,313	2,972	1,151	2,177

31. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at the end of the reporting periods:

		As at 31 December			As at 31 May
		2011	2012	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for:					
Capital contribution to subsidiaries					
— Yan Tat Printed Circuit Technology (Nantong) Co., Ltd.	*(a)*	93,600	—	—	—
— Yan Tat Environmental Technology (Nantong) Co., Ltd.	*(b)*	45,037	—	—	—
Construction and purchases of items of property, plant and equipment		51,590	86,827	38,097	23,915
		190,227	86,827	38,097	23,915

Notes:

(a) According to the articles of association of Yan Tat Printed Circuit Technology (Nantong) Co., Ltd., a wholly owned subsidiary of the Group, its registered capital was US$20,000,000, of which US$8,000,000 had been paid up/contributed and the unpaid capital commitment was US$12,000,000 as at 31 December 2011.

On 25 June 2012, the registered capital in the subsidiary's articles of association was amended from US$20,000,000 to US$8,000,000. Accordingly, there was no outstanding unpaid registered capital as at 31 December 2012, 31 December 2013 and 31 May 2014.

(b) According to the articles of association of Yan Tat Environmental Technology (Nantong) Co., Ltd., its registered capital was RMB80,000,000, of which RMB43,100,000 had been paid up and the unpaid capital commitment was RMB36,900,000 as at 31 December 2011.

On 20 August 2012, the registered capital in the subsidiary's articles of association was amended from RMB80,000,000 to RMB43,100,000. Accordingly, there was no outstanding unpaid registered capital as at 31 December 2012, 31 December 2013 and 31 May 2014.

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances set out elsewhere in the financial statements, the Group had the following transactions with related parties during the years/periods:

		Year ended 31 December			Five-month period ended 31 May	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Related companies						
Sales of finished goods	*(i)*	20,173	27,149	35,866	14,204	16,833
Rental fee paid	*(ii)*	516	565	600	250	250

Notes:

(i) The sales to the related company, Parason (as detailed in note 17 and note (g) below), were made in accordance to the mutually agreed prices between the parties.

(ii) The rental fee was charged by Yantek, a related company of the Group owned as to 34% by Mr. Chan Yan Kwong, 33% by Mr. Chan Yan Wing and 33% by Ms. Chan Yan Sam, the sister of Mr. Chan Yan Kwong and Mr. Chan Yan Wing, in accordance to the tenancy agreement signed between the Group and Yantek.

(b) The Group's balance with a minority shareholder is unsecured, interest-free and has no fixed terms of repayment.

(c) The Group's balances with shareholders, who are also directors of the Company, are unsecured and interest-free. The balances with shareholders as at 31 December 2013 and 31 May 2014 are not repayable on or prior to 31 December 2015 (31 December 2011 and 31 December 2012: had no fixed terms of repayment). Details of the subsequent settlement of the Group's balances with shareholders are set out in note 37(d) to the financial statements.

(d) The Group had provided corporate guarantees for certain bank facilities made to Yantek, a related company of the Group, up to HK$16,013,000, HK$15,147,000, HK$7,574,000 and HK$7,574,000 for the years ended 31 December 2011, 2012 and 2013 and the five-month period ended 31 May 2014.

(e) A director of the Company received sales commission of HK$1,795,000, HK$2,582,000, HK$1,849,000, HK$612,000 (unaudited) and HK$515,000 for his services provided to the Group during the years ended 31 December 2011, 2012 and 2013 and the five-month periods ended 31 May 2013 and 2014 based on 3%, 3%, 1.5% to 3%, 1.5% to 3% and 1.5% of the transaction amounts, respectively.

(f) Compensation of key management personnel of the Group:

	Year ended 31 December			Five-month period ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Short term employee benefits	6,624	10,158	8,204	2,912	3,174
Post-employment benefits	69	82	89	37	41
	6,693	10,240	8,293	2,949	3,215

Further details of Directors' and the chief executive's emoluments are included in note 8 to the financial statements.

(g) Particulars of the amount due from a related company are as follows:

	31 December 2011	**Maximum outstanding during the year**	**1 January 2011**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivable from Parason *(note 17)*	14,443	14,685	9,691

	31 December 2012	Maximum outstanding during the year	1 January 2012
	HK$'000	*HK$'000*	*HK$'000*
Trade receivable from Parason *(note 17)*	15,310	16,588	14,443

	31 December 2013	Maximum outstanding during the year	1 January 2013
	HK$'000	*HK$'000*	*HK$'000*
Trade receivable from Parason *(note 17)*	21,661	24,516	15,310

	31 May 2014	Maximum outstanding during the period	1 January 2014
	HK$'000	*HK$'000*	*HK$'000*
Trade receivable from Parason *(note 17)*	18,813	23,504	21,661

At 31 December 2011, 2012 and 2013 and 31 May 2014, a director of the Company held 50% equity interest in Parason. The amount due from the related company is unsecured, interest-free, and repayable within three months.

On 7 May 2014, the director of the Company disposed of its entire 50% equity interest in Parason to the other existing shareholder who owned the other 50% equity interest in Parason. Parason ceased to be a related company of the Group since then.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

Financial assets

31 December 2011

	Loans and receivables
	HK$'000
Trade and bills receivables	176,243
Financial assets included in prepayments, deposits and other receivables	1,653
Pledged deposits	12,152
Restricted cash	1,863
Cash and bank balances	62,201
	254,112

31 December 2012

	Loans and receivables	Available-for-sale financial asset	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investment	—	1,120	1,120
Trade and bills receivables	188,365	—	188,365
Financial assets included in prepayments, deposits and other receivables	5,797	—	5,797
Pledged deposits	16,704	—	16,704
Restricted cash	1,887	—	1,887
Cash and bank balances	74,409	—	74,409
	287,162	1,120	288,282

31 December 2013

	Loans and receivables	Available-for-sale financial asset	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investment	—	1,173	1,173
Trade and bills receivables	204,520	—	204,520
Financial assets included in prepayments, deposits and other receivables	10,544	—	10,544
Pledged deposits	16,007	—	16,007
Restricted cash	1,950	—	1,950
Cash and bank balances	45,060	—	45,060
	278,081	1,173	279,254

31 May 2014

	Loans and receivables	Available-for-sale financial asset	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investment	—	1,340	1,340
Trade and bills receivables	214,898	—	214,898
Financial assets included in prepayments, deposits and other receivables	9,243	—	9,243
Pledged deposits	16,152	—	16,152
Restricted cash	29	—	29
Cash and bank balances	56,680	—	56,680
	297,002	1,340	298,342

Financial liabilities

31 December 2011

	Financial liabilities at fair value through profit or loss — held for trading	Financial liabilities at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills payables	—	108,742	108,742
Financial liabilities included in other payables and accruals	—	5,542	5,542
Derivative financial instruments	1,476	—	1,476
Interest-bearing bank borrowings	—	99,397	99,397
Finance lease payables	—	2,020	2,020
Due to a minority shareholder	—	2,107	2,107
Due to shareholders	—	79,669	79,669
	1,476	297,477	298,953

31 December 2012

	Financial liabilities at fair value through profit or loss — held for trading	Financial liabilities at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills payables	—	116,140	116,140
Financial liabilities included in other payables and accruals	—	5,162	5,162
Derivative financial instruments	14	—	14
Interest-bearing bank borrowings	—	88,363	88,363
Finance lease payables	—	9,658	9,658
Due to a minority shareholder	—	2,124	2,124
Due to shareholders	—	94,057	94,057
	14	315,504	315,518

31 December 2013

	Financial liabilities at amortised cost
	HK$'000
Trade and bills payables	118,040
Financial liabilities included in other payables and accruals	4,099
Interest-bearing bank borrowings	126,245
Finance lease payables	5,564
Due to a minority shareholder	2,187
Due to shareholders	87,137
	343,272

31 May 2014

	Financial liabilities at amortised cost
	HK$'000
Trade and bills payables	142,921
Financial liabilities included in other payables and accruals	4,866
Interest-bearing bank borrowings	135,927
Finance lease payables	4,101
Due to a minority shareholder	2,118
Due to shareholders	86,384
	376,317

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts				Fair values			
	As at 31 December			As at 31 May	As at 31 December			As at 31 May
	2011	2012	2013	2014	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial asset								
Available-for-sale investment	—	1,120	1,173	1,340	—	1,120	1,173	1,340
Financial liabilities								
Derivative financial instruments	1,476	14	—	—	1,476	14	—	—
Finance lease payables	2,020	9,658	5,564	4,101	1,998	9,546	5,512	4,081
Interest-bearing bank borrowings	99,397	88,363	126,245	135,927	99,333	87,923	125,004	134,668
	102,893	98,035	131,809	140,028	102,807	97,483	130,516	138,749

Management has assessed that the fair values of cash and bank balances, pledged deposits and restricted cash, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and amounts due to a minority shareholder and shareholders approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the chief financial officer analyses the movements in the values of financial instruments and determine the major inputs applied in the valuation. The Directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings and finance lease payables have been calculated by discounting the expected future cash flows using discount rates that reflect the Group's borrowing rates as at the end of the reporting periods. The Group's own non-performance risk for interest-bearing bank borrowings and finance lease payables as at the end of the reporting periods was assessed to be insignificant.

For the unlisted available-for-sale equity investment, management of the Group had performed valuation using the asset-based approach as its major asset is a property held for self-use and the investment had a history of nominal earnings. The value of such property is adjusted to its fair value at each valuation date.

The Group entered into derivative financial instruments with a financial institution with high credit ratings. Derivative financial instruments, represented foreign currency swap, were measured using valuation techniques similar to forward pricing on swap model, using present value calculations. The model incorporated various market observable inputs including the credit quality of counterparty and interest rate curves. The carrying amounts of interest rate swaps were the same as their fair values.

The fair values of financial assets and financial liabilities carried at amortised cost approximate to their carrying amounts.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy during the Relevant Periods are as follows:

	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at 1 January	—	—	1,120	1,173
Addition	—	1,120	—	—
Fair value gains recognised in other comprehensive income	—	—	21	202
Exchange realignment	—	—	32	(35)
Carrying amount at end of year/period	—	1,120	1,173	1,340

Below is a summary of significant unobservable inputs to the valuation of financial instruments:

Financial instruments held by the Group	**Valuation techniques**	**Significant unobservable inputs**	**Range**	**Sensitivity of the input to fair value**
Unlisted available-for-sale equity investment	Asset-based approach*	Not applicable	Not applicable	Not applicable

* The Group has determined that the Group's share of adjusted net asset value of the investment represents its fair value at the end of each of the Relevant Periods.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Asset measured at fair value:				
Group				
At 31 May 2014				
Available-for-sale investment	—	—	1,340	1,340
At 31 December 2013				
Available-for-sale investment	—	—	1,173	1,173
At 31 December 2012				
Available-for-sale investment	—	—	1,120	1,120
At 31 December 2011				
Available-for-sale investment	—	—	—	—
Liabilities measured at fair value:				
Group				
At 31 May 2014				
Derivative financial instruments	—	—	—	—
At 31 December 2013				
Derivative financial instruments	—	—	—	—
At 31 December 2012				
Derivative financial instruments	—	14	—	14
At 31 December 2011				
Derivative financial instruments	—	1,476	—	1,476

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial asset and financial liabilities.

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Liabilities for which fair values are disclosed:				
Group				
At 31 May 2014				
Finance lease payables	—	—	4,081	4,081
Interest-bearing bank borrowings	—	—	134,668	134,668
	—	—	138,749	138,749
At 31 December 2013				
Finance lease payables	—	—	5,512	5,512
Interest-bearing bank borrowings	—	—	125,004	125,004
	—	—	130,516	130,516
At 31 December 2012				
Finance lease payables	—	—	9,546	9,546
Interest-bearing bank borrowings	—	—	87,923	87,923
	—	—	97,469	97,469
At 31 December 2011				
Finance lease payables	—	—	1,998	1,998
Interest-bearing bank borrowings	—	—	99,333	99,333
	—	—	101,331	101,331

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments arise directly from its operations. The carrying amounts of the Group's financial instruments approximate to their fair values.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's policies for managing each of these risks are as follows:

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and time deposits at banks and borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on cash and time deposits at banks and floating rate borrowings). There is no impact on the Group's equity except on the retained profits.

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax
		HK$'000
Year ended 31 December 2011		
HK$	50	72
RMB	50	(200)
HK$	(50)	(72)
RMB	(50)	200
Year ended 31 December 2012		
HK$	50	(19)
RMB	50	(10)
HK$	(50)	19
RMB	(50)	10
Year ended 31 December 2013		
HK$	50	(134)
RMB	50	(212)
HK$	(50)	134
RMB	(50)	212
Period ended 31 May 2014		
HK$	50	(82)
RMB	50	(246)
HK$	(50)	82
RMB	(50)	246
Period ended 31 May 2013 (unaudited)		
HK$	50	(125)
RMB	50	(71)
HK$	(50)	125
RMB	(50)	71

Foreign currency risk

The Group has transactional currency exposures. Those exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group's main operating subsidiaries are located in Hong Kong and Mainland China and the Group's sales and purchases were mainly conducted in HK$, RMB and USD.

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of the changes in the PRC foreign currency policy. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of RMB against HK$ and USD may have impact on the operating results of the Group.

During the years ended 31 December 2011, 2012 and 2013, the Group had entered into various forward currency contracts to manage its foreign currency risk exposure and had not entered into any derivative financial instrument during the five-month period ended 31 May 2014. The Group manages its foreign currency risk exposure by closely monitoring the movement of applicable exchange rates. The Group may use derivative financial instrument to manage significant foreign currency exposure when it is necessary and appropriate.

The following table demonstrates the sensitivity at the end of the reporting periods to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate	Increase/ (decrease) in profit before tax
	%	HK$'000
At 31 December 2011		
If HK$ weakens against RMB	5	(10,189)
If HK$ strengthens against RMB	(5)	10,189
If USD weakens against RMB	5	(389)
If USD strengthens against RMB	(5)	389
At 31 December 2012		
If HK$ weakens against RMB	5	(8,774)
If HK$ strengthens against RMB	(5)	8,774
If USD weakens against RMB	5	(281)
If USD strengthens against RMB	(5)	281
At 31 December 2013		
If HK$ weakens against RMB	5	(5,284)
If HK$ strengthens against RMB	(5)	5,284
If USD weakens against RMB	5	(273)
If USD strengthens against RMB	(5)	273

	Increase/ (decrease) in RMB rate	Increase/ (decrease) in profit before tax
	%	HK$'000
At 31 May 2014		
If HK$ weakens against RMB	5	(4,858)
If HK$ strengthens against RMB	(5)	4,858
If USD weakens against RMB	5	(1,727)
If USD strengthens against RMB	(5)	1,727
At 31 May 2013 (unaudited)		
If HK$ weakens against RMB	5	(5,155)
If HK$ strengthens against RMB	(5)	5,155
If USD weakens against RMB	5	(1,242)
If USD strengthens against RMB	(5)	1,242

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and cash collateral may be required. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise trade and bills receivable, pledged deposits and restricted cash, cash and bank balances, deposits and other receivables, an amount due from a related company, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees to a related company, further details of which are disclosed in notes 29 and 32(d).

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group's policies are to regularly monitor the current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and available banking facilities to meet its liquidity requirements in short and longer terms.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	On demand or no fixed terms	Not repayable on or prior to 31 December 2015	Less than 1 year	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2011						
Trade and bills payables	—	—	108,742	—	—	108,742
Financial liabilities included in other payables and accruals	—	—	5,542	—	—	5,542
Derivative financial instruments	—	—	1,476	—	—	1,476
Interest-bearing bank borrowings	8,507	—	79,534	9,053	7,919	105,013
Finance lease payables	—	—	1,112	1,001	—	2,113
Due to a minority shareholder	2,107	—	—	—	—	2,107
Due to shareholders	79,669	—	—	—	—	79,669
Guarantee given to a bank in connection with a facility granted to a related company *(note 29)*	15,422	—	—	—	—	15,422
	105,705	—	196,406	10,054	7,919	320,084

	On demand or no fixed terms	Not repayable on or prior to 31 December 2015	Less than 1 year	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2012						
Trade and bills payables	—	—	116,140	—	—	116,140
Financial liabilities included in other payables and accruals	—	—	5,162	—	—	5,162
Derivative financial instruments	—	—	14	—	—	14
Interest-bearing bank borrowings	17,102	—	61,153	8,963	5,602	92,820
Finance lease payables	—	—	4,404	5,750	—	10,154
Due to a minority shareholder	2,124	—	—	—	—	2,124
Due to shareholders	94,057	—	—	—	—	94,057
Guarantee given to a bank in connection with a facility granted to a related company *(note 29)*	14,468	—	—	—	—	14,468
	127,751	—	186,873	14,713	5,602	334,939

	On demand or no fixed terms	Not repayable on or prior to 31 December 2015	Less than 1 year	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2013						
Trade and bills payables	—	—	118,040	—	—	118,040
Financial liabilities included in other payables and accruals	—	—	4,099	—	—	4,099
Interest-bearing bank borrowings	25,308	—	66,823	42,393	3,461	137,985
Finance lease payables	—	—	3,682	2,066	—	5,748
Due to a minority shareholder	2,187	—	—	—	—	2,187
Due to shareholders	—	92,471	—	—	—	92,471
Guarantee given to a bank in connection with a facility granted to a related company *(note 29)*	7,328	—	—	—	—	7,328
	34,823	92,471	192,644	44,459	3,461	367,858

	On demand or no fixed terms	Not repayable on or prior to 31 December 2015	Less than 1 year	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 May 2014						
Trade and bills payables	—	—	142,921	—	—	142,921
Financial liabilities included in other payables and accruals	—	—	4,866	—	—	4,866
Interest-bearing bank borrowings	22,404	—	77,571	44,590	2,421	146,986
Finance lease payables	—	—	3,613	590	—	4,203
Due to a minority shareholder	2,118	—	—	—	—	2,118
Due to shareholders	—	90,636	—	—	—	90,636
Guarantee given to a bank in connection with a facility granted to a related company *(note 29)*	7,093	—	—	—	—	7,093
	31,615	90,636	228,971	45,180	2,421	398,823

Included in interest-bearing bank borrowings are term loans of which the loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the Directors do not believe that the loans will be called in its entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the loans which contain a repayment on demand clause, the maturity profile of those loans as at the end of the Relevant Periods, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

	1 year	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2011	2,757	5,750	—	8,507
As at 31 December 2012	5,302	11,800	—	17,102
As at 31 December 2013	6,747	12,021	6,540	25,308
As at 31 May 2014	5,780	10,197	6,427	22,404

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or raise new capital from its investors. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods. The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes interest-bearing bank borrowings, finance lease payables, due to a minority shareholder and due to shareholders.

The gearing ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			**As at 31 May**
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank borrowings	99,397	88,363	126,245	135,927
Finance lease payables	2,020	9,658	5,564	4,101
Due to a minority shareholder	2,107	2,124	2,187	2,118
Due to shareholders	79,669	94,057	87,137	86,384
Total debt	183,193	194,202	221,133	228,530
Total equity	187,411	218,634	267,825	270,068
Gearing ratio	1.0	0.9	0.8	0.8

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

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods and the five-month period ended 31 May 2013 on a combined basis as disclosed in note 2.1 above.

37. EVENTS AFTER THE REPORTING PERIOD

(a) On 16 June 2014, a shareholder of Yan Tat Environmental Technology (Nantong) Company Limited disposed of its entire equity interest of 0.93% in Yan Tat Environmental Technology (Nantong) Company Limited to the Group for a cash consideration of RMB400,000. Yan Tat Environmental Technology (Nantong) Company Limited became a wholly-owned subsidiary of the Group since then.

(b) On 18 November 2014, the shareholders of the Company signed a deed of indemnity, pursuant to which the shareholders agreed to indemnify the Group from any loss, liability and associated penalties in connection with (i) the building structures and land properties matters as set out in note 12; and (ii) the Group's contribution to employee social welfare, including social insurance and housing provident fund.

(c) On 18 November 2014, the Group entered into a sale and purchase agreement with Yantek to dispose of certain of its land and buildings situated in Hong Kong for a consideration of approximately HK$23.1 million. This transaction is expected to result in a gain before tax on disposal of approximately HK$18.4 million upon completion.

(d) On 20 November 2014, the Group entered into a deed of waiver with the shareholders of the Company, pursuant to which the latter waived in favour of the Group a carrying amount of approximately HK$60.5 million, being the remaining carrying amount owed to them after deducting the HK$23.1 million consideration for acquisition of the properties as set out in note 37(c) above. After the waiver, the capital reserve of the Group will increase by a corresponding amount.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 May 2014.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the combined net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on 31 May 2014. This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as at 31 May 2014 or any future dates:

	Combined net tangible assets attributable to owners of the Company as at 31 May 2014	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on an Offer Price of HK$1.09 per Share	269,643	34,789	304,432	1.27
Based on an Offer Price of HK$1.25 per Share	269,643	44,100	313,744	1.31

Notes:

(1) The combined net tangible assets of the Group attributable to owners of the Company as at 31 May 2014 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited combined equity attributable to owners of the Company as at 31 May 2014 of HK$269,643,000.

(2) The estimated net proceeds from the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or the exercise of any options which may be granted under the Share Option Scheme) are based on estimated offer prices of HK$1.09 or HK$1.25 per Share after deduction of the underwriting fees and other related expenses payable by our Company.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 240,000,000 Shares expected to be in issue immediately following the completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Offer Size Adjustment Option or the exercise of any options which may be granted under the Share Option Scheme).

(4) With reference to the valuation of property interests of the Group as set out in Appendix III to this prospectus, the aggregate revaluated amount of the property interests owned and occupied and property interests held under construction by the Group as at 30 September 2014 was approximately HK$330.7 million. The net book value of these property interests as at 30 September 2014 was HK$235.5 million. The revaluation surplus for these property interests is approximately HK$95.2 million. Had such property interests been stated at revaluation in the Group's combined financial statements, additional annual depreciation and amortisation of approximately HK$1.8 million would be charged. Such revaluation surplus has not been and will not be included in the Group's combined financial statements as the Group's property, plant and equipment and prepaid land lease payments are stated at cost less depreciation or amortisation and impairment losses, if any.

(5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 May 2014.

(6) The unaudited pro forma adjusted combined net tangible assets and unaudited pro forma adjusted combined net tangible assets per Share have not taken into account the waiver of shareholders' loans in favour of the Group by Mr. Chan and Mrs. Chan, the shareholders of the Company, in a total carrying amount of approximately HK$60.5 million taken place on 20 November 2014. The unaudited pro forma adjusted combined net tangible assets per Share would have been increased to HK$1.52 and HK$1.56 per Share based on the minimum and maximum estimated offer prices of HK$1.09 and HK$1.25 per Share, respectively, after taking into account the loan waiver which would increase the Group's capital reserve by the corresponding amount.

B. REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of report, prepared for the purpose of incorporation in this prospectus, received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company.

EY 安永

22/F CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

26 November 2014

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The Directors
Yan Tat Group Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Yan Tat Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 31 May 2014 and related notes as set out in Section A of Appendix II to this prospectus of the Company (the "Prospectus") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Section A of Appendix II.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 May 2014 as if the transaction had taken place at 31 May 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the five-month period ended 31 May 2014, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer, in connection with its valuation as at 30 September 2014 of the property interests of the Group.

Cushman & Wakefield Valuation Advisory Services (HK) Limited

9/F St George's Building
2 Ice House Street, Central, Hong Kong
Tel: (852) 2956 3888
Fax:(852) 2956 2323

www.cushmanwakefield.com

CUSHMAN & WAKEFIELD® 高緯環球

26 November 2014

The Board of Directors
Yan Tat Group Holdings Limited
Rooms 809–810
Kwong Sang Hong Centre
151–153 Hoi Bun Road
Kwun Tong
Kowloon, Hong Kong

Dear Sirs,

PRELIMINARY

In accordance with your instructions to value the properties in which Yan Tat Group Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in The People's Republic of China ("The PRC") and in Hong Kong. We confirm that we have carried out physical inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 September 2014 (the "valuation date").

BASIS OF VALUATION

Our valuations of the property interests represent the "market value" which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The valuation has been prepared in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the International Valuation Standards (2013) published by the International Valuation Standards Council effective from 1 January 2014; and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2013.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

As the properties in Hong Kong are held under long term leasehold interests; and the properties in the PRC are held under long term land use rights; we have assumed that the owner has free and uninterrupted rights to use the properties for the whole of the unexpired term of the leasehold interests and land use rights.

In valuing the property interests in Group III which is currently under construction, we have assumed that the proposed development would be completed in accordance with the latest development scheme provided to us by the Group.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and/or official plans handed to us by the Group are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

VALUATION METHODOLOGY

In the valuation of the property interests in Group I (property interests owned and occupied by the Group in the PRC), Group II (property interests to be acquired by the Group in the PRC) and Group IV (property interests owned and occupied by the Group in Hong Kong), where applicable, we have adopted the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant markets.

In valuing the property interests of Property No. 1 in Group I with proper title certificates, due to the nature of the buildings and structures that were constructed, there are no readily identifiable market comparable transactions. In the course of our valuation, we have considered their values on the basis of their depreciated replacement costs.

The Depreciated Replacement Cost method when used must always subject to adequate potential profitability of the business (or to service potential of the entity from the use of assets as a whole) paying due regard to the total assets employed.

Depreciated Replacement Cost is based on an estimate of the market value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization.

The Depreciated Replacement Cost of the property generally provides the most reliable indication of value for the property in the absence of a known market based on comparable sales.

In arriving at our opinion of value of the property interest in Group III (property interests held under construction by the Group in PRC), we have adopted the Direct Comparison Approach for the land and considered the development costs and professional fee relevant to the stage of construction as at the date of valuation and the remainder of the cost and fee to be incurred to complete the development.

We have attributed no commercial value to the property interests in Group V (property interests leased and occupied by the Group in PRC) and Group VI (property interests leased and occupied by the Group in Hong Kong), which are leased by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, identification of the properties and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

TITLE INVESTIGATIONS

We have been, in some instances, provided by the Group with extracts of the title documents including State-owned Land Use Rights Grant Contracts, State-owned Land Use Rights Certificates, Real Estate Title Certificates and Building Ownership Certificates relating to the property interests in the PRC, caused searches to made at the Hong Kong Land Registry in respect of the property interests in Hong Kong and have made relevant enquiries. However, we have not searched the original documents to verify the existing titles to the property interests and any material encumbrances that might be attached to the properties or any lease amendments which may not appear on the copies handed to us. We have relied considerably on the advice given by the PRC legal advisers — King & Wood Mallesons, concerning the validity of the Group's titles to the property interests in the PRC.

CURRENCY & EXCHANGE RATE

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollar (HK$). The exchange rate adopted in our valuations is approximately HK$1 = Renminbi Yuan (RMB) 0.7925 which was approximately the prevailing exchange rates as at the valuation date.

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Cushman & Wakefield Valuation Advisory Services (HK) Limited
Vincent K. C. Cheung
Registered Professional Surveyor (GP)
BSc(Hons) MBA MRICS MHKIS
Executive Director and Head of Valuation & Advisory, Greater China

Note: Mr. Vincent K. C. Cheung holds a Master of Business Administration and he is a Registered Professional Surveyor with over 17 years' experience in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries. Mr. Cheung is a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. Mr. Cheung is one of the valuers on the "list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers" as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.

SUMMARY OF VALUES

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Market Value in existing state as at 30 September 2014	Interest attributable to the Group	Market Value in existing state as at 30 September 2014 attributable to the Group
		HK$		*HK$*
1.	An Industrial Complex located at No. 8 Yantat Road, Pingshan New District, Shenzhen, The PRC	220,300,000	100%	220,300,000
2.	3 Blocks of Dormitory located in B1 District of Yanziling Living Zone, Pingshan New District, Shenzhen, The PRC	35,300,000	100%	35,300,000
3.	Unit 2705, Level 27, Tongda Chuangye Building, No. 1, Alley 600, Tianshan Road, Changning District, Shanghai, The PRC	5,900,000	100%	5,900,000
4.	Villa No. 19, Jinsha Yangguang Mansion, No. 5 Xinyuan Road, Jinsha Town Development Zone, Nantong, Jiangsu Province, The PRC	10,100,000	100%	10,100,000
	Sub-total:	271,600,000		271,600,000

GROUP II — PROPERTY INTERESTS TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Market Value in existing state as at 30 September 2014	Interest attributable to the Group	Market Value in existing state as at 30 September 2014 attributable to the Group
		HK$		*HK$*
5.	Flat Nos. 1812, 1912, 2012, 2106, 2112, 2206, 2306, 2402, 2406 and 2506, Elite Park, Yanziling Third Road, Pingshan New District, Shenzhen, The PRC	No commercial value	100%	Nil
	Sub-total:	No commercial value		Nil

GROUP III — PROPERTY INTERESTS HELD UNDER CONSTRUCTION BY THE GROUP IN THE PRC

No.	Property	Market Value in existing state as at 30 September 2014	Interest attributable to the Group	Market Value in existing state as at 30 September 2014 attributable to the Group
		HK$		*HK$*
6.	A Proposed R&D Building located at the southwest of intersection of Qinglan First Road and Julongshan Third Road, Julongshan District, Pingshan New District, Shenzhen, The PRC	36,000,000	100%	36,000,000
	Sub-total:	36,000,000		36,000,000

GROUP IV — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Market Value in existing state as at 30 September 2014	Interest attributable to the Group	Market Value in existing state as at 30 September 2014 attributable to the Group
		HK$		*HK$*
7.	Workshop 09 on 8th Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon	10,300,000	100%	10,300,000
8.	Workshop 10 on 8th Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon	6,400,000	100%	6,400,000
9.	Workshop 14 on 8th Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon	6,400,000	100%	6,400,000
	Sub-total:	23,100,000		23,100,000

GROUP V — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Market Value in existing state as at 30 September 2014	Interest attributable to the Group	Market Value in existing state as at 30 September 2014 attributable to the Group
		HK$		*HK$*
10.	Four Industrial buildings, one commercial and residential building and one dormitory located at No. 8 Yantat Road, Pingshan New District, Shenzhen, The PRC	No Commercial Value	100%	Nil
	Sub-total:	No Commercial Value		Nil

GROUP VI — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Market Value in existing state as at 30 September 2014	Interest attributable to the Group	Market Value in existing state as at 30 September 2014 attributable to the Group
		HK$		*HK$*
11.	Flat E on 15th Floor and Flat Roof immediately above of Tower 5, and Car Parking Space No. 11 on Car Park B1, One Beacon Hill, No. 1 Beacon Hill Road, Hong Kong	No Commercial Value	100%	Nil
12.	Light Van Parking Space No. 19 on 1st Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon	No Commercial Value	100%	Nil
	Sub-total:	No Commercial Value		Nil
	Grand-total:	330,700,000		330,700,000

VALUATION CERTIFICATE

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
			HK$
1. An Industrial Complex located at No. 8 Yantat Road, Pingshan New District, Shenzhen, The PRC	The property comprises three parcels of land with a total site area of approximately 65,863.79 square metres, on which are erected seventeen buildings and various ancillary structures which were completed in various stages between 1993 and 1999. The property also comprises a workshop, a dormitory and a waste water station which are under construction and expected to be complete in 2014. The total gross floor area of the property is approximately 71,346.85 square metres. The breakdown of the property is listed below:	The Property is currently occupied by the Group for production and ancillary purposes. The newly built production workshop, a dormitory and a new waste water station are physically completed. As advised, the Group was applying the certificate of completion and real estate title certificate as at the valuation date. As advised by the Group, the total budgeted construction cost of the new production workshop, dormitory and new waste water station is about RMB115,100,000, of which a total of approximately RMB101,400,000 has been settled as at the valuation date.	220,300,000 *(100% interest attributable to the Group: HK$220,300,000)*

Building	Gross Floor Area
	(sq. m.)
No. 5 Dormitory (Canteen)	1,301.38
No. 6 Dormitory	588.51
Sewage Room	751.44
Power Distribution Room	673.40
Warehouse	494.5
Laboratory	41.37
Waste Water Station	241.38
New Waste Water Station	1,397.15
Office	400
Material Room	1,097
Drilling Room	1,060
Workshop B	155
Finished Goods Warehouse	1,260
Aluminum Board Workshop	1,750
South Door Drilling Room	383
No. 1 Main Workshop	1,767.35
Workshop	3,562.12
Dormitory	1,843.25
Production Workshop C	41,320
New Dormitory	11,260
Total	71,346.85

The land use rights of Lot No. G11213–0226 of the property were granted for a term of 35 years commenced from 16 June 2003 and expiring on 15 June 2038 for industrial uses. The land use rights of Lot No. G12302–2(1) and G12302–2(2) of the property were granted for a common term of 50 years both commenced from 4 October 1991 and expiring on 3 October 2041 for industrial uses.

Notes:

1. The property was inspected by Mr. Nick Yeung *MRICS* on 27 May 2014. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 7 years' experience in real estate valuations.

2. The general description of the property is summarized as below:

Location	:	The property abuts Yantat Road to the northwest, Lijing South Road to the northeast, a vacant land to the southeast and some industrial buildings in the other aspects.
Transportation	:	Shuanglong Station of Longgang Metro Line is located within 20 minutes driving distance from the property.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Pingshan New District.

3. Pursuant to a Land Use Rights Grant Contract, Shen Di He Zi (2003) No. 7014 dated 16 June 2003 and entered into between the Urban Planning Land and Resources Bureau of Shenzhen Municipality and Yan Tat Printed Circuit (Shenzhen) Co., Ltd. ("YT Printed Circuit"), the land use rights of the site (Lot No. G11213–0226) of the property with a site area of 50,297.3 square metres were granted to YT Printed Circuit for a term of 50 years commenced from 16 June 2003 to 15 June 2053 for industrial uses, at a consideration of RMB5,350,497.

4. Pursuant to a Supplementary Agreement of Land Use Rights Grant Contract, Shen Di He Zi (2003) No. 7014 Bu 1 dated 21 December 2003 and entered into between the Urban Planning Land and Resources Bureau of Shenzhen Municipality and YT Printed Circuit, the site area of Lot No. G11213–0226 was increased by 15,000.04 square metres to 65,297.33 square metres and the land use right terms remained unchanged. The additional land premium was RMB2,170,546.

5. Pursuant to a Supplementary Agreement of Land Use Rights Grant Contract, Shen Di He Zi (2003) No. 7014 (Bu 2) dated 21 February 2008 and entered into between the Land Resources and Housing Management Bureau of Shenzhen Municipality and YT Printed Circuit, the site area of Lot No. G11213–0226 was adjusted to 60,868.19 square metres and another site with a site area of 4,430.23 square metres located in Julongshan District would be granted to YT Printed Circuit. Please refer to Property No. 6 for the said site with a site area of 4,430.23 square metres. The land use right terms of the site of Lot No. G11213-0226 was revised to 35 years commenced from 16 June 2003 and expiring on 15 June 2038. YT Printed Circuit had to return the Real Estate Title Certificate, Shen Fang Di Zi Di No. 8000002432 (which is No. 1 Main Workshop), to the Land Resources and Housing Management Bureau of Shenzhen Municipality for cancellation.

6. Pursuant to a Real Estate Title Certificate, Shen Fang Di Zi Di No. 6000319407 dated 12 December 2008 and issued by the Longgang Bureau of Land Resources and Housing Management Bureau of Shenzhen Municipality, the land use rights of the site (Lot No. G11213–0226) of the property with a site area of 60,868.19 square metres and the building ownership rights of portion of the property with a total gross floor area of 4,091.98 square metres were granted to YT Printed Circuit for a term of 35 years commenced from 16 June 2003 and expiring on 15 June 2038 for industrial uses. The property is mortgaged to Shenzhen Longgang Branch of Bank of China Limited and the mortgage was registered on 3 April 2014 with the registration number 6D14006508. The details of the certificate are listed as follows:

Building	**Permitted Use**	**Gross Floor Area**
		(sq.m.)
No. 5 Dormitory (Canteen)	Industrial ancillary use	1,301.38
No. 6 Dormitory	Industrial ancillary use	588.51
Sewage Room	Industrial ancillary use	751.44
Power Distribution Room	Industrial ancillary use	673.40
Warehouse	Industrial ancillary use	494.5
Laboratory	Industrial ancillary use	41.37
Waste Water Station	Industrial ancillary use	241.38
Total		**4,091.98**

7. Pursuant to a Real Estate Title Certificate, Shen Fang Di Zi Di No. 6000547983 dated 22 November 2012 and issued by the Longgang Bureau of Land Resources and Housing Management Bureau of Shenzhen Municipality, the land use rights of the site (Lot No. G12302–2(1)) of the property with a site area of 2,670.3 square metres and the building ownership rights of portion of the property with a gross floor area of 3,562.12 square metres were granted to Grace Yan Tat Electronics (Shenzhen) Co., Ltd. ("Grace YT") for a term of 50 years commenced from 4 October 1991 and expiring on 3 October 2041 for industrial uses.

8. Pursuant to a Real Estate Title Certificate, Shen Fang Di Zi Di No. 6000547984 dated 22 November 2012 and issued by the Longgang Bureau of Land Resources and Housing Management Bureau of Shenzhen Municipality, the land use rights of the site (Lot No. G12302–2(2)) of the property with a site area of 2,325.3 square metres and the building ownership rights of portion of the property with a gross floor area of 1,843.25 square metres were granted to Grace YT for a term of 50 years commenced from 4 October 1991 and expiring on 3 October 2041 for industrial uses.

9. Pursuant to a Construction Land Use Planning Permit, Shen Gui Xu No. LG-2007–0324 dated 12 December 2007 and issued by the Longgang Bureau of the Urban Planning Bureau of Shenzhen Municipality, the proposed land use of the property with a site area of 60,868.19 square metres was approved.

   The salient details of the permit are listed as follows:

Parameters	Details
Land Use	Industrial
Total Site Area	60,868.19 square metres
Plot Ratio	2
Maximum Site Coverage	40%
Total Gross Floor Area	122,000 square metres in which Completed portion: Ancillary dormitory: 589 square metres Canteen: 1,301 square metres Warehouse: 495 square metres Municipal ancillary facilities: 1,034 square metres New portion: Workshop: 70,000 square metres Ancillary dormitory: 30,696 square metres Office and other ancillary facilities: 17,885 square metres

10. Pursuant to a Construction Project Planning Permit, Shen Gui Tu Jian Xu Zi No. PS-2011–0041 dated 12 July 2011 and issued by the Pingshan Management Bureau of Urban Planning Land and Resources Commission of Shenzhen Municipality, the proposed New Dormitory (9-level) of the property with a total planned gross floor area of 11,260 square metres was approved.

11. Pursuant to a Construction Project Planning Permit, Shen Gui Tu Jian Xu Zi No. PS-2011–0047 dated 5 September 2011 and issued by the Pingshan Management Bureau of Urban Planning Land and Resources Commission of Shenzhen Municipality, the proposed Production Workshop C of the property with a total planned gross floor area of 41,320 square metres was approved. The details of the permit are listed as follows:

Items	Details
Building	Workshop
No. of Block	1
No. of Level	3
Gross Floor Area (countable for plot ratio)	32,930 square metres
Gross Floor Area (uncountable for plot ratio)	8,390 square metres

12. Pursuant to a Construction Project Planning Permit, Shen Gui Tu Jian Xu Zi No. PS-2013-0018 dated 25 June 2013 and issued by the Pingshan Management Bureau of Urban Planning Land and Resources Commission of Shenzhen Municipality, the proposed New Waste Water Station of the property with a total planned gross floor area of 1,397.15 square metres was approved.

13. Pursuant to a Construction Works Commencement Permit, No. 44038220110054001 dated 6 May 2011 and issued by the Pingshan New District Urban Construction Bureau of Shenzhen Municipality, the construction works of the proposed new dormitory of the property with a total planned gross floor area of 11,260 square metres was approved to commence.

14. Pursuant to a Construction Works Commencement Permit, No. 44038220120009002 dated 11 October 2012 and issued by the Pingshan New District Urban Construction Bureau of Shenzhen Municipality, the construction works of the proposed Production Workshop C of the property with a total planned gross floor area of 41,320 square metres was approved to commence.

15. Pursuant to a Quality Supervision Examination Opinion, Ping Zhi Cha (2014) No. 324 dated 10 July 2014 and issued by Shenzhen Municipal Pingshan New District Construction Project Quality And Safety Supervision Station, the requirement of the examination process for completion of the main work of the construction of the New Dormitory has been basically fulfilled.

16. Pursuant to a Quality Supervision Examination Opinion, Ping Zhi Cha (2014) No. 335 dated 4 August 2014 and issued by Shenzhen Municipal Pingshan New District Construction Project Quality And Safety Supervision Station, the requirement of the examination process for completion of the main work of the construction of the Production Workshop C has been basically fulfilled.

17. As advised by the Group, the Group was applying the certificates of completion and real estate title certificates of the New Dormitory, the Production Workshop C and the New Waste Water Station as at the valuation date.

18. Pursuant to a Temporary Construction Works Commencement Letter, Shen Ping Lin Jian (2012) 0006 dated 26 March 2012 and issued by the Pingshan New District Temporary Construction Approval Leader Group Office of Shenzhen Municipality, the construction works of a 1-level building which is the Finished Goods Warehouse with a gross floor area of 1,260 square metres was approved to commence.

19. Pursuant to a Maximum Amount Mortgage Contract, 2014 Zhen Zhong Yin Gang Di Zi Di No. 000243 dated 2 April 2014 and entered into between Shenzhen Longgang Branch of Bank of China Limited ("Mortgagee") and YT Printed Circuit, portion of the property held under Shen Fang Di Zi Di No. 6000319407, together with the land use rights of Property No. 6 held under Shen Fang Di Zi Di No. 6000332691, are subject to a mortgage in favour of the Mortgagee to secure the amount of RMB120,000,000.

20. In the course of our valuation, we have attributed no commercial value to seven buildings (including an office, a material room, a drilling room, the Workshop B, a finished goods warehouse, an aluminum board workshop and the South Door Drilling Room) with a total gross floor area of 6,105 square metres as they are yet to be granted with proper title certificates. For reference purposes, we are of the opinion that the total value of these buildings, assuming they have been granted with the proper title certificates and are freely transferable as at the valuation date, would be HK$14,900,000.

21. In the course of our valuation, we have attributed no commercial value to the No. 1 Main Workshop with a gross floor area of 1,767.35 square metres as its real estate ownership certificate has been withdrawn by Land Resources and Housing Management Bureau of Shenzhen Municipality as mentioned in Note 3. For reference purposes, we are of the opinion that the value of this building, assuming it has been granted with the proper title certificate and is freely transferable as at the valuation date, would be HK$3,800,000.

22. YT Printed Circuit and Grace YT are two indirect wholly-owned subsidiaries of the Company.

23. We have been provided with a legal opinion regarding the legality of the Group's property interests by the Group's PRC legal adviser, which contains, inter alia, the following:

Property with proper legal titles

a. YT Printed Circuit and Grace YT obtained the respective Real Estate Title Certificates of the property and legally owns the property;

b. up to the issue date of the legal opinion, the use of the property conforms the approved use specified in the above-mentioned Real Estate Title Certificates;

c. save as the mortgage disclosed in the legal opinion, up to the issue date of the legal opinion, the property ownership is not subject to other encumbrances, rights or limitation;

d. subject to the mortgages disclosed in the legal opinion, YT Printed Circuit and Grace YT are entitled to occupy, use, lease, transfer or other legitimate way to handle the property within the term specified in the Real Estate Title Certificates;

Construction in Progress

e. except the processing application for the commencement works of the new waste water station, YT Printed Circuit obtained the Construction Land Use Planning Permit, Construction Project Planning Permit and Construction Works Commencement Permit, and the requirement of the examination process for completion of the main work of the construction has been fulfilled. All these permits are effective and as at the latest practicable date, these permits have not been withdrawn, modified or revoked;

f. up to the issue date of the legal opinion, there are no compulsory expropriation, legal proceeding, dispute or other substantial adverse conditions against the ownership of the property;

g. under the condition that all relevant documents are submitted to relevant registration authorities, there is no legal impediment for YT Printed Circuit to obtain the Real Estate Title Certificate for the property under construction;

Property without proper legal titles

h. there is little material adverse effect to the business operation of YT Printed Circuit for the use of the property without proper legal titles;

i. the risk of being asked to remove the property without proper legal titles and being penalised is relatively low; and

j. the actual controller of YT Printed Circuit will unconditionally and fully compensate YT Printed Circuit if YT Printed Circuit suffers any loss or is penalized due to the use of the property without proper legal titles.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
2.	3 Blocks of Dormitory located in B1 District of Yanziling Living Zone, Pingshan New District, Shenzhen, The PRC	The property comprises a parcel of land with a site area of approximately 7,481.3 square metres on which is erected three 5-storey dormitories which were completed is February 2004. The total gross floor area of the property is approximately 12,028.84 square metres. The breakdown of the gross floor area of the property is listed below:	The property is currently occupied by the Group for dormitory purposes.	35,300,000 *(100% interest attributable to the Group: HK$35,300,000)*

Building	Gross Floor Area
	(sq. m.)
Block No.1 North	2,711.05
Block No.1 South	2,711.05
Block No. 2	6,606.74
Total	12,028.84

The land use rights of the property were granted for a term of 50 years commenced from 23 May 2001 and expiring on 22 May 2051 for industrial uses.

Notes:

1. The property was inspected by Mr. Nick Yeung *MRICS* on 27 May 2014. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 7 years' experience in real estate valuations.

2. The general description of the property is summarized as below:

Location	:	The property abuts Yamziling Second Road to the northwest, the new dormitory of Property No. 1 to the northeast, Production Workshop C of Property No. 1 to the southeast and the production workshop of Property No. 1 to the southwest.
Transportation	:	Shuanglong Station of Longgang Metro Line is located within 20 minutes driving distance from the property.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Pingshan Town.

3. Pursuant to fifteen Real Estate Title Certificate issued by the Real Estate Rights Registry of Shenzhen Municipality, the land use rights of the property with a site area of 7,481.3 square metres and the building ownership rights of the property with a total gross floor area of 12,028.84 square metres were granted to Yan Tat Printed Circuit (Shenzhen) Co., Ltd. ("YT Printed Circuit") for a term of 50 years commenced from 23 May 2001 and expiring on 22 May 2051. The property is mortgaged to Shenzhen Buji Branch of China Merchants Bank Company Limited and the mortgage is registered on 11 June 2010 with the registration number 6D10014839. The details of the certificates are listed as follows:

Building	Level	Certificate No.	Date of Issue	Permitted Use	Gross Floor Area
					(sq.m.)
Block No. 1 North	L1	Shen Fang Di Zi Di No. 6000406411	14 April 2010	Industrial ancillary use	542.21
Block No. 1 North	L2	Shen Fang Di Zi Di No. 6000406592	14 April 2010	Industrial ancillary use	542.21
Block No.1 North	L3	Shen Fang Di Zi Di No. 6000406314	14 April 2010	Industrial ancillary use	542.21
Block No. 1 North	L4	Shen Fang Di Zi Di No. 6000406305	14 April 2010	Industrial ancillary use	542.21
Block No. 1 North	L5	Shen Fang Di Zi Di No. 6000406418	14 April 2010	Industrial ancillary use	542.21
Sub-total					**2,711.05**
Block No. 1 South	L1	Shen Fang Di Zi Di No. 6000406588	14 April 2010	Industrial ancillary use	542.21
Block No. 1 South	L2	Shen Fang Di Zi Di No. 6000406410	14 April 2010	Industrial ancillary use	542.21
Block No. 1 South	L3	Shen Fang Di Zi Di No. 6000406593	14 April 2010	Industrial ancillary use	542.21
Block No. 1 South	L4	Shen Fang Di Zi Di No. 6000406405	14 April 2010	Industrial ancillary use	542.21
Block No. 1 South	L5	Shen Fang Di Zi Di No. 6000406310	14 April 2010	Industrial ancillary use	542.21
Sub-total					**2,711.05**
Block No. 2	L1	Shen Fang Di Zi Di No. 6000406397	14 April 2010	Industrial ancillary use	1,496.91
Block No. 2	L2	Shen Fang Di Zi Di No. 6000406397	14 April 2010	Industrial ancillary use	1,856.63
Block No. 2	L3	Shen Fang Di Zi Di No. 6000406436	14 April 2010	Industrial ancillary use	1,084.40
Block No. 2	L4	Shen Fang Di Zi Di No. 6000406307	14 April 2010	Industrial ancillary use	1,084.40
Block No. 2	L5	Shen Fang Di Zi Di No. 6000406590	14 April 2010	Industrial ancillary use	1,084.40
Sub-total					**6,606.74**
Grand-total:					**12,028.84**

4. Pursuant to a Mortgage Contract, 2010 Long Zi Di No. 1210616075, and a Supplementary Agreement of Mortgage Contract both dated 25 May 2010 and entered into between the Shenzhen Buji Branch of China Merchants Bank Company Limited ("Mortgagee") and YT Printed Circuit, the property is subject to a mortgage in favour of the Mortgagee to secure the amount of RMB13,200,000.

5. YT Printed Circuit is an indirect wholly-owned subsidiary of the Company.

6. We have been provided with a legal opinion regarding the legality of the Group's property interests by the Group's PRC legal adviser, which contains, inter alia, the following:

   a. YT Printed Circuit obtained the respective Real Estate Title Certificates of the property and legally owns the property;

   b. up to the issue date of the legal opinion, the use of the property conforms the approved use specified in the above-mentioned Real Estate Title certificates;

   c. save as those mortgages disclosed in the legal opinion, up to the issue date of the legal opinion, the properties' ownerships are not subject to other encumbrances, rights or limitation; and

   d. subject to the mortgages disclosed in the legal opinion, YT Printed Circuit is entitled to occupy, use, lease, transfer or other legitimate way to handle the property within the term specified in the Real Estate Title Certificates.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
3.	Unit 2705, Level 27 Tongda Chuangye Building, No. 1, Alley 600, Tianshan Road, Changning District, Shanghai, The PRC	The property comprises an office unit on Level 27 of a 31-level office building which was completed in about 2005. The gross floor area of the property is approximately 200.88 square metres. The land use rights of the property were granted for a term commenced from 6 May 1997 and expiring on 5 May 2047 for composite uses.	The property is currently vacant.	5,900,000 *(100% interest attributable to the Group: HK$5,900,000)*

Notes:

1. The property was inspected by Ms. Kristy Chia *MSISV* on 23 July 2014. Ms. Kristy Chia is a Member of Singapore Institute of Surveyors & Valuers (SISV), with over 7 years' experience in real estate valuations.

2. As advised by the Company, the acquisition price of the property was RMB3,620,000 and the date of acquisition was 18 October 2010.

3. The general description of the property is summarized as below:

Location	:	The subject building abuts Xinhongqiao Jieyun Building to the east, Tianshan Road to the south, Changning Technology Building to the west, Sichuang Building to the north.
Transportation	:	The Loushanguan Road Station of Metro Line No. 2 is located within 10 minutes' walk from the subject building. Various public bus routes and taxis are available along Tianshan Road.
Nature of Surrounding Area	:	The subject area is a predominately residential area in Changning District with some commercial buildings available.

4. Pursuant to a Shanghai Certificate of Real Estate Ownership, Hu Fang Di Chang Zi (2010) Di No. 018304 dated 16 December 2010 and issued by the Shanghai Changning District Real Estate Registry, the land use rights and the building ownership rights of the property with a gross floor area of 200.88 square metres were granted to Yan Tat Printed Circuit (Shenzhen) Co., Ltd. ("YT Printed Circuit"). The land use rights of the property was granted for a term commenced from 6 May 1997 and expiring on 5 May 2047 for composite uses, while the building ownership rights was granted for office uses.

5. YT Printed Circuit is an indirect wholly-owned subsidiary of the Company.

6. We have been provided with a legal opinion regarding the legality of the Group's property interests by the Group's PRC legal adviser, which contains, inter alia, the following:

   a. YT Printed Circuit obtained the respective Real Estate Ownership Certificate of the property and legally owns the property;

   b. up to the issue date of the legal opinion, the use of the property conforms the approved use specified in the above-mentioned Real Estate Ownership Certificate;

   c. up to the issue date of the legal opinion, the property ownership is not subject to other encumbrances, rights or limitation; and

   d. YT Printed Circuit is entitled to occupy, use, lease, transfer or other legitimate way to handle the property within the term specified in the Real Estate Ownership Certificate.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
4.	Villa No. 19, Jinsha Yangguang Mansion, No. 5 Xinyuan Road, Jinsha Town Development Zone, Nantong, Jiangsu Province, The PRC	The property comprises a villa within a residential development namely Jinsha Yangguang Mansion which was completed in about 2009. The gross floor area of the property is approximately 529.93 square metres.	The property is currently vacant.	10,100,000 *(100% interest attributable to the Group: HK$10,100,000)*

Notes:

1. The property was inspected by Mr. Kit Cheung *MHKIS MRICS* on 19 June 2014. Mr. Kit Cheung is a Member of the Hong Kong Institute of Surveyors and a member of the Royal Institution of Chartered Surveyors (RICS), with over 5 years' experience in real estate valuations.

2. As advised by the Company, the acquisition price of the property was RMB3,600,000 and the date of acquisition was 30 December 2008.

3. As advised by the Company, the property was acquired by Yan Tat Environmental Technology (Nantong) Co., Ltd. ("YT Environmental") on 30 December 2008 to be used by its staff as a staff quarter. The property has been vacant since the acquisition as YT Environmental has not yet commenced any substantive business and has not yet hired any staff.

4. The general description of the property is summarized as below:

Location	:	The property is within a residential development known as Jinsha Yangguang Mansion and the development abuts Xinyuan Road to the north.
Transportation	:	Nantong Railway Station is within 20 minutes' driving distance from the property under normal traffic condition. Various public bus routes and taxis are available along Shiji Avenue which is at the west of the subject development.
Nature of Surrounding Area	:	The subject area is a predominately residential area in Nantong City.

5. Pursuant to a Building Ownership Rights Certificate, Tong Zhou Fang Quan Zheng Jin Sha Zi Di No. 09–11782 dated 24 April 2009 and issued by the People's Government of Tongzhou City, the building ownership rights of the property with a gross floor area of 529.93 square metres were granted to YT Environmental for residential uses.

6. As advised by the legal adviser that the building can be freely transferred in the market as YT Environmental owns the Building Ownership Certificate only, the valuation indicated here is referring to the value of the property as a whole.

7. YT Environmental is an indirect wholly-owned subsidiary of the Company.

8. We have been provided with a legal opinion regarding the legality of the Group's property interests by the Group's PRC legal adviser, which contains, inter alia, the following:

   a. The land use rights is not held by YT Environmental, but YT Environmental has obtained the concerning Building Ownership Certificate of the property and legally owns the building;

   b. up to the issue date of the legal opinion, the use of the property conforms the approved use specified in the above-mentioned Building Ownership Certificate;

   c. up to the issue date of the legal opinion, the property ownership is not subject to other encumbrances, rights or limitation; and

   d. YT Environmental is entitled to occupy, use, lease, transfer or other legitimate way to handle the building within the term specified in the Building Ownership Certificate.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTERESTS TO BE ACQUIRED BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				RMB
5.	Flat Nos. 1812, 1912, 2012, 2106, 2112, 2206, 2306, 2402, 2406 and 2506, Elite Park, Yanziling Third Road, Pingshan New District, Shenzhen, The PRC	The property comprises 10 residential units in a residential development known as "Elite Park", which was completed in April 2012. The gross floor area of each of the residential unit is 48.18 square metres and the total gross floor area of the 10 properties are 481.8 square metres.	The property is currently vacant.	No commercial value

Notes:

1. The property was inspected by Ms. Kico Chan and Mr. Alton Wong *MRICS* on 8 August 2014. Mr. Alton Wong is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 10 years' experience in real estate valuations.

2. The general description of the property is summarized as below:

Location	:	The subject development abuts Jinniu Road to the north, several industrial buildings to the northwest, a vacant site to the north, the Pingshan New District Administrative Service Center to the northeast, vacant lands to the east and south, Yanziling Third Road and two industrial buildings to the west.
Transportation	:	Shuanglong Station of Longgang Metro Line is located within 20 minutes driving distance from the property.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Pingshan New District.

3. Pursuant to an agreement dated 17 April 2013 and entered into between Shenzhen Xinhaofang Real Estate Company Limited ("Xinhaofang")and Yan Tat Printed Circuit (Shenzhen) Co., Ltd. ("YT Printed Circuit"), YT Printed Circuit acquired thirteen residential units from Xinhaofang and the total consideration of the property is RMB6,954,812.

4. Pursuant to an agreement entered into between Xinhaofang and YT Printed Circuit, YT Printed Circuit has paid 90% of the total consideration of the thirteen units known as Flat Nos. 2202, 2302, 2402, 2502, 1812, 1912, 2012, 2112, 2106, 2206, 2306, 2406 and 2506 and YT Printed Circuit would pay the remaining 10% consideration of the eleven units known as Flat Nos. 2402, 2502, 1812, 1912, 2012, 2112, 2106, 2206, 2306, 2406 and 2506. Xinhaofang would transfer the ownership of Flat Nos. 2202, 2302 and 2502 to the staff of the Company.

5. As confirmed by the Company, the title of Flat Nos. 2202, 2302 and 2502 mentioned in Note No. 4 have been transferred to the staff of the Company and the Company has fully paid the consideration of the eleven units known as Flat Nos. 2402, 2502, 1812, 1912, 2012, 2112, 2106, 2206, 2306, 2406 and 2506. YT Printed Circuit received refunds from Xinhaofang amounted to RMB959,828, representing 90% of the consideration of Flat Nos. 2202 and 2302, and YT Printed Circuit received the repayment in full from the staff acquired Flat No. 2502.

6. In the course of our valuation, we have attributed no commercial value to the property as it is yet to be granted with proper title certificates.

7. YT Printed Circuit is an indirect wholly-owned subsidiary of the Company.

8. We have been provided with a legal opinion regarding the legality of the Group's property interests by the Group's PRC legal adviser, which contains, inter alia, the following:

   a. up to the issue date of the legal opinion, the agreements are legal, effective, and it does not exist any breach of the prohibitive provisions of law and administrative rules.

VALUATION CERTIFICATE

GROUP III — PROPERTY INTEREST HELD UNDER CONSTRUCTION BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
6.	A Proposed R&D Building located at the southwest of intersection of Qinglan First Road and Julongshan Third Road, Julongshan District, Pingshan New District, Shenzhen, The PRC	The property comprises a parcel of land with a site area of approximately 4,430.23 square metres, on which a 10-storey R&D building was planned to be built and it is expected to be complete in 2014. The total planned gross floor area of the property is approximately 11,339.69 square metres. The land use rights of the property were granted for a term of 50 years commenced on 16 June 2003 and expiring on 15 June 2053 for industrial uses.	As per our on-site inspection, the property is physically complete. As advised, the Group was applying for the certificate of completion and building ownership certificate of the property as at the valuation date. As advised by the Group, the total budgeted construction cost is about RMB26,600,000, of which a total of approximately RMB23,900,000 has been settled as at the valuation date.	36,000,000 *(100% interest attributable to the Group: HK$36,000,000)*

Notes:

1. The property was inspected by Mr. Nick Yeung *MRICS* on 27 May 2014. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 7 years' experience in real estate valuations.

2. The general description of the property is summarized as below:

Location	:	The property abuts Cuijing Road to the northeast, a vacant land to the northwest and some industrial buildings in the other aspects.
Transportation	:	Shuanglong Station of Longgang Metro Line is located within 15 minutes driving distance from the property.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Pingshan Town.

3. Pursuant to a Real Estate Title Certificate, Shen Fang Di Zi Di No. 6000332691 issued by the Longgang Bureau of the Land Resources and Housing Management Bureau of Shenzhen Municipality, the land use rights of the property with a total site area of 4,430.23 square metres were granted to Yan Tat Printed Circuit (Shenzhen) Co., Ltd. ("YT Printed Circuit") for a term of 50 years commenced on 16 June 2003 and expiring on 15 June 2053 for industrial uses. The land use rights of the property are subject to a mortgage with the favour of Shenzhen Longgang Branch of Bank of China Limited and the mortgage was registered on 3 April 2014 with the registration number 6D14006508.

4. Pursuant to a Construction Land Use Planning Permit, Shen Gui Xu No. LG-2007–0325 dated 12 December 2007 and issued by the Longgang Bureau of the Urban Planning Bureau of Shenzhen Municipality, the proposed land use rights of the property with a site area of 4,430.23 square metres was approved.

5. Pursuant to a Construction Project Planning Permit, Shen Gui Tu Jian Xu Zi No. PS-2010–0011 dated 23 February 2010 and issued by the Pingshan Management Bureau of Urban Planning Land and Resources Commission of Shenzhen Municipality, the proposed development of the property with a total planned gross floor area of 11,339.69 square metres (including 2,387.07 square metres of uncountable plot ratio gross floor area) was approved.

6. Pursuant to a Construction Works Commencement Permit, No.44038220110016001 dated 19 May 2011 and issued by the Pingshan New District Urban Construction Bureau of Shenzhen Municipality, the construction works of the proposed development of the property with a total planned gross floor area of 11,339.69 square metres was approved to commence.

7. Pursuant to a Quality Supervision Examination Opinion, Ping Zhi Cha (2014) No. 327 dated 9 July 2014 and issued by Shenzhen Municipal Pingshan New District Construction Project Quality And Safety Supervision Station, the requirement of the examination process for completion of the main work of the construction of the property has been basically fulfilled.

8. As advised, the Group was applying for the certificate of completion and real estate title certificates of the property as at the valuation date.

9. Pursuant to a Maximum Amount Mortgage Contract, 2014 Zhen Zhong Yin Gang Di Zi Di No. 000243 dated 2 April 2014 and entered into between Shenzhen Longgang Branch of Bank of China Limited ("Mortgagor") and YT Printed Circuit, the land use rights of the property held under Shen Fang Di Zi Di No. 6000332691, together with portion of Property No. 1 held under Shen Fang Di Zi Di No. 6000319407, are subject to a mortgage in favour of the Mortgagor to secure the amount of RMB120,000,000.

10. YT Printed Circuit is an indirect wholly-owned subsidiary of the Company.

11. We have been provided with a legal opinion regarding the legality of the Group's property interests by the Group's legal adviser, which contains, inter alia, the following:

    a. YT Printed Circuit obtained the Construction Land Use Planning Permit, Construction Project Planning Permit and Construction Works Commencement Permit, and the requirement of the examination process for completion of the main work of the construction has been fulfilled. All these permits are effective and up to the issue date of the legal opinion, these permits have not been withdrawn, modified or revoked;

    b. up to the issue date of the legal opinion, there are no compulsory expropriation, legal proceeding, dispute or other substantial adverse conditions against the ownership of the property; and

    c. under the condition that all relevant documents are submitted to relevant registration authorities, there is no legal impediment for YT Printed Circuit to obtain the Real Estate Title Certificate for the property under construction.

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
7.	Workshop 09 on 8th Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon *(19/3091th shares of and in Kwun Tong Inland Lot No. 529 and 530)*	The property comprises an industrial unit on the 8th Floor of a 19-level industrial building completed in about 1992. The saleable floor area of the property is approximately 1,486.59 square feet. The property is held under two Conditions of Sale No. 8338 and 8339 both for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047.	The property is currently occupied by the Group for ancillary office use.	10,300,000 *(100% interest attributable to the Group: HK$10,300,000)*

Notes:

1. The property was inspected by Mr. Nick Yeung *MRICS* on 5 June 2014. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 7 years' experience in real estate valuations.

2. The registered owner of the property is Yan Tat Technology Limited registered vide Memorial No. UB9336160 dated 2 September 2004. The consideration of the property was HK$1,204,200.00.

3. The property is subject to the following:

   (a) Modification Letter re KTIL 529 registered vide Memorial No. UB4798104 dated 4 May 1991;

   (b) Modification Letter re KTIL 530 registered vide Memorial No. UB4798106 dated 4 May 1991;

   (c) Occupation Permit No. NK43/92 registered vide Memorial No. UB5462285 dated 12 October 1992;

   (d) Deed of Mutual Covenant registered vide Memorial No. UB5482171 dated 19 October 1992;

   (e) Management Agreement registered vide Memorial No. UB5482172 dated 19 October 1992 in favour of King Pioneer Management Limited "The Manager"; and

   (f) Order No. UBZ/U11–01/0052/09 by the Building Authority under Section 24(1) of the Buildings Ordinance registered vide Memorial No. 11060201100106 dated 3 August 2010.

4. The concerning Building Order of item 3(f) is in relation to the request for replacing of the existing wall with a pair of fire resisting doors. As advised by the Company, up to the date of this report, the Company did not receive any notice of warning or order from the Fire Services Department in relation to any fire safety issues of the premises. In the course of valuation, we have considered a reinstatement cost of HK$12,000 which is deemed immaterial compared to the market value of the property. Yantek Electronics Company Limited ("Yantek", the purchaser of the premises) undertook to the Company to complete the aforesaid works before listing of the Company's share on the Main Board of the Stock Exchange (the "Listing"), for Building Authority's approval for discharge of the said Building Order (which is expected to take within 12 months from the date of application of the approval). The Company and we consider that there is no impediment for the Building Authority to discharge the said Building Order upon completion of the rectification works, and no fire safety issue will be arisen from the above issue upon completion of the rectification works.

5. Yan Tat Technology Limited is an indirect wholly-owned subsidiary of the Company.

6. The general description of the property is summarized as below:

Location	:	The subject building abuts several industrial buildings to the northeast, How Ming Street to the southeast, Hoi Bun Road to the southwest and China Aerospace Centre to the northwest.
Transportation	:	Ngau Tau Kok MTR Station is located within 10 minutes' walk from the subject building. Various public bus routes and taxis are available along Wai Yip Street.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Kwun Tong District.
Zoning Use	:	Other Specified Uses (Business) under Kwun Tong South OZP No. S/K14S/19

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
8.	Workshop 10 on 8th Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon *(11/3091th shares of and in Kwun Tong Inland Lot No. 529 and 530)*	The property comprises an industrial unit on the 8th Floor of a 19-level industrial building completed in about 1992. The saleable floor area of the property is approximately 916.73 square feet. The property is held under two Conditions of Sale No. 8338 and 8339 both for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047.	The property is currently occupied by the Group for ancillary office use.	6,400,000 *(100% interest attributable to the Group: HK$6,400,000)*

Notes:

1. The property was inspected by Mr. Nick Yeung *MRICS* on 5 June 2014. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 7 years' experience in real estate valuations.

2. The registered owner of the property is Yan Tat (HK) Industrial Limited registered vide Memorial No. UB5489763 dated 27 October 1992. The consideration of the property was HK$2,716,000.00.

3. The property is subject to the following:

   (a) Modification Letter re KTIL 529 registered vide Memorial No. UB4798104 dated 4 May 1991;

   (b) Modification Letter re KTIL 530 registered vide Memorial No. UB4798106 dated 4 May 1991;

   (c) Occupation Permit No. NK43/92 registered vide Memorial No. UB5462285 dated 12 October 1992;

   (d) Deed of Mutual Covenant registered vide Memorial No. UB5482171 dated 19 October 1992;

   (e) Management Agreement registered vide Memorial No. UB5482172 dated 19 October 1992 in favour of King Pioneer Management Limited "The Manager";

   (f) Mortgage registered vide Memorial No. 08111801280059 dated 22 October 2008 in favour of The Hongkong And Shanghai Banking Corporation Limited for the consideration of all moneys; and

   (g) Order No. UBZ/U11–01/0053/09 by the Building Authority under Section 24(1) of the Buildings Ordinance registered vide Memorial No. 11060201100106 dated 3 August 2010.

4. The concerning Building Order of item 3(g) is in relation to the request for replacing of the existing glazed doors with a pair of fire resisting doors. As advised by the Company, up to the date of this report, the Company did not receive any notice of warning or order from the Fire Services Department in relation to any fire safety issues of the premises. In the course of valuation, we have considered a reinstatement cost of HK$8,000 which is deemed immaterial compared to the market value of the property. Yantek Electronics Company Limited ("Yantek", the purchaser of the premises) undertook to the Company to complete the aforesaid works before listing of the Company's share on the Main Board of the Stock Exchange (the "Listing"), for Building Authority's approval for discharge of the said Building Order (which is expected to take within 12 months from the date of application of the approval). The Company and we consider that there is no impediment for the Building Authority to discharge the said Building Order upon completion of the rectification works, and no fire safety issue will be arisen from the above issue upon completion of the rectification works.

5. Yan Tat (HK) Industrial Limited is an indirect wholly-owned subsidiary of the Company.

6. The general description of the property is summarized as below:

Location	:	The subject building abuts several industrial buildings to the northeast, How Ming Street to the southeast, Hoi Bun Road to the southwest and China Aerospace Centre to the northwest.
Transportation	:	Ngau Tau Kok MTR Station is located within 10 minutes' walk from the subject building. Various public bus routes and taxis are available along Wai Yip Street.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Kwun Tong District.
Zoning Use	:	Other Specified Uses (Business) under Kwun Tong South OZP No. S/K14S/19

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
9.	Workshop 14 on 8th Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon *(11/3091th shares of and in Kwun Tong Inland Lot No. 529 and 530)*	The property comprises an industrial unit on the 8th Floor of a 19-level industrial building completed in about 1992. The saleable floor area of the property is approximately 916.73 square feet. The property is held under two Conditions of Sale No. 8338 and 8339 both for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047.	The property is currently occupied by the Group for warehouse use.	6,400,000 *(100% interest attributable to the Group: HK$6,400,000)*

Notes:

1. The property was inspected by Mr. Nick Yeung *MRICS* on 5 June 2014. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 7 years' experience in real estate valuations.

2. The registered owner of the property is Yan Tat Technology Limited registered vide Memorial No. 07082200230010 dated 10 August 2007. The consideration of the property was HK$2,638,000.00.

3. The property is subject to the following:

   (a) Modification Letter re KTIL 529 registered vide Memorial No. UB4798104 dated 4 May 1991;

   (b) Modification Letter re KTIL 530 registered vide Memorial No. UB4798106 dated 4 May 1991;

   (c) Occupation Permit No. NK43/92 registered vide Memorial No. UB5462285 dated 12 October 1992;

   (d) Deed of Mutual Covenant registered vide Memorial No. UB5482171 dated 19 October 1992;

   (e) Management Agreement registered vide Memorial No. UB5482172 dated 19 October 1992 in favour of King Pioneer Management Limited "The Manager";

   (f) Mortgage registered vide Memorial No. 08111801280078 dated 22 October 2008 in favour of The Hongkong And Shanghai Banking Corporation Limited for the consideration of all moneys; and

   (g) Order No. UBZ/U11–01/0054/09 by the Building Authority under Section 24(1) of the Buildings Ordinance registered vide Memorial No. 11060201100127 dated 3 August 2010.

4. The concerning Building Order of item 3(g) is in relation to the request for installation of a pair of fire resisting doors. As advised by the Company, up to the date of this report, the Company did not receive any notice of warning or order from the Fire Services Department in relation to any fire safety issues of the premises. In the course of valuation, we have considered a reinstatement cost of HK$8,000 which is deemed immaterial compared to the market value of the property. Yantek Electronics Company Limited ("Yantek", the purchaser of the premises) undertook to the Company to complete the aforesaid works before listing of the Company's share on the Main Board of the Stock Exchange (the "Listing"), for Building Authority's approval for discharge of the said Building Order (which is expected to take within 12 months from the date of application of the approval). The Company and we consider that there is no impediment for the Building Authority to discharge the said Building Order upon completion of the rectification works, and no fire safety issue will be arisen from the above issue upon completion of the installation works.

5. Yan Tat Technology Limited is an indirect wholly-owned subsidiary of the Company.

6. The general description of the property is summarized as below:

Location	:	The subject building abuts several industrial buildings to the northeast, How Ming Street to the southeast, Hoi Bun Road to the southwest and China Aerospace Centre to the northwest.
Transportation	:	Ngau Tau Kok MTR Station is located within 10 minutes' walk from the subject building. Various public bus routes and taxis are available along Wai Yip Street.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Kwun Tong District.
Zoning Use	:	Other Specified Uses (Business) under Kwun Tong South OZP No. S/K14S/19

VALUATION CERTIFICATE

GROUP V — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
10.	Four Industrial buildings, one commercial and residential building and one dormitory located at No. 8 Yantat Road, Pingshan New District, Shenzhen, The PRC	The property comprises four industrial buildings, one commercial and residential building and one dormitory completed in about 2002. The total gross floor area of the property is approximately 4,641 square metres. The property is currently leased by Yan Tat Printed Circuit (Shenzhen) Co., Ltd. for a term commencing on 15 November 2002 and expiring on 14 October 2017 at a monthly rent of RMB37,368 inclusive of land use fee and security management fee.	The property is currently occupied by the Group for industrial, ancillary office and dormitory uses.	No commercial value

Notes:

1. The property was inspected by Mr. Nick Yeung *MRICS* on 27 May 2014. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 7 years' experience in real estate valuations.

2. The general description of the property is summarized as below:

Location	:	The property abuts Yantat Road to the northwest, Lijing South Road to the northeast, a vacant land to the southeast and some industrial buildings in the other aspects.
Transportation	:	Shuanglong Station of Longgang Metro Line is located within 20 minutes driving distance from the property.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Pingshan New District.

3. Pursuant to a tenancy agreement dated 15 November 2002 entered into between Yan Tat (Shenzhen) Electronics Co., Ltd. ("YT Electronics") and 深圳市坪山南布股份合作公司 (formerly known as 深圳市坪山南布經濟發展有限公司), the property with a total gross floor area of 4,641 square metres was leased to YT Electronics for a term commencing on 15 November 2002 and expiring on 14 October 2015 at a monthly rent of RMB37,368 inclusive of land use fee and security management fee.

4. Pursuant to a tenancy transfer agreement dated 25 July 2014 entered into between Yan Tat Printed Circuit (Shenzhen) Co., Ltd. ("YT Printed Circuit"), YT Electronics and 深圳市坪山南布股份合作公司 (formerly known as 深圳市坪山南布經濟發展有限公司), the tenant of the property is changed from YT Electronics to YT Printed Circuit and the terms and conditions remained unchanged.

5. Pursuant to an agreement of extension to the tenancy agreement, No. 20141008, dated 15 October 2014 entered into between 深圳市坪山南布股份合作公司 and YT Printed Circuit, the tenancy agreement mentioned in Note No.3 is extended for two years expiring on 14 October 2017 with all the other conditions remain unchanged.

6. YT Printed Circuit is an indirect wholly-owned subsidiary of the Company.

7. We have been provided with a legal opinion regarding the legality of the Group's property interests by the Group's PRC legal adviser, which contains, inter alia, the following:

   a. The tenancy agreement and the tenancy transfer agreement are legal, effective and legally binding to both parties; and

   b. YT Printed Circuit has the rights to occupy and use the property according to the relevant agreements and relevant laws.

VALUATION CERTIFICATE

GROUP VI — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN HONG KONG

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
11.	Flat E on 15th Floor and Flat Roof immediately above of Tower 5, and Car Parking Space No. 11 on Car Park B1, One Beacon Hill, No. 1 Beacon Hill Road, Hong Kong *(110/80444th shares of and in New Kowloon Inland Lot No. 6277)*	The property comprises a residential apartment on the 15th Floor and a car parking space on Car Park B1 of a 12-level residential building erected upon a 3-storey car parking podium within a residential development known as "One Beacon Hill" completed in about 2004. The saleable floor area of the property is approximately 1,180 square feet. The property is held under a Conditions of Sale No. 12535 for a term of 50 years commenced from 30 June 1999. The property is currently leased by Yan Tat (HK) Industrial Limited for a term of 2 years commenced from 1 June 2014 and expiring on 31 May 2016 at a monthly rent of HK$55,000 inclusive of Rates, Government Rent and management fee.	The property is currently occupied by the Group for residential use.	No commercial value

Notes:

1. The property was inspected by Ms. Christine Li *MHKIS MRICS* on 18 June 2014. Ms. Christine Li is a Member of the Member of the Hong Kong Institute of Surveyors (HKIS) and Royal Institution of Chartered Surveyors (RICS), with over 5 years' experience in real estate valuations.

2. The registered owner of the property is Yantek Electronics Company Limited registered vide Memorial No. 05072200230089 dated 4 July 2005. The consideration of the property was HK$15,150,000.00.

3. Pursuant to a Tenancy Agreement dated 30 May 2014 and entered into between Yantek Electronics Company Limited and Yan Tat (HK) Industrial Limited, the property was leased to Yan Tat (HK) Industrial Limited for a term of 2 years commenced from 1 June 2014 and expiring on 31 May 2016 at a monthly rent of HK$55,000 inclusive of Rates, Government Rent and management fee.

4. The property is subject to the following:

   (a) Modification Letter registered vide Memorial No. UB8514434 dated 8 October 2001;

   (b) Letter Relating to Exemption of Balcony from Gross Floor Area calculation from District Lands Office Kowloon East Lands Department registered vide Memorial No. UB8640903 dated 11 March 2002;

   (c) Letter Relating to Exemption of Utility Platforms from Gross Floor Area calculation from District Lands Office, Kowloon East to Match Power Investment Limited registered vide Memorial No. UB8757640 dated 7 August 2002;

(d) Letter Relating to Exemption of Balcony from Gross Floor Area calculation from District Lands Office, Kowloon East Lands Department to Match Power Investment Limited registered vide Memorial No. UB8775621 dated 3 September 2002;

(e) Letter Relating to Exemption of Balcony from Gross Floor Area calculation from District Lands Office / Kowloon East Lands Department registered vide Memorial No. UB8862852 dated 20 January 2003;

(f) Occupation Permit No. KN3/2004(OP) registered vide Memorial No. UB9133867 dated 9 February 2004;

(g) Deed of Mutual Covenant incorporating a Management Agreement registered vide Memorial No. UB9312133 dated 5 August 2004 in favour of Goodwell Property Management Limited "Manager";

(h) Mortgage registered vide Memorial No. 05072200230099 dated 4 July 2005 in favour of Dah Sing Bank Limited for the consideration of all moneys (PT.);

(i) Deed of Variation registered vide Memorial No. 06050200010090 dated 30 March 2006 in favour of Dah Sing Bank Limited; and

(j) Certified True Copy Letter with Car Parking Space Layout Plans from Rocco Design Limited to District Lands Office, Kowloon East Lands Department registered vide Memorial No. 06062302300016 dated 19 April 2004.

5. Yan Tat (HK) Industrial Limited is an indirect wholly-owned subsidiary of the Company.

6. The general description of the property is summarized as below:

Location	:	The property is within a residential development known as One Beacon Hill and the development abuts Beacon Hill Road to the south and Ede Road to the north.
Transportation	:	Kowloon Tong MTR Station is located within 5 minutes driving distance from the subject development. Various public bus routes and taxis are available along Cornwall Street.
Nature of Surrounding Area	:	The subject area is a predominately residential area in Kowloon Tong District.
Zoning Use	:	Residential (Group C) 8 under Kowloon Tong OZP No. S/K18/18

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
				HK$
12.	Light Van Parking Space No. 19 on 1st Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon *(1/3091th shares of and in Kwun Tong Inland Lot No. 529 and 530)*	The property comprises a light van parking space on the 1st Floor of a 19-level industrial building completed in about 1992. The property is held under two Conditions of Sale No. 8338 and 8339 both for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. As advised by the Group, there is no written tenancy agreement and the property is leased by the Group at a monthly rent of HK$1,500.	The property is currently occupied by the Group for car parking use.	No commercial value

Notes:

1. The property was inspected by Mr. Nick Yeung *MRICS* on 5 June 2014. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS), with over 7 years' experience in real estate valuations.

2. The registered owner of the property is Sin-Rate Enterprises Limited registered vide Memorial No. UB9328550 dated 2 September 2004. The consideration of the property was HK$1,524,200.00 (PT.).

3. As advised by the Group, there is no written tenancy agreement and the property is leased by the Group at a monthly rent of HK$1,500.

4. The property is subject to the following:

   (a) Modification Letter re KTIL 529 registered vide Memorial No. UB4798104 dated 4 May 1991;

   (b) Modification Letter re KTIL 530 registered vide Memorial No. UB4798106 dated 4 May 1991;

   (c) Occupation Permit No. NK43/92 registered vide Memorial No. UB5462285 dated 12 October 1992;

   (d) Deed of Mutual Covenant registered vide Memorial No. UB5482171 dated 19 October 1992; and

   (e) Management Agreement registered vide Memorial No. UB5482172 dated 19 October 1992 in favour of King Pioneer Management Limited "The Manager".

5. The general description of the property is summarized as below:

Location	:	The subject building abuts several industrial buildings to the northeast, How Ming Street to the southeast, Hoi Bun Road to the southwest and China Aerospace Centre to the northwest.
Transportation	:	Ngau Tau Kok MTR Station is located within 10 minutes' walk from the subject building. Various public bus routes and taxis are available along Wai Yip Street.
Nature of Surrounding Area	:	The subject area is a predominately industrial area in Kwun Tong District.
Zoning Use	:	Other Specified Uses (Business) under Kwun Tong South OZP No. S/K14S/19

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 July 2014 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 18 November 2014 and effective on the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his close associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution — majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

(i) the chairman of the meeting; or

(ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of Directors in place of those retiring;

(dd) the appointment of auditors;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and

(iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 8 July 2014 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorized by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

(i) an act which is *ultra vires* the company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 19 August 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

INFORMATION ABOUT THE COMPANY

1. Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 July 2014.

We have been registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company and our principal place of business in Hong Kong is at Room 809–810, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. In compliance with the requirements of the Companies Ordinance, Mr. Chan YW and Mr. Lai Hau Yin have been appointed as our agent for the acceptance of service of process and any notice required to be served on the Company in Hong Kong.

The Company was incorporated in the Cayman Islands and is subject to Cayman Islands law. Its constitution comprises a memorandum of association and articles of association. A summary of certain relevant parts of its constitution and certain relevant aspects of Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of the Company

(a) Authorised share capital

(i) As at the date of incorporation of the Company on 8 July 2014, our authorised share capital was HK$100,000,000 divided into 10,000,000,000 Shares having a par value of HK$0.01 each.

(ii) Immediately following completion of the Global Offering and the Capitalisation Issue but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and upon the exercise of the Offer Size Adjustment Option, the authorised share capital of the Company will be HK$100,000,000 divided into 10,000,000,000 Shares, of which 240,000,000 Shares will be issued fully paid or credited as fully paid, and 760,000,000 Shares will remain unissued.

Other than pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of the Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed herein and in paragraphs headed "Resolutions in writing of the sole Shareholder passed on 18 November 2014" and "Group reorganisation" of this appendix, there has been no alteration in the share capital of the Company since its incorporation.

(b) Founder shares

The Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of the sole Shareholder passed on 18 November 2014

Written resolutions were passed by the sole Shareholder on 18 November 2014 pursuant to which, among other matters:

(a) the Company approved and adopted the Articles of Association with effect from the Listing Date;

(b) conditional on (aa) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (bb) the Offer Price having been determined; (cc) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (dd) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:

(i) the Global Offering and the Offer Size Adjustment Option were approved and the Directors were authorised to allot and issue of the Offer Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 13 of this appendix, were approved and adopted and the Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at the Directors' absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;

(iii) conditional on the share premium account of the Company being credited as a result of the Global Offering, the Directors were authorised to capitalise HK$1,799,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 179,999,900 Shares for allotment and issue to holders of Shares whose names appear on the register of members of the Company at the close of business on the day prior to the Listing Date (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing holdings in the Company and so that the Shares to be allotted and issued pursuant to this resolution should rank pari passu in all respects with the then existing issued Shares and the Directors were authorised to give effect to such capitalisation;

(iv) a general unconditional mandate was given to the Directors to exercise all powers of the Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles of Association, or pursuant to the exercise of any options which may be granted under the Share Option Scheme, or under the Global Offering or the Capitalisation Issue or upon the exercise of the Offer Size Adjustment Option , Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option , and (bb) the aggregate nominal amount of the share capital of the Company which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law or any other applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;

(v) a general unconditional mandate (the "Repurchase Mandate") was given to the Directors to exercise all powers of the Company to purchase Shares on the Stock Exchange or other stock exchange on which the securities of the Company may be listed and recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and

(vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to paragraph (iii) above to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (iv) above.

(c) the Company approved the form and substance of each of the service agreements made between our executive Directors and us, and the form and substance of each of the appointment letters made between each of our independent non-executive Directors with us.

4. Group reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on the Stock Exchange. For more details regarding the Reorganisation, please refer to the section headed "History, Corporate Structure and Reorganisation" in this prospectus.

5. Changes in share capital of subsidiaries

The subsidiaries of the Company are listed in the accountants' report set out in Appendix I to this prospectus.

Save as disclosed herein and in paragraph 4 of this appendix and the section headed "History, Corporate Structure and Reorganisation" in this prospectus, no other alterations in the share capital of each of the Company's subsidiaries took place within the two years immediately preceding the date of this prospectus.

6. Securities repurchase mandate

Restriction on Share Repurchase

Provisions of the Listing Rules

The Listing Rules permits companies whose primary listing is on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholder, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by the sole Shareholder on 18 November 2014, the Repurchase Mandate was given to the Directors authorising any repurchase by the Company of Shares on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC of Hong Kong and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(b) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands laws, any repurchases by the Company may be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

(c) Reasons for repurchases

The Directors believe that it is in the best interest of the Company and the Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders.

(d) Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

The exercise in full of the Repurchase Mandate, on the basis of 240,000,000 Shares in issue immediately after the Listing, would result in up to 24,000,000 Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

(e) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, a group of Shareholders acting in concert (within the meaning under the Takeover Code), depending on the level of increase of such Shareholders' interest, could obtain or consolidate control of the Company and may become obliged under Rule 26 of the Takeovers Code to make a mandatory offer unless a whitewash waiver is obtained. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

7. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

(a) (i) an agreement dated 17 April 2013 between YT Printed Circuit and Shenzhen Xin Hao Fang Property Development Company Limited (深圳市新豪方房地產有限公司) ("Shenzhen Xin Hao Fang") in relation to the reservation of the right to purchase 13 residential apartments in Shenzhen at the consideration of RMB6,954,812;

(a) (ii) an agreement dated 17 April 2013 between YT Printed Circuit and Shenzhen Xin Hao Fang relating to the amendment of certain terms and condition of the agreement referred to in item (a) (i) above;

(b) an equity transfer agreement dated 3 June 2014 between Tuoxin and YT Printed Circuit pursuant to which Tuoxin transferred 0.93% equity interests in YT Environmental to YT Printed Circuit for a total consideration of RMB400,000;

(c) the instrument of transfer dated 11 August 2014 between Mr. Chan and the Company, pursuant to which the Company acquired 70 shares in YT Group from Mr. Chan at the consideration at par value of US$1 per share;

(d) the instrument of transfer dated 11 August 2014 between Mrs. Chan and the Company, pursuant to which the Company acquired 30 shares in YT Group from Mrs. Chan at the consideration at par value of US$1 per share;

(e) the Deed of Indemnity dated 18 November 2014 and executed by the Controlling Shareholders and our Company (for itself and on behalf of each of its subsidiaries stated therein) containing the indemnities more particularly referred to in paragraph 14 of this appendix;

(f) the Deed of Non-Competition dated 18 November 2014 and executed by the Controlling Shareholders in favour of our Company in respect of certain non-competition undertaking given by the Controlling Shareholders in favour of our Group;

(g) the agreement for sale and purchase dated 18 November 2014 and entered into between YT Technology and Yantek Electronics Company Limited ("Yantek"), pursuant to which Yantek purchased the properties located at Workshop 09 on 8th Floor, Kwong Sang Hong Centre, Nos. 151-153 Hoi Bun Road, Kowloon, Hong Kong from YT Technology for a consideration of HK$10.3 million;

(h) the agreement for sale and purchase dated 18 November 2014 and entered into between YT Industrial and Yantek, pursuant to which Yantek purchased the property located at Workshop 10 on 8th Floor, Kwong Sang Hong Centre, Nos. 151-153 Hoi Bun Road, Kowloon, Hong Kong from YT Industrial for a consideration of HK$6.4 million;

(i) the agreement for sale and purchase dated 18 November 2014 entered into between YT Technology and Yantek, pursuant to which Yantek purchased the property located at Workshop 14 on 8th Floor, Kwong Sang Hong Centre, Nos. 151–153 Hoi Bun Road, Kowloon, Hong Kong from YT Technology for a consideration of HK$6.4 million;

(j) a deed of assignment dated 20 November 2014 and entered into between YT Group and Mr. Chan and Mrs. Chan, pursuant to which Mr. Chan and Mrs. Chan agreed to assign to YT Group all the outstanding debt with accrued interest due by certain subsidiaries of the Company to them for a consideration of HK$60,530,054;

(k) a deed of waiver dated 20 November 2014 and entered into between YT Group and Mr. Chan and Mrs. Chan, pursuant to which, Mr. Chan and Mrs. Chan agreed to waive all the debts with accrued interest including the amount of HK$60,530,054 due by YT Group; and

(l) the Hong Kong Underwriting Agreement.

8. Intellectual property rights of the Group

Set out below are the material intellectual property rights of the Group:

(a) Trademarks

As at the Latest Practicable Date, the Group is the registered proprietor and beneficial owner of the following material trademarks:

No.	Trademark	Place of Registration	Class	Registration number	Registration Date	Expiry Date
1.		PRC	9	6527071	21 June 2010	20 June 2020
2.		PRC	35	6527070	14 August 2010	13 August 2020

As at the Latest Practicable Date, the Group has applied for registration of the following material trademarks:

No.	Trademark	Place of Application	Classes	Application number	Date of Application
1.	A. B.	Hong Kong	9, 35	302975743	25 April 2014

(b) Patents

As at the Latest Practicable Date, we are the registered proprietor of the following material patents:

No.	Patent Name	Patentees	Place of Registration	Patent Number	Patent Type	Application Date	Expiry Date
1.	A heavy metal scavenger and method of making it. (一種重金屬捕捉劑及其製備方法)	YT Printed Circuit; Zhang Weirui; Chen Rongxian	PRC	ZL 2008 10188351.4	Invention	25 December 2008	24 December 2028
2.	A method and device of making PCB-saving prescription with less pollution. (一種生產印製線路板節約藥劑和減少污染的方法和裝置)	YT Printed Circuit	PRC	ZL 2007 10090932.X	Invention	28 March 2007	27 March 2027
3.	A device of efficient Million Pearlal-directed agitation and sedimentation. (一種高效豎流混凝沉澱裝置)	YT Printed Circuit	PRC	ZL 2006 20158207.2	Utility	8 November 2006	7 November 2016
4.	A device of smoothing metal-based PCB. (一種金屬基印製板的整平裝置)	YT Printed Circuit	PRC	ZL 2008 20091545.8	Utility	8 January 2008	7 January 2018
5.	A system of making metal-based PCB with high frequency. (一種高頻金屬基印製板的製造系統)	YT Printed Circuit	PRC	ZL 2008 20091544.3	Utility	8 January 2008	7 January 2018
6.	A device of hanging HASL circuit board. (電路板噴錫掛具)	YT Printed Circuit	PRC	ZL 2013 20742374.1	Utility	22 November 2013	21 November 2023
7.	A device of punching PCB board. (PCB基板沖板裝置)	YT Printed Circuit	PRC	ZL 2013 20791910.7	Utility	5 December 2013	4 December 2023

As at the Latest Practicable Date, we had the following patent application in the PRC which is material to our business:

No.	Patent Name	Applicant	Place of Application	Application No.	Patent Type	Application Date
1.	A device of punching PCB board. (PCB基板沖板裝置)	YT Printed Circuit	PRC	201310645698.8	Utility	5 December 2013

(c) Domain Names

As at the Latest Practicable Date, the Group has the following material registered domain names:

Domain Name	Name of Registrant	Date of registration	Date of expiry
yantat.com	YT Industrial	28 May 1999	28 May 2017
sz-yantat.com	YT Printed Circuit	9 October 2003	9 October 2018

9. Related party transactions

Save as disclosed in the sections headed "Business", "Connected Transactions" and "Relationship with our Controlling Shareholders" and in note 32 to the accountants' report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, the Company has not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

10. Directors

(a) Disclosure of interests of the Directors

(i) Each of Mr. Chan and Mrs. Chan is interested in the Reorganisation and the transactions as contemplated under the material contracts as set out in the paragraph 7 of this appendix.

(ii) Save as disclosed in this prospectus, none of the Directors or their associates were engaged in any dealings with the Group during the two years preceding the date of this prospectus.

(b) Particulars of Directors' service contracts

Executive Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party on the other. Each of the executive Directors is entitled to their respective basic salaries set out below.

The current basic annual remuneration payable by our Group to the executive Directors are as follows:

Name	Approximate annual remuneration *(HK$)*
Mr. Chan	2,045,150
Mrs. Chan	1,566,750
Mr. Chan YK	1,225,700
Mr. Chan YW	1,200,506

Independent non-executive Directors

Each of the independent non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date until terminated by either party giving not less than three months' written notice to the other expiring at the end of the initial term of their appointment or any time thereafter. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of the independent non-executive Directors is entitled to a director's fee of HK$204,000 per annum. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Directors remuneration

(i) The aggregate emoluments paid and benefits in kind granted by the Group to the Directors in respect of the three years ended 31 December 2013 and five months ended 31 May 2014 were approximately HK$4.0 million, HK$5.2 million, HK$4.8 million and HK$1.7 million, respectively.

(ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by the Group to and benefits in kind receivable by the Directors (including the independent non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2014 are expected to be approximately HK$6.0 million.

(iii) None of the Directors or any past directors of any member of the Group has been paid any sum of money for the years ended 31 December 2011, 2012 and 2013 and five months ended 31 May 2014 (i) as an inducement to join or upon joining the Group or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

(iv) There has been no arrangement under which a Director has waived or agreed to any emoluments for the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014.

(d) Interests and short positions of Directors and chief executive in the shares, underlying shares or debentures of the Company and our associated corporations

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme, the interests and short positions of the Directors and chief executive in the shares, underlying shares or debentures of the Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

The Company

Name of Director	Nature of interest	Number and class of securities[1]	Percentage of shareholding
Mr. Chan	Interest in a controlled corporation[2]	180,000,000 Shares (L)	75%
Mrs. Chan	Interest of spouse[3]	180,000,000 Shares (L)	75%

Notes:

1. The letter "L" denotes the Directors' long position in the Shares.

2. The Company will be held as to approximately 75% by Million Pearl immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options which have been or may be granted under the Share Option Scheme). Million Pearl is held as to 70% by Mr. Chan and 30% by Mrs. Chan. Mr. Chan is the spouse of Mrs. Chan. Under the SFO, Mr. Chan is taken to be interested in the same number of Shares in which Mrs. Chan is interested.

3. Million Pearl is held as 70% by Mr. Chan and 30% by Mrs. Chan. Mrs. Chan is the spouse of Mr. Chan. Under the SFO, Mrs. Chan is taken to be interested in the same number of Shares to which Mr. Chan is interested.

Associated Corporation — Million Pearl

Name of Director	Nature of Interest	Number and class of securities in the Associated Corporation[1]	Percentage of interest in the Associated Corporation
Mr. Chan	Beneficial owner/Interest of spouse	10 shares	100%
Mrs. Chan	Beneficial owner/Interest of spouse	10 shares	100%

Note:

1. The disclosed interest represents the interests in the associated corporation, Million Pearl, which is held as to 70% by Mr. Chan and 30% by Mrs. Chan. Under the SFO, each of Mr. Chan and Mrs. Chan is taken to be interested in the same number of shares in which other is interested.

11. Interest discloseable under the SFO and substantial shareholders

So far as is known to the Directors, immediately following completion of the Global Offering and the Capitalisation Issue (without taking account of any Shares which may be taken up or acquired under the Global Offering and any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme), the following persons (other than the Directors and chief executive) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of members of our Group:

Interest in Company

Name of Shareholder	Capacity/Nature of interest	Number and class of securities [1]	% of interest in the Company
Million Pearl[2]	Beneficial owner	180,000,000 Shares (L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the shares of the Company or the relevant Group member.

2. Million Pearl is directly interested in approximately 75% in our Company (without taking into account any Shares which may be allotted and issued upon any exercise of the Offer Size Adjustment Option and the options which have been or may be granted under the Share Option Scheme).

12. Disclaimers

Save as disclosed in this prospectus:

(a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of the Company) who immediately following the completion of the Global Offering and the Capitalisation Issue will have an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, either directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;

(b) none of the Directors has any interest or short position in any of the shares, underlying shares or debentures of the Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;

(c) none of the Directors nor any of the parties listed in the paragraph 20 below of this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to the Company or any of the subsidiaries of the Company, or are proposed to be acquired or disposed of by or leased to the Company or any other member of the Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(d) none of the Directors nor any of the parties listed in the paragraph 20 below of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of the Group; and

(e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph 20 below of this appendix:

   (i) is interested legally or beneficially in any securities of any member of the Group; or

   (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

OTHER INFORMATION

13. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the sole Shareholder passed on 18 November 2014. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and

(ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below to the following persons ("Eligible Participants"):

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;

(iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and

(iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:

(aa) contribution to the development and performance of the Group;

(bb) quality of work performed for the Group;

(cc) initiative and commitment in performing his/her duties; and

(dd) length of service or contribution to the Group.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p) below, an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given.

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to the Company or the approved independent financial adviser as the case may be pursuant to paragraph (r) below, the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 24,000,000 Shares (the "Scheme Limit"), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew this limit at any time to 10% of the Shares in issue (the "New Scheme Limit") as at the date of the approval by the Shareholders in general meeting; and/or

(ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the "Maximum Limit"). No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph (r) below whether by way of capitalisation issue, rights issue, consolidation, sub-division of shares or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the "Cancelled Shares") to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:

(aa) the Eligible Participant's name, address and occupation;

(bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;

(cc) the date upon which an offer for an option must be accepted;

(dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);

(ee) the number of Shares in respect of which the option is offered;

(ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;

(gg) the date of the notice given by the grantee in respect of the exercise of the option; and

(hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

(f) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(g) Granting options to connected persons

Any grant of options to a Director, chief executive or Substantial Shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant, such further grant of options will be subject to the approval of the independent non-executive Directors as referred to in this paragraph, the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by the Company to the Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of Options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to publish an announcement of the results for any year, or half-year, or quarterly or other interim period (whether or not required under the Listing Rules); and ending on the date of actual publication of the results announcement.

(i) Rights are personal to grantee

An option is personal to the grantee. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme by the Shareholders of the Company (the "Adoption Date"). Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date.

(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:

(i) by any reason other than death, ill-health, injury, disability or termination of his/her relationship with the Company and/or any of its subsidiaries on one or more of the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse (or such longer period as the Company may determine); or

(ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of its subsidiaries under paragraph (m) below has occurred, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options in full (to the extent not already exercised).

(m) Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(n) Rights on takeover

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

(p) Rights on compromise or arrangement between the Company and its members or creditors

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which the Company was incorporated, the Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu and shall have the same voting, dividend, transfer and other rights (including those arising on liquidation) as are attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) Expiry of option

An option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by the Board;

(ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n) above;

(iii) the date upon which the scheme of arrangement of the Company referred to in paragraph (p) above becomes effective;

(iv) subject to paragraph (o) above, the date of commencement of the winding-up of the Company;

(v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of the Company or any of its subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date upon which the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms and any adjustment to be made to the exercise price of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules, the supplemental guidance of 5 September 2005 and any future guidance or interpretation of the Listing Rules from time to time and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

(u) Cancellation of Options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph (i) above.

(v) Termination of the Share Option Scheme

The Company may by resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

(i) the Listing Committee granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

(ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by the Sole Global Coordinator (for itself and on behalf of the Underwriters)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and

(iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions above in this paragraph are not satisfied within 12 calendar months from the Adoption Date:

(i) the Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) Disclosure in annual and interim reports

The Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 24,000,000 Shares in total.

14. Estate duty, tax and other indemnity

The Controlling Shareholders, (the "Indemnifiers") will enter into a deed of indemnity ("Deed of Indemnity") with and in favour of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract (e) referred to in paragraph 7 above) to provide indemnities on a joint and several basis, in respect of, among other matters:

(a) any liability for Hong Kong estate duty which might be incurred by any member of the Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of the Group at any time on or before the Listing;

(b) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of the Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation; and

(c) any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties and tax which any member of the Group may incur, suffer or accrue, whether directly or indirectly, from or on the basis of or in connection with any claims including but not limited to the non-compliance incidents of relevant PRC laws and regulations by any member of the Group in the PRC as more particularly set out in the paragraphs headed "Properties" and "Compliance" in the section headed "Business" of this prospectus, on or before the date on which the Global Offering becomes unconditional.

The Indemnifier is under no liability under the Deed of Indemnity in respect of any taxation:

(a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of the Group for any accounting period up to 31 May 2014;

(b) to the extent that such taxation or liability falling on any of the members of the Group in respect of any accounting period commencing on or after 1 June 2014 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifier, other than any such act, omission or transaction:

(i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date; and

(ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date or pursuant to any statement of intention made in this prospectus; or

(c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the Deed of Indemnity with retrospective effect; or

(d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of the Group up to 31 May 2014 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifier' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifier' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, the Indemnifier has also undertaken to us that it will indemnify and at all times keeps us fully indemnified, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of the Group may incur or suffer arising from or in connection with the implementation of the Reorganisation.

15. Litigation

As at the Latest Practicable Date, save as disclosed in the paragraph headed "Legal Proceedings" in the section headed "Business" in this prospectus, neither the Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of the Company.

16. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately HK$57,000 and are payable by the Company.

17. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

18. Agency fees or commissions received

The commission and expenses relating to the Global Offering that are to be borne by the Company are set out in the section headed "Underwriting" in this prospectus.

19. Sole Sponsor

The Sole Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS. The Sole Sponsor is independent of our Company in accordance with Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by our Company a total fee of HK$4.5 million to act as the sponsor to our Company in connection with the Global Offering.

20. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
Guotai Junan Capital Limited	A licensed corporation under the SFO permitted to engage in type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants
Appleby	Cayman Islands legal advisers to the Company
King & Wood Mallesons	PRC legal advisers to the Company
Norton Rose Fulbright LLP	Norton Rose Fulbright LLP is a global law firm. Norton Rose Fulbright LLP advised on the applicability of sanctions administered by the European Union on the Group's sales and delivery of products to customer in certain country
Cushman & Wakefield Valuation Advisory Services (HK) Limited	Property valuer
SHINEWING Risk Services Limited	Internal control consultant of the Company
China Research and Intelligence Co., Ltd.	Industry consultant
Mr. Jon K. H. Wong	Barrister-at-law in Hong Kong

21. Consents of experts

Each of the Guotai Junan Capital Limited, Ernst & Young, Appleby, King & Wood Mallesons, Norton Rose Fulbright LLP, Cushman & Wakefield Valuation Advisory Services (HK) Limited, SHINEWING Risk Services Limited, China Research and Intelligence Co., Ltd and Mr. Jon K. H. Wong has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, valuation, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

22. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance (Miscellaneous Provisions) so far as applicable.

23. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of the Company, the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

24. Miscellaneous

(a) Save as disclosed herein:

(i) within two years preceding the date of this prospectus:

(aa) no share or loan capital of the Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of our subsidiaries; and

(cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in the Company or any of our subsidiaries;

(ii) no share or loan capital of the Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no member of our Group has issued or agreed to issue any founder or management or deferred shares; and

(b) The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 May 2014 (being the date to which the latest combined financial statements of the Group were made up).

(c) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

25. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

26. Others

The English text of this prospectus shall prevail over the Chinese text.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the **WHITE** and **YELLOW** and **GREEN** application forms, the written consents referred to under the sub-paragraph headed "Consents of experts" under the paragraph headed "Other information" of Appendix V to this prospectus, and certified copies of the material contracts referred to in the sub-paragraph headed "Summary of material contracts" under the paragraph headed "Further information about the business of the Company" of Appendix V to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Li & Partners at 22nd Floor, World-Wide House, Central, Hong Kong, during normal business hours from 9:00 a.m. up to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) our Memorandum of Association and the Articles of Association;

(b) the accountants' report from Ernst & Young in respect of the historical financial information for each of the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of the Group from Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(d) the audited financial statements of the Group for each of the years ended 31 December 2011, 2012 and 2013 and five months ended 31 May 2014;

(e) the letter, summary of valuations and valuation certificate prepared by Cushman & Wakefield Valuation Advisory Services (HK) Limited, the text of which is set out in the section headed "Property Valuation" in Appendix III to this prospectus;

(f) the Companies Law;

(g) the letter of advice prepared by Appleby summarising certain aspects of the Cayman Islands company law referred to in Appendix IV to this prospectus;

(h) the legal opinions prepared by King & Wood Mallesons in respect of the certain aspects of the Group and property interests of the Group in the PRC and summary of PRC laws and regulations relating to the Group;

(i) the memorandum of advice issued by Norton Rose Fulbright LLP on the applicability of sanctions administered by the European Union on the Group's sales and delivery of products to customer in certain country;

(j) the legal opinion issued by Mr. Jon K.H. Wong;

(k) the material contracts referred to in the sub-paragraph headed "Summary of material contracts" under the paragraph headed "Further information about the business of the Company" of Appendix V to this prospectus;

(l) the letter relating to rental of the properties leased from connected persons to the Group by Cushman & Wakefield Valuation Advisory Services (HK) Limited;

(m) the written consents referred to in the sub-paragraph headed "Consents of experts" under the paragraph headed "Other Information" of Appendix V to this prospectus;

(n) the Share Option Scheme; and

(o) the service contracts referred to in the sub-paragraph headed "Directors" under the paragraph headed "Further Information about Directors and Shareholders" of Appendix V to this prospectus.

Yan Tat Group Holdings Limited
恩達集團控股有限公司