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## **YAN TAT GROUP HOLDINGS LIMITED**

**恩達集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1480)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<b>Six months ended 30 June 2017 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>	<b>Change (%)</b>
<b>Results</b>			
Revenue	<b>294,857</b>	289,190	2.0
Profit before tax	<b>11,413</b>	17,499	(34.8)
Profit attributable to owners of the Company	<b>8,335</b>	12,382	(32.7)
Basic and diluted earnings per share (expressed in HK cents per share)	<b>3.5</b>	5.2	(32.7)

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Yan Tat Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2017*

	<i>Notes</i>	<b>Six months ended 30 June 2017 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2016 HK\$'000 (Unaudited)</b>
<b>REVENUE</b>	4	<b>294,857</b>	289,190
Cost of sales		<u>(238,269)</u>	<u>(227,506)</u>
Gross profit		<b>56,588</b>	61,684
Other income and gains	4	<b>4,801</b>	8,745
Selling and distribution expenses		<b>(9,523)</b>	(10,470)
General and administrative expenses		<b>(36,695)</b>	(38,186)
Other expenses		<b>(81)</b>	(953)
Finance costs	6	<u><b>(3,677)</b></u>	<u>(3,321)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>11,413</b>	17,499
Income tax expense	7	<u><b>(3,078)</b></u>	<u>(5,117)</u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>8,335</b></u>	<u>12,382</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic and diluted		<u><b>HK3.5 cents</b></u>	<u>HK5.2 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2017*

	<b>Six months ended 30 June 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2016 HK\$'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>8,335</b>	12,382
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Change in fair value of an available-for-sale investment	<b>135</b>	371
Exchange differences on translation of foreign operations	<b>14,710</b>	(9,134)
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>14,845</b>	(8,763)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>23,180</b>	3,619

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2017*

		30 June 2017	31 December 2016
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		410,644	396,525
Investment properties		23,643	19,351
Prepaid land lease payments		5,007	4,976
Deposits for purchases of items of property, plant and equipment		6,181	8,545
Deposits		2,227	2,169
Deferred tax assets		8,838	7,947
Available-for-sale investment		4,026	3,773
		<hr/>	<hr/>
Total non-current assets		460,566	443,286
<b>CURRENT ASSETS</b>			
Inventories		67,654	54,198
Trade and bills receivables	9	223,413	207,232
Prepayments, deposits and other receivables		7,474	6,236
Tax recoverable		1,089	1,089
Pledged deposits and restricted cash		33,778	34,930
Cash and cash equivalents		46,541	83,017
		<hr/>	<hr/>
Total current assets		379,949	386,702
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	114,818	108,308
Other payables and accruals		52,259	55,145
Interest-bearing bank borrowings		187,856	202,273
Finance lease payables		6,144	5,826
Tax payable		10,916	10,777
		<hr/>	<hr/>
Total current liabilities		371,993	382,329
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		7,956	4,373
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		468,522	447,659
		<hr/>	<hr/>

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>468,522</b>	447,659
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	3,792	8,108
Finance lease payables	4,272	7,222
Deferred tax liabilities	5,620	3,495
Deferred income	9,829	7,005
Total non-current liabilities	<b>23,513</b>	25,830
Net assets	<b>445,009</b>	421,829
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	2,400	2,400
Reserves	442,609	419,429
Total equity	<b>445,009</b>	421,829

## NOTES

30 June 2017

### 1. CORPORATE INFORMATION

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

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

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

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2016, except in relation to the following revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that the Group has adopted for the first time for the current period's financial statements:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements 2014–2016 Cycle</i>	<i>Clarification of the scope of the Standard</i>
— Amendments to HKFRS 12	

The adoption of the above revised HKFRSs has had no significant financial effect on the interim condensed consolidated financial statements.

### 3. OPERATING SEGMENT INFORMATION

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

#### Geographical information

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

	Six months ended 30 June 2017 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i> (Unaudited)
Mainland China	124,732	128,764
Europe	76,149	83,699
Hong Kong	13,000	15,914
North America	27,334	27,403
Asia (except Mainland China and Hong Kong)	44,354	26,186
Africa	9,263	6,676
Oceania	16	548
South America	9	–
	<u>294,857</u>	<u>289,190</u>

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

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

	30 June 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <i>HK\$'000</i> (Audited)
Hong Kong	1,821	2,594
Mainland China	445,881	428,972
	<u>447,702</u>	<u>431,566</u>

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

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Information about major customers

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

	Six months ended 30 June 2017 HK\$'000 (Unaudited)	Six months ended 30 June 2016 HK\$'000 (Unaudited)
Customer A	82,875	83,997
Customer B	35,793	32,032
	<u>118,668</u>	<u>116,029</u>

### 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June 2017 HK\$'000 (Unaudited)	Six months ended 30 June 2016 HK\$'000 (Unaudited)
<b>Revenue</b>		
Sale of goods	<u>294,857</u>	<u>289,190</u>
<b>Other income</b>		
Bank interest income	141	132
Rental income	130	150
Government grants	361	150
Others	<u>60</u>	<u>69</u>
	<u>692</u>	<u>501</u>
<b>Gains</b>		
Fair value gains on investment properties	3,632	8,244
Sales of scraps	277	–
Foreign exchange gains, net	<u>200</u>	<u>–</u>
	<u>4,109</u>	<u>8,244</u>
	<u>4,801</u>	<u>8,745</u>



## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2016 HK\$'000 (Unaudited)
Cost of inventories sold	238,269	227,506
Depreciation	12,621	14,779
Amortisation of land lease payments	119	125
Write-off of items of property, plant and equipment	70	6
Write-off of a deposit paid for purchase of an item of property, plant and equipment	–	900
Reversal of write-down of inventories to net realisable value <sup>^</sup>	(483)	(1,611)
Fair value gains on investment properties	(3,632)	(8,244)
	<u>238,269</u>	<u>227,506</u>

<sup>^</sup> Reversal of write-down of inventories to net reliable value is included in "Cost of inventories sold".

## 6. FINANCE COSTS

	<b>Six months ended 30 June 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2016 HK\$'000 (Unaudited)
Interest on:		
Bank loans and trust receipt loans	3,478	3,322
Finance leases	227	344
	<u>3,705</u>	<u>3,666</u>
Less: Interest capitalised	(28)	(345)
	<u>3,677</u>	<u>3,321</u>

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made for the period (period ended 30 June 2016: Nil) as the subsidiaries incorporated in Hong Kong either did not generate any assessable profits arising in Hong Kong during the period or has available tax losses brought forward from prior years to offset the assessable profits arising in Hong Kong generated during the period.

## 7. INCOME TAX (continued)

All subsidiaries of the Group established in the People's Republic of China (the "PRC") are subject to PRC corporate income tax at a standard rate of 25% (period ended 30 June 2016: 25%) during the period, except for a subsidiary of the Group which qualified as a High and New Technology Enterprise in Mainland China and a lower PRC corporate income tax rate of 15% (period ended 30 June 2016: 15%) has been applied during the period.

The provision for land appreciation tax has been estimated according to the requirements set forth in the relevant PRC laws and regulations. Land appreciation tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	<b>Six months ended 30 June 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2016 HK\$'000 (Unaudited)
Current — Mainland China		
Charge for the period	1,738	1,938
Underprovision in prior years	–	147
Deferred	<u>1,340</u>	<u>3,032</u>
Total tax charge for the period	<u><u>3,078</u></u>	<u><u>5,117</u></u>

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

The calculation of the basic earnings per share amount for the six months ended 30 June 2017 attributable to ordinary equity holders of the Company is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$8,335,000 (six months ended 30 June 2016: HK\$12,382,000) and the weighted average number of ordinary shares of the Company of 240,000,000 (six months ended 30 June 2016: 240,000,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 9. TRADE AND BILLS RECEIVABLES

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Trade receivables	193,529	176,943
Impairment	<u>(2,968)</u>	<u>(2,880)</u>
	<u>190,561</u>	174,063
Bills receivable	<u>32,852</u>	<u>33,169</u>
	<u><u>223,413</u></u>	<u><u>207,232</u></u>

## 9. TRADE AND BILLS RECEIVABLES (continued)

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

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

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Within one month	<b>81,564</b>	92,389
One to two months	<b>60,745</b>	50,366
Two to three months	<b>59,490</b>	46,497
Over three months	<b>21,614</b>	17,980
	<b>223,413</b>	207,232

## 10. TRADE AND BILLS PAYABLES

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Trade payables	<b>102,799</b>	97,952
Bills payable	<b>12,019</b>	10,356
	<b>114,818</b>	108,308

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

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Within three months	<b>102,523</b>	94,437
Three to six months	<b>10,848</b>	12,077
Over six months	<b>1,447</b>	1,794
	<b>114,818</b>	108,308

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

## 11. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Development

The Group is an original equipment manufacturer (“OEM”) provider of printed circuit boards (“PCBs”) and remains focused on the production of quality PCBs, which meet industrial standards such as IPC Standards, as well as the customers’ requirement.

We remain focused on the conventional PCBs with a well-developed capacity to produce multi-layered and special material PCBs with primary applications in cars, communication equipment, medical devices, industrial automation equipment and consumer electronics.

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

Over the past 27 years of our operation, the Group has established a solid foundation and close relationship with our customers. The Group provided direct and indirect services to OEM customers across Asia, North America, Europe, Africa, Oceania, and South America, who are engaged in various industries with many of them running in a multinational model. Certain of our major OEM customers are leading players in their markets. The Group supplied PCB products directly to a number of leading electronic manufacturing service providers, in order to assemble finished goods of OEM for the Group’s indirect OEM customers. To date, the Group has built up long-term relationship with major customers, and some of them have been working with us for over a decade. The Company believed that these customers also considered the Group as their important partner for their supply chain. Therefore, our profound and long-term relationship with customers will enable the Group to know the trend of customers’ demand more quickly.

The Group is of the view that product and process quality are integral to its business. The Group complies with various international quality standards and systems, including ISO9001, ISO14001 and ISO/TS16949 certifications. The Group has put in place a number of quality control measures and simplification plans to promote a culture of quality product. Quality is of paramount importance to the business of the Group and is regularly reviewed and improved by dedicated personnel to enhance customer satisfaction. In addition, the Group obtained AS9100 certification in 2009 to qualify for the provision of advanced and reliable PCBs for the aerospace industry. This marks a testament to our product quality.

The Group has increased its investment in production facilities in recent years, and it has significantly boosted equipment precision and automation level. Upon several rounds of fine-tuning and optimisation, we are capable of handling extra orders for more advanced products.

The Group has been concentrating on its PCB business for over 27 years, accumulating experience and network throughout the years, which allows the Group to make further development into the PCB market and put existing hardware and software into efficient use for the future. In the course of its principal PCB business, the Group will also consider opportunities to maximise shareholders’ benefits from time to time.

## Financial Review

	<b>Six months ended 30 June 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2016 HK\$'000 (Unaudited)
Turnover	<b>294,857</b>	289,190
Gross profit	<b>56,588</b>	61,684
Earnings before interest, taxes, depreciation and amortisation (“ <b>EBITDA</b> ”)	<b>27,689</b>	35,592
Net profit	<b>8,335</b>	12,382

The Group's turnover for the six months ended 30 June 2017 was approximately HK\$294.9 million, representing an increase of approximately 2.0% as compared to approximately HK\$289.2 million for the last corresponding period, which was attributable to sales orders from new projects.

The Group's gross profit margin for the six months ended 30 June 2017 was approximately 19.2%, representing a decrease of approximately 2.1% over the gross profit margin of the last corresponding period of approximately 21.3%, due to the increase in costs of raw materials.

The Group's total operating expenses for the six months ended 30 June 2017 were approximately HK\$46.3 million, representing a decrease of approximately 6.7% over the last corresponding period, due to the decrease in bonus paid to employees.

The Group's EBITDA amounted to approximately HK\$27.7 million for the six months ended 30 June 2017 as compared to approximately HK\$35.6 million for the last corresponding period.

The Group recorded a net profit attributable to owners of the Company of approximately HK\$8.3 million for the six months ended 30 June 2017 as compared to approximately HK\$12.4 million for the last corresponding period.

### *Other income and gains*

Other income and gains decreased by approximately HK\$3.9 million or 44.8%, to approximately HK\$4.8 million during the six months ended 30 June 2017 from approximately HK\$8.7 million for the six months ended 30 June 2016, primarily due to a decrease by approximately HK\$4.6 million of fair value gains on investment properties for the current period.

### *Selling and distribution expenses*

Selling and distribution expenses decreased by approximately HK\$1.0 million or 9.5%, to approximately HK\$9.5 million for the six months ended 30 June 2017 from approximately HK\$10.5 million for the six months ended 30 June 2016. The decrease was primarily due to the decrease in bonus paid to employees.

### *General and administrative expenses*

General and administrative expenses for the six months ended 30 June 2017 were approximately HK\$36.7 million, similar to the amount of approximately HK\$38.2 million for the last corresponding period.

### *Other expenses*

Other expenses decreased by approximately HK\$0.9 million to approximately HK\$0.1 million for the six months ended 30 June 2017 from approximately HK\$1.0 million for the six months ended 30 June 2016. The decrease was primary due to the write-off of a deposit paid for purchase of an item of property, plant and equipment incurred in last corresponding period, while no such expense was incurred in current period.

### *Finance costs*

Finance costs increased by approximately HK\$0.4 million, or 12.1%, to approximately HK\$3.7 million for the six months ended 30 June 2017 from approximately HK\$3.3 million for the six months ended 30 June 2016. The increase was primarily due to the cessation of capitalisation of borrowing costs during the period.

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

The Group recorded a profit attributable to owners of the Company of approximately HK\$8.3 million for the six months ended 30 June 2017 as compared to approximately HK\$12.4 million for the six months ended 30 June 2016, representing a decrease of approximately 33.1%. The decrease of profit attributable to owners of the Company was mainly due to the decrease in fair value gains on investment properties of approximately HK\$4.6 million.

### *Property, plant and equipment*

The net carrying amount as at 30 June 2017 was approximately HK\$410.6 million, representing an increase of approximately HK\$14.1 million from the net carrying amount of approximately HK\$396.5 million as at 31 December 2016. This was mainly due to (i) depreciation of approximately HK\$12.6 million for the Group's property, plant and equipment in the current period; (ii) newly acquired machines and equipment of approximately HK\$12.6 million; and (iii) the increase in exchange realignment of approximately HK\$12.6 million.

### *Trade and bills receivables*

There was an increase in trade and bills receivables as at 30 June 2017 of approximately HK\$16.2 million as compared to 31 December 2016 which was mainly due to the increase in sales in the second quarter of 2017 as compared to the fourth quarter of 2016.

### *Bank and other borrowings*

The Group had bank and other borrowings as at 30 June 2017 in the sum of approximately HK\$202.1 million, representing a decrease by approximately HK\$21.3 million from the sum of approximately HK\$223.4 million as at 31 December 2016. The main reason for the decrease in borrowings was the repayment of borrowing during the period. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

### *Liquidity and financial resources*

As at 30 June 2017, the Group had total current assets of approximately HK\$379.9 million (31 December 2016: HK\$386.7 million) which comprised cash and cash equivalents of approximately HK\$46.5 million (31 December 2016: HK\$83.0 million). As at 30 June 2017, the Group had total current liabilities amounted to approximately HK\$372.0 million (31 December 2016: HK\$382.3 million), consisting mainly of payables arising from the normal course of operation and borrowings. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 1.0 as at 30 June 2017 (31 December 2016: 1.0).

### *Gearing ratio*

The gearing ratio of the Group, calculated as total borrowings over total equity, was approximately 0.45 as at 30 June 2017 (31 December 2016: approximately 0.53).

### *Treasury policies*

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

### *Foreign currency risk exposure*

As at 30 June 2017, the Group had cash and cash equivalents, pledged deposits and restricted cash, trade and bills receivables, deposits and other receivables, trade and bills payables, other payables and interest-bearing bank and other borrowings, which are denominated in currencies other than Hong Kong dollars, and consequently we have foreign currency risk exposure from translation of amount denominated in foreign currencies as at the reporting date. During the six months ended 30 June 2017, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

### *Capital structure*

There has been no major change in the capital structure of the Company during the six months ended 30 June 2017 and full year of last year. The capital of the Company comprises ordinary shares and capital reserves.

### *Capital commitments*

As at 30 June 2017, capital commitments of the Group amounted to approximately HK\$10.9 million (31 December 2016: HK\$9.7 million).

### *Information on employees*

As at 30 June 2017, the Group had 1,055 (31 December 2016: 936) employees, including the executive Directors. Remuneration is determined with reference to market norms and individual employee's performance, qualification and experience.

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

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

### *Significant investment held*

Except for available-for-sale investment, during the six months ended 30 June 2017, the Group did not hold any significant investment in equity interest of any other company.

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

The Group did not have other plans for material investments and capital assets.

### *Material acquisitions and disposals of subsidiaries, associates and joint ventures*

During the six months ended 30 June 2017, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.



### *Charges of assets*

As at 30 June 2017, certain assets of the Group as set out below were charged to secure banking facilities granted to the Group:

- (i) the Group's leasehold land and buildings, construction in progress and an investment property with an aggregate net carrying amount of approximately HK\$184.0 million (31 December 2016: HK\$183.2 million).
- (ii) the Group's leasehold lands situated in Mainland China which are classified as prepaid land lease payments with an aggregate carrying amount of approximately HK\$5.3 million (31 December 2016: HK\$5.2 million).
- (iii) pledged deposits with banks amounting to approximately HK\$33.3 million (31 December 2016: HK\$34.4 million).

### *Contingent liabilities*

The Group had no material contingent liabilities as at 30 June 2017 (31 December 2016: Nil).

### *New opportunity*

There was no New Opportunity (as defined in the section headed "Relationship with our Controlling Shareholders — Non-competition Undertakings" in the prospectus of the Company dated 26 November 2014) referred by the controlling shareholders of the Company as provided under the non-competition undertaking.

## **PROSPECTS**

We expect the business environment in the remaining of 2017 remains challenging as the global economy is still uncertain. In order to maintain our competitiveness, we will enhance our existing production capacity while considering acquiring additional automated production equipment to better control the product quality, thus meeting different demands from customers for PCBs. We will also continue to diversify into different markets and sectors so as to maintain a broad base of quality customers, which will assure a stable income stream for the Group.

## **EVENTS AFTER THE REPORT DATE**

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

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

The Company confirms that, other than the deviation from Code Provision A.2.1, the Company has complied with all the code provisions (“**Code Provisions**”) set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the six months ended 30 June 2017.

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. All Directors confirm that, having made specific enquiries of all Directors, they have complied with the required standards of dealing as set out in the Model Code during the six months ended 30 June 2017.

## **AUDIT COMMITTEE**

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

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 have been reviewed by the audit committee and the audit committee is of the view that the interim report for the six months ended 30 June 2017 has been prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

The interim results announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.yantat.com>). An interim report of the Company for the six months ended 30 June 2017 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the aforementioned websites in due course.

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

Hong Kong, 28 August 2017

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