

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



YAN TAT GROUP HOLDINGS LIMITED

恩達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Change (%)
Results			
Revenue	373,902	363,184	3.0
Profit before tax	51,781	29,760	74.0
Profit attributable to owners of the Company	45,047	24,569	83.3
Basic and diluted earnings per share (expressed in HK cents per share)	HK18.8 cents	HK10.2 cents	84.3

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 2022, together with the comparative figures for the corresponding period in 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	<i>Notes</i>	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
REVENUE	4	373,902	363,184
Cost of sales		<u>(291,156)</u>	<u>(293,263)</u>
Gross profit		82,746	69,921
Other income and gains	4	16,867	8,226
Selling and distribution expenses		(8,881)	(8,654)
General and administrative expenses		(38,701)	(39,034)
Other expenses		(23)	(544)
Finance costs	6	<u>(227)</u>	<u>(155)</u>
PROFIT BEFORE TAX	5	51,781	29,760
Income tax expense	7	<u>(6,734)</u>	<u>(5,191)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>45,047</u>	<u>24,569</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK18.8 cents</u>	<u>HK10.2 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

For the six months ended 30 June 2022

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
PROFIT FOR THE PERIOD	<u>45,047</u>	<u>24,569</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(25,139)	4,920
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of a financial asset at fair value through other comprehensive income	<u>(35)</u>	<u>(67)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>(25,174)</u>	<u>4,853</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>19,873</u>	<u>29,422</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	30 June 2022	31 December 2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	318,750	347,100
Investment properties	28,168	29,293
Right-of-use assets	5,410	6,573
Deposits	791	202
Deferred tax assets	10,842	9,923
Financial asset at fair value through other comprehensive income	4,209	4,440
	<hr/>	<hr/>
Total non-current assets	368,170	397,531
CURRENT ASSETS		
Inventories	88,244	104,084
Trade and bills receivables	262,466	256,740
Prepayments, deposits and other receivables	7,086	10,971
Pledged deposits	31,669	32,100
Cash and cash equivalents	303,524	272,342
	<hr/>	<hr/>
	692,989	676,237
Assets classified as held for sale	3,461	3,619
	<hr/>	<hr/>
Total current assets	696,450	679,856
CURRENT LIABILITIES		
Trade payables	121,647	138,006
Other payables and accruals	81,362	65,484
Interest-bearing bank borrowings	19,784	32,010
Lease liabilities	1,116	1,623
Tax payable	29,325	28,175
	<hr/>	<hr/>
Total current liabilities	253,234	265,298
	<hr/>	<hr/>
NET CURRENT ASSETS	443,216	414,558
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	811,386	812,089
	<hr/>	<hr/>

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	230	567
Deposit received	116,930	122,310
Deferred tax liabilities	25,133	24,588
Deferred income	<u>10,719</u>	<u>11,723</u>
Total non-current liabilities	<u>153,012</u>	<u>159,188</u>
Net assets	<u>658,374</u>	<u>652,901</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	2,400	2,400
Reserves	<u>655,974</u>	<u>650,501</u>
Total equity	<u>658,374</u>	<u>652,901</u>

NOTES

30 June 2022

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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Room 809–810, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21

respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Mainland China	142,178	147,033
Hong Kong	2,135	3,040
Europe	103,655	98,409
Asia (except Mainland China and Hong Kong)	81,475	90,579
North America	40,686	21,766
Africa	3,671	2,332
South America	52	15
Oceania	50	10
	<u>373,902</u>	<u>363,184</u>

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

(b) Non-current assets

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Hong Kong	1,622	2,485
Mainland China	351,497	380,683
	<u>353,119</u>	<u>383,168</u>

The non-current asset information above is based on the locations of the assets and excludes a financial asset at fair value through other comprehensive income and deferred tax assets.

Information about major customers

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

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Customer A	96,012	108,281
Customer B	37,882	57,638
	<u>133,894</u>	<u>165,919</u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Sale of goods	<u>373,902</u>	<u>363,184</u>
Other income		
Bank interest income	1,079	1,126
Rental income	261	271
Government grants	<u>3,533</u>	<u>4,053</u>
	<u>4,873</u>	<u>5,450</u>
Gains		
Fair value gains on investment properties	169	–
Income linked to recycling	7,249	2,776
Foreign exchange gains, net	<u>4,576</u>	<u>–</u>
	<u>11,994</u>	<u>2,776</u>
	<u>16,867</u>	<u>8,226</u>

5. PROFIT BEFORE TAX

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

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Cost of inventories sold	291,156	293,263
Depreciation of property, plant and equipment	14,136	13,779
Depreciation of right-of-use assets	973	972
Write-down of inventories to net realisable value [^]	162	161
Impairment/(reversal of impairment) of trade and bills receivables	21	(54)
Fair value losses/(gains) on investment properties*	(169)	395
Write-off of items of property, plant and equipment	40	125
Foreign exchange differences, net*	(4,576)	894

[^] Write-down of inventories to net realisable value is included in "Cost of inventories sold" in the interim condensed consolidated statement of profit or loss.

* These gains are included in "Other income and gains" and the losses are included in "General and administrative expenses", as appropriate, in the interim condensed consolidated statement of profit or loss.

6. FINANCE COSTS

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Interest on:		
Trust receipt loans	184	103
Lease liabilities	43	52
	227	155

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

All subsidiaries of the Group established in the PRC are subject to PRC corporate income tax at a standard rate of 25% (2021: 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% (2021: 15%) has been applied during the period.

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Current — Hong Kong		
Charge for the period	1,536	1,288
Current — Mainland China		
Charge for the period	5,688	3,487
Overprovision in prior years	–	(562)
Deferred	(490)	978
Total tax charge for the period	<u>6,734</u>	<u>5,191</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 2022 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\$45,047,000 (six months ended 30 June 2021: HK\$24,569,000) and the weighted average number of ordinary shares of the Company of 240,000,000 (six months ended 30 June 2021: 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 2022 and 2021 as the Group had no potentially dilutive ordinary shares in issue during these periods.

9. TRADE AND BILLS RECEIVABLES

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	236,362	227,634
Bills receivable	29,253	32,416
	265,615	260,050
Impairment	(3,149)	(3,310)
	262,466	256,740

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 and bills receivables. Trade and bills receivables are non-interest-bearing.

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

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within one month	124,361	103,743
One to two months	66,596	72,119
Two to three months	46,902	61,001
Over three months	24,607	19,877
	262,466	256,740

10. TRADE PAYABLES

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within three months	105,161	121,702
Three to six months	15,335	13,986
Over six months	1,151	2,318
	<u>121,647</u>	<u>138,006</u>

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

11. DIVIDEND

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Final 2021 dividend declared recognised as distribution to owners of the Company during the period — HK6 cents (2021: HK 6 cents in respect of final 2020 dividend declared) per ordinary share	<u>14,400</u>	<u>14,400</u>

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Development

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

We 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 proportion of our revenue generated from this sector has increased correspondingly.

Over the past 32 years of our operation, the Group has established a solid foundation and close relationships with our customers. The Group provided direct and indirect services to OEM customers across Asia, Europe, Africa, North America, South America and Oceania, who are engaged in various industries with many of them operating 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 relationships 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 relationships with customers will enable the Group to know the trend of customers’ demand and preferences 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 IATF16949 certifications. The Group has put in place a number of quality 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 is a testament to our product quality.

PCB manufacturers are facing steep challenges of environmental protection and emission limits. As a PCB manufacturer, the Group needs to formulate appropriate responses and increasing the capital input in respect of environmental protection. At the end, it is expected that part of the profits would be set off; however, viewing from another perspective, manufacturers failing to meet the required standards would be eliminated or would greatly increase their costs for the compliance with the required standards, whereas the Group has realized the need for environmental protection and has made relevant investment many years ago. Therefore, compared with those failing to meet the standards, the Group is under less pressure in such new setting in the PCB market and better positioned to seize opportunities.

Although China remains to be the “World Factory”, labor costs are no longer as low as those over a decade ago and have gradually increased. In addition, the labor supply is insufficient in the coastal areas. Driven by Industry 4.0, the Group has enhanced its production automation, promoting the use and flow of production information, introducing new processes and equipment to reduce reliance on manual labour, optimizing and improving costs and quality, and hence leading the Group to develop towards intelligent production in the future.

The novel coronavirus (2019-nCoV) (“COVID-19”) appeared in a sudden and spread across the world since 2019. Although many vaccines have been launched and widely used, the number of severe cases relatively decreased but still remained at a high level and hit the global economy development. The diversity of the PCB market is not materially impacted by the ups and downs of a single market. However, COVID-19 is impacting the macro-economy and leads to risk of downturn in the electronics sector, which is adverse to the operation and development of PCB enterprises. Due to the differences in pandemic prevention policies between China and other countries, the strict domestic tightening management and control policies directly impact the production activities, freight logistics, replenishment of labour force and business interaction, which bring negative impacts to PCB enterprises.

For the PCB industry, raw materials account for a large proportion of costs. Since mid-2020, the prices of a variety of major raw materials, such as copper clad laminates, prepregs, copper foils have continuously risen sharply. Although at the end of 2021, the prices of raw materials showed a trend of stabilization at a high level or decline, it still remained at high cost levels, and the shifting of increased costs to downstream customers often lags behind. Under the serious erosion of profits, the PCB manufacturers applied for price increases from downstream customers, which was eventually accepted in steps. The unit price of PCB increased in the first half of 2022 and the profitability improved accordingly.

In the overall market, the automotive sector accounts for a large proportion of the PCBs downstream applications, which is also the driving force for the future development of the PCB market. The future development direction of the automotive sector is the new four modernizations (i.e. electrification, networking, intelligence and sharing). Traditional vehicles require a large number of PCBs and the demand of PCB of new energy vehicles is a multiple of traditional vehicles. The Company's product application has a larger share in the automobile sector and the new four modernizations provide a favorable opportunity.

In 2022, serious challenges will expose the Group to a lot of risks and uncertainties. The Group has been concentrating on its PCB business for over 32 years, in which the accumulated experience and networks allow the Group to make further development in the PCB market. At the same time, the Group will also consider opportunities to maximize shareholders' benefits from time to time.

Financial Review

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Turnover	373,902	363,184
Gross profit	82,746	69,921
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	66,038	43,540
Net profit	45,047	24,569

The Group's turnover for the six months ended 30 June 2022 was approximately HK\$373.9 million, representing an increase of approximately 3.0% as compared to approximately HK\$363.2 million for the last corresponding period, which was primarily attributable to the slight increase in the price of sales orders.

The Group's gross profit margin for the six months ended 30 June 2022 was approximately 22.1%, representing an increase of approximately 2.8% over the gross profit margin of the last corresponding period of approximately 19.3%, which was primarily attributable to the decrease in the price of major raw materials.

The Group's total operating expenses for the six months ended 30 June 2022 were approximately HK\$47.6 million, similar to the amount for the last corresponding period.

The Group's EBITDA amounted to approximately HK\$66.0 million for the six months ended 30 June 2022 as compared to approximately HK\$43.5 million for the last corresponding period.

The Group recorded a net profit attributable to owners of the Company of approximately HK\$45.0 million for the six months ended 30 June 2022 as compared to approximately HK\$24.6 million for the last corresponding period.

Other income and gains

Other income and gains increased by approximately HK\$8.7 million, or 106.1%, to approximately HK\$16.9 million for the six months ended 30 June 2022 from approximately HK\$8.2 million for the six months ended 30 June 2021, primarily due to the increase in income linked to recycling of approximately HK\$4.5 million and net foreign exchange gains of approximately HK\$4.6 million.

Selling and distribution expenses

Selling and distribution expenses increased by approximately HK\$0.2 million, or 2.3%, to approximately HK\$8.9 million for the six months ended 30 June 2022 from approximately HK\$8.7 million for the six months ended 30 June 2021. The increase was primarily due to the increase in commission.

General and administrative expenses

General and administrative expenses slightly decreased by approximately HK\$0.3 million, or 0.8%, to approximately HK\$38.7 million for the six months ended 30 June 2022 from approximately HK\$39.0 million for the six months ended 30 June 2021.

Other expenses

Fair values losses on investment properties amounting to approximately HK\$0.4 million were incurred during the six months ended 30 June 2021. As no such losses were incurred during the six months ended 30 June 2022, other expenses decreased significantly.

Finance costs

Finance costs increased by approximately HK\$72,000, or 46.45%, to approximately HK\$227,000 for the six months ended 30 June 2022 from approximately HK\$155,000 for the six months ended 30 June 2021, primarily due to the increase in bank loan interest resulting from an increase in interest rate during the six months ended 30 June 2022.

Profit for the period attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK\$45.0 million for the six months ended 30 June 2022 as compared to approximately HK\$24.6 million for the six months ended 30 June 2021, representing an increase of approximately 82.9%. The increase of profit attributable to owners of the Company was mainly due to the increase in gross profit of approximately HK\$12.8 million and the increase in other income and gains of approximately HK\$8.7 million.

Property, plant and equipment

The net carrying amount of Group's property, plant and equipment as at 30 June 2022 was approximately HK\$318.8 million, representing a decrease of approximately HK\$28.3 million from the net carrying amount of approximately HK\$347.1 million as at 31 December 2021. This was mainly due to depreciation of approximately HK\$14.1 million for the Group's property, plant and equipment and negative exchange realignment of approximately HK\$15.4 million during the six months ended 30 June 2022.

Trade and bills receivables

There was an increase in trade and bills receivables as at 30 June 2022 of approximately HK\$5.7 million as compared to 31 December 2021, which was mainly due to the increase in sales during the six months ended 30 June 2022.

Bank borrowings

The Group had bank borrowings as at 30 June 2022 in the sum of approximately HK\$19.8 million, representing a decrease by approximately HK\$12.2 million from the sum of approximately HK\$32.0 million as at 31 December 2021. The main reason for the decrease in borrowings was the repayment of borrowings during the six months ended 30 June 2022. 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 2022, the Group had total current assets of approximately HK\$696.5 million (31 December 2021: HK\$679.9 million), including cash and cash equivalents and pledged deposits totalling approximately HK\$335.2 million (31 December 2021: HK\$304.4 million). As at 30 June 2022, the Group had non-current liabilities of approximately HK\$153.0 million (31 December 2021: HK\$159.2 million), and its current liabilities amounted to approximately HK\$253.2 million (31 December 2021: HK\$265.3 million), consisting mainly of payables arising from the normal course of

operations and borrowings. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 2.8 as at 30 June 2022 (31 December 2021: 2.6).

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over total equity, was approximately 0.03 as at 30 June 2022 (31 December 2021: approximately 0.05).

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 Directors closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign currency risk exposure

As at 30 June 2022, the Group had cash and cash equivalents, pledged deposits, trade and bills receivables, deposits and other receivables, trade payables, other payables and interest-bearing bank 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 2022, 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 2022 and the full year of 2021. The capital of the Company comprises ordinary shares and capital reserves.

Capital commitments

As at 30 June 2022, capital commitments of the Group amounted to approximately HK\$1.3 million (31 December 2021: HK\$1.6 million).

Information on employees

As at 30 June 2022, the Group had 748 (31 December 2021: 766) employees, including the executive Directors. Total employee benefit expense (including Directors' remuneration) for the six months ended 30 June 2022 was approximately HK\$53.2 million, as compared to approximately HK\$47.3 million for the six months ended 30 June 2021. Remuneration is determined with reference to market norms and individual employee's performance, qualifications 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 where options to subscribe for shares may be granted to the Directors and employees of the Group.

Significant investment held

During the six months ended 30 June 2022, the Group did not hold any significant investment.

Future plans for material investments and capital assets

Other than those disclosed in this announcement, on 8 May 2020, the Group has entered into, amongst others, a cooperation agreement for the urban renewal project located at our production base in Pingshan District, Shenzhen, the PRC. The entering into of the cooperation agreement and the transactions thereunder have been approved by the shareholders of the Company at the extraordinary general meeting on 14 July 2020. For details, please refer to the Company's announcements dated 15 May 2020, 14 July 2020, and 24 June 2022 and the circular dated 24 June 2020. Also, currently the Group is exploring the opportunity and proactively discussing with independent third parties in relation to the investment of the establishment of a Greater Bay Area production base for the production of PCBs. The Company will make further disclosure as and when appropriate pursuant to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the six months ended 30 June 2022, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Charges of assets

As at 30 June 2022, certain assets of the Group as set out below were charged to secure banking facilities granted to the Group:

- (i) the Group's investment property amounting to approximately HK\$6.3 million (31 December 2021: HK\$6.9 million).
- (ii) pledged deposits with banks amounting to approximately HK\$31.7 million (31 December 2021: HK\$32.1 million).

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

PROSPECTS

COVID-19 continues to affect the economy and day-to-day life. Different prevention policies are adopted in China and abroad, where strict prevention measures would hinder the flow of people and goods, and loose handling may increase the risk of infection, in short, the continuation of COVID-19 is not favorable to the development of the PCB market. Geopolitical conflict is also a major problem in 2022, the war between Russia and Ukraine is ongoing, leading to the raise of energy costs and inflation, as well as unstable exchange rate. Even though the PCBs are still strong in telecommunications and automotive electronics applications, and the cost of key raw materials has stabilized or declined, yet PCB companies are still facing challenges. The Group enjoys a diversified market and industry segment, a broad base of quality customers and a strong defensive position. We are closely monitoring external developments and orders from our customers, and will make appropriate adjustments accordingly.

EVENTS AFTER THE REPORT PERIOD

There were no significant events affecting the Company and its subsidiaries 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 2022, 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 Provisions C.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 Listing Rules throughout the six months ended 30 June 2022.

Pursuant to Code Provision C.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 2022.

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 2022 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 2022 has been prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

The unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 June 2022 have been reviewed by the Company's auditor, Ernst & Young, 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 Hong Kong Institute of Certified Public Accountants. The auditor's independent review report will be included in the Company's 2022 interim report to the shareholders.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of both the Stock Exchange (www.hkexnews.hk) and the Company (www.yantat.com). An interim report of the Company for the six months ended 30 June 2022 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, 26 August 2022

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