

*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 2023**

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	<b>Change (%)</b>
<b>Results</b>			
Revenue	<b>310,166</b>	373,902	(17.0)
Profit before tax	<b>49,483</b>	51,781	(4.4)
Profit attributable to owners of the Company	<b>42,567</b>	45,047	(5.5)
Basic and diluted earnings per share (expressed in HK cents per share)	<b>HK17.7 cents</b>	HK18.8 cents	(5.9)

## 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 2023, together with the comparative figures for the corresponding period in 2022.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
<b>REVENUE</b>	4	<b>310,166</b>	373,902
Cost of sales		<u>(223,670)</u>	<u>(291,156)</u>
Gross profit		<b>86,496</b>	82,746
Other income and gains	4	<b>13,220</b>	16,867
Selling and distribution expenses		<b>(10,329)</b>	(8,881)
General and administrative expenses		<b>(39,215)</b>	(38,701)
Other expenses		<b>(233)</b>	(23)
Finance costs	6	<u><b>(456)</b></u>	<u>(227)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>49,483</b>	51,781
Income tax expense	7	<u><b>(6,916)</b></u>	<u>(6,734)</u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>42,567</b></u>	<u>45,047</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic and diluted		<u><b>HK17.7 cents</b></u>	<u>HK18.8 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b><u>42,567</u></b>	<b><u>45,047</u></b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(16,487)	(25,139)
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>(19)</u>	<u>(35)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(16,506)</u></b>	<b><u>(25,174)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b><u>26,061</u></b>	<b><u>19,873</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

	<i>Notes</i>	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		273,700	293,267
Investment properties		25,857	26,868
Right-of-use assets		5,250	6,329
Deposits for purchases of items of property, plant and equipment		9	678
Deposits		180	116
Deferred tax assets		8,990	9,300
Financial asset at fair value through other comprehensive income		3,872	4,019
		<b>317,858</b>	340,577
Total non-current assets			
<b>CURRENT ASSETS</b>			
Inventories		60,682	87,080
Trade and bills receivables	9	212,082	212,778
Prepayments, deposits and other receivables		8,903	5,550
Pledged deposits		31,471	31,522
Cash and cash equivalents		382,153	377,555
		<b>695,291</b>	714,485
Assets classified as held for sale		3,234	3,319
		<b>698,525</b>	717,804
Total current assets			
<b>CURRENT LIABILITIES</b>			
Trade payables	10	83,656	103,346
Other payables and accruals		63,226	68,282
Interest-bearing bank borrowings		–	35,983
Lease liabilities		1,265	1,580
Dividend payable		28,800	–
Tax payable		18,705	18,765
		<b>195,652</b>	227,956
Total current liabilities			
<b>NET CURRENT ASSETS</b>		<b>502,873</b>	489,848
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>820,731</b>	830,425

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	444	965
Deposit received	108,460	111,950
Deferred tax liabilities	23,079	25,782
Deferred income	8,089	8,330
	<hr/>	<hr/>
Total non-current liabilities	<b>140,072</b>	147,027
	<hr/>	<hr/>
Net assets	<b>680,659</b>	683,398
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	2,400	2,400
Reserves	678,259	680,998
	<hr/>	<hr/>
Total equity	<b>680,659</b>	683,398
	<hr/> <hr/>	<hr/> <hr/>

## NOTES

30 June 2023

### 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 8 July 2014 as an exempted company with limited liability. 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 2023 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 2022.

### 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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendment to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. OPERATING SEGMENT INFORMATION

The Group focuses primarily on the manufacture and sale 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 2023 HK\$'000 (Unaudited)	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Mainland China	133,823	142,178
Hong Kong	1,558	2,135
Europe	76,068	103,655
Asia (except Mainland China and Hong Kong)	66,109	81,475
North America	30,850	40,686
Africa	1,740	3,671
South America	18	52
Oceania	–	50
	<u>310,166</u>	<u>373,902</u>

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

(b) Non-current assets

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Hong Kong	2,030	2,838
Mainland China	302,966	324,420
	<u>304,996</u>	<u>327,258</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:

	<b>Six months ended 30 June 2023</b>	Six months ended 30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer A	<b>76,612</b>	96,012
Customer B	<b>47,652</b>	N/A
Customer C	<b>N/A</b>	37,882

## 4. REVENUE, OTHER INCOME AND GAINS

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

	<b>Six months ended 30 June 2023</b>	Six months ended 30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers</b>		
Sale of goods	<b>310,166</b>	373,902
<b>Other income</b>		
Bank interest income	<b>5,055</b>	1,079
Rental income	<b>264</b>	261
Government grants	<b>1,110</b>	3,533
	<b>6,429</b>	4,873
<b>Gains</b>		
Fair value gains on investment properties	<b>–</b>	169
Income linked to recycling	<b>2,073</b>	7,249
Foreign exchange gains, net	<b>4,718</b>	4,576
	<b>6,791</b>	11,994
	<b>13,220</b>	16,867

## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Cost of inventories sold	<b>223,670</b>	291,156
Depreciation of property, plant and equipment	<b>13,621</b>	14,136
Depreciation of right-of-use assets	<b>964</b>	973
Write-down of inventories to net realisable value <sup>^</sup>	<b>441</b>	162
Impairment/(reversal of impairment) of trade and bills receivables	<b>(1,747)</b>	21
Fair value losses/(gains) on investment properties**	<b>180</b>	(169)
Write-off of items of property, plant and equipment	<b>46</b>	40
Foreign exchange differences, net*	<b>(4,718)</b>	(4,576)

<sup>^</sup> 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.

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

## 6. FINANCE COSTS

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Interest on:		
Trust receipt loans	<b>404</b>	184
Lease liabilities	<b>52</b>	43
	<b>456</b>	227

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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% (2022: 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% (2022: 15%) has been applied during the period.

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Current — Hong Kong		
Charge for the period	572	1,536
Current — Mainland China		
Charge for the period	5,200	5,688
Underprovision in prior years	265	–
Deferred	879	(490)
	<u>6,916</u>	<u>6,734</u>
Total tax charge for the period	<u>6,916</u>	<u>6,734</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 2023 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\$42,567,000 (six months ended 30 June 2022: HK\$45,047,000) and the weighted average number of ordinary shares of the Company of 240,000,000 (six months ended 30 June 2022: 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 2023 and 2022 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 9. TRADE AND BILLS RECEIVABLES

	<b>30 June 2023</b>	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>193,660</b>	193,115
Bills receivable	<b>21,409</b>	24,487
	<b>215,069</b>	217,602
Impairment	<b>(2,987)</b>	(4,824)
	<b>212,082</b>	212,778

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:

	<b>30 June 2023</b>	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Within one month	<b>71,718</b>	78,465
One to two months	<b>55,310</b>	57,923
Two to three months	<b>48,285</b>	50,696
Over three months	<b>36,769</b>	25,694
	<b>212,082</b>	212,778

## 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:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within three months	<b>67,606</b>	89,194
Three to six months	<b>9,885</b>	13,351
Over six months	<b>6,165</b>	801
	<b><u>83,656</u></b>	<u>103,346</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

	<b>For the six months ended 30 June</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
Final 2022 dividend declared recognised as distribution to owners of the Company during the period — HK12 cents (2022: HK6 cents in respect of final 2021 dividend declared) per ordinary share	<b><u>28,800</u></b>	<u>14,400</u>

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Development

The Group is an original equipment manufacturer (“OEM”) provider of PCBs 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 automobiles, communication equipment, medical devices, industrial automation equipment and consumer electronics.

Our continuous diversification of product mix and market coverage allowed 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 section is correspondingly higher.

Over the past 33 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, Europe, Africa, North America, South America and Oceania, 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 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 relationship with customers will enable the Group to swiftly grasp evolving trends in customer demand.

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 plan 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. During 2022, the Group complies with ISO 13485 certification, proving that the Group’s quality management system complies with the production and sales requirement of circuit boards for medical equipment.

There are many kinds of raw materials required for PCB production, mainly including: copper clad laminate, copper foil, prepreg, chemical potion, etc. In particular, the materials related to precious metals constitute a large proportion. In view of this, the stability of precious metal prices can exert an impact on the pricing strategies of PCB manufacturers. High production costs and high investment and upgrades in fixed assets will increase the operating costs of PCB manufacturers, especially during the high-interest cycle. Coupled with the strict implementation of environmental protection controls in China, the challenges may be even more severe. As a PCB manufacturer, the Group is required to consider appropriate countermeasures and increase its capital investment in environmental protection, which offset certain profits of the Group.

Although China remains to be the “World Factory”, labor costs are no longer as low as a decade before and have gradually increased. In addition, the labor supply is insufficient in the coastal areas. The Group enhanced its production automation, promoted the use and flow of production information, optimized and improved costs and quality which could eventually lead the Group to develop towards intelligent production in the future.

In 2023, serious challenges exposed the Group to a lot of risks and uncertainties. The Group has been concentrating on its PCB business for over 33 years, in which the accumulated experience and networks allow the Group to make further development in the PCB market. With the rapid progress of the urbanization in Shenzhen, the Shenzhen Pingshan District Government has also made strategic planning for promoting its local development. Given the increased labor costs in Shenzhen and the need to maintain competitiveness and respond to the future change in the planned use of the current production area of Yan Tat Printed Circuits (Shenzhen) Co., Ltd., after consultation with the Board and the professional advisers, the Group plans to establish another production base in the Greater Bay Area to support the long-term development of the Group. Apart from the headquarters in China and the research and development department which will remain located in Pingshan District, Shenzhen, the bulk production capacity of the Group will be relocated gradually to the new production base. 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Turnover	<b>310,166</b>	373,902
Gross profit	<b>86,496</b>	82,746
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	<b>59,469</b>	66,038
Net profit	<b>42,567</b>	45,047

The Group’s turnover for the six months ended 30 June 2023 was approximately HK\$310.2 million, representing a decrease of approximately 17.0% as compared to approximately HK\$373.9 million for the last corresponding period, which was primarily attributable to the drop in sales orders.

The Group’s gross profit margin for the six months ended 30 June 2023 was approximately 27.9%, representing an increase of approximately 5.8% over the gross profit margin of the last corresponding period of approximately 22.1%, which was primarily attributable to the improvement in sales mix.

The Group’s total operating expenses for the six months ended 30 June 2023 were approximately HK\$49.5 million, representing an increase of approximately 4.0% compared to approximately HK\$47.6 million for the last corresponding period, primarily due to the increase in selling and distribution expenses.

The Group’s EBITDA amounted to approximately HK\$59.5 million for the six months ended 30 June 2023 as compared to approximately HK\$66.0 million for the last corresponding period.

The Group recorded a net profit attributable to owners of the Company of approximately HK\$42.6 million for the six months ended 30 June 2023 as compared to approximately HK\$45.0 million for the last corresponding period.

### *Other income and gains*

Other income and gains decreased by approximately HK\$3.7 million, or 21.9%, to approximately HK\$13.2 million for the six months ended 30 June 2023 from approximately HK\$16.9 million for the six months ended 30 June 2022, primarily due to the net effect of the increase in bank interest income of approximately HK\$4.0 million, the decrease in government grants of approximately HK\$2.4 million, and the decrease in income linked to recycling of approximately HK\$5.2 million.

### *Selling and distribution expenses*

Selling and distribution expenses increased by approximately HK\$1.4 million, or 15.7%, to approximately HK\$10.3 million for the six months ended 30 June 2023 from approximately HK\$8.9 million for the six months ended 30 June 2022. The increase was primarily due to the increase in commission and product inspection fee.

### *General and administrative expenses*

General and administrative expenses slightly increased by approximately HK\$0.5 million, or 1.3%, to approximately HK\$39.2 million for the six months ended 30 June 2023 from approximately HK\$38.7 million for the six months ended 30 June 2022.

### *Other expenses*

Fair values losses on investment properties amounting to approximately HK\$0.2 million were incurred during the six months ended 30 June 2023. As no such losses were incurred during the six months ended 30 June 2022, other expenses increased.

### *Finance costs*

Finance costs increased by approximately HK\$0.3 million, or 150.0%, to approximately HK\$0.5 million for the six months ended 30 June 2023 from approximately HK\$0.2 million for the six months ended 30 June 2022, primarily due to the increase in bank loan interest resulting from an increase in interest rate during the six months ended 30 June 2023.

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

The Group recorded a profit attributable to owners of the Company of approximately HK\$42.6 million for the six months ended 30 June 2023 as compared to approximately HK\$45.0 million for the six months ended 30 June 2022, representing a decrease of approximately 5.3%. The decrease of profit attributable to owners of the Company was mainly due to the net effect of the increase in gross profit of approximately HK\$3.8 million, the decrease in other income and gains of approximately HK\$3.7 million, the increase in selling and distribution expenses of approximately HK\$1.4 million, and the increase in general and administrative expenses of approximately HK\$0.5 million.

### *Property, plant and equipment*

The net carrying amount of Group's property, plant and equipment as at 30 June 2023 was approximately HK\$273.7 million, representing a decrease of approximately HK\$19.6 million from the net carrying amount of approximately HK\$293.3 million as at 31 December 2022. This was mainly due to depreciation of approximately HK\$13.6 million for the Group's property, plant and equipment and exchange realignment loss of approximately HK\$9.3 million during the six months ended 30 June 2023.

### *Trade and bills receivables*

There was a slight decrease in trade and bills receivables as at 30 June 2023 of approximately HK\$0.7 million as compared to 31 December 2022, which was mainly due to the slight decrease in sales in the second quarter of 2023 as compared to the fourth quarter of 2022.

### *Bank borrowings*

The Group had no bank borrowings as at 30 June 2023, representing a decrease by approximately HK\$36.0 million from 31 December 2022. The main reason for the decrease in borrowings was the repayment of borrowings during the six months ended 30 June 2023. 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 2023, the Group had total current assets of approximately HK\$698.5 million (31 December 2022: HK\$717.8 million), including cash and cash equivalents and pledged deposits totalling approximately HK\$413.6 million (31 December 2022: HK\$409.1 million). As at 30 June 2023, the Group had non-current liabilities of approximately HK\$140.1 million (31 December 2022: HK\$147.0 million), and its current liabilities amounted to approximately HK\$195.7 million (31 December 2022: HK\$228.0 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 3.6 as at 30 June 2023 (31 December 2022: 3.1).

### *Gearing ratio*

The gearing ratio of the Group, calculated as total borrowings over total equity, was Nil as at 30 June 2023 (31 December 2022: 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 2023, the Group had cash and cash equivalents, pledged deposits, trade and bills receivables, deposits and other receivables, trade payables and other payables, 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 2023, 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 2023 and the full year of 2022. The capital of the Company comprises ordinary shares and capital reserves.

### *Capital commitments*

As at 30 June 2023, capital commitments of the Group amounted to approximately HK\$0.2 million (31 December 2022: HK\$0.8 million).

### *Information on employees*

As at 30 June 2023, the Group had 749 (31 December 2022: 696) employees, including the executive Directors. Total employee benefit expense (including Directors' remuneration) for the six months ended 30 June 2023 was approximately HK\$44.7 million, as compared to approximately HK\$53.2 million for the six months ended 30 June 2022. 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 2023, 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 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. As disclosed in the Company's announcements dated 24 June 2022, 14 October 2022, 1 December 2022 and 12 April 2023, payment schedule of certain payment installments under the Urban Renewal Project has been postponed at the request of the counterparty. However, such payment installments have become due from and payable by the counterparty, and remain outstanding as at the date of this announcement. No further agreement has been made between the parties to further postpone the payment schedule nor the milestones of the Urban Renewal Project as at the date of this announcement. The Company is in the course of further following up with the counterparty on, among other things, the status of the outstanding payment installments and the subsequent arrangements of the cooperation agreement. For details, please refer to the Company's announcements dated 15 May 2020, 14 July 2020, 24 June 2022, 14 October 2022, 1 December 2022 and 12 April 2023, and the circular dated 24 June 2020.

Also, the Group is currently 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 (“**Listing Rules**”).

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

During the six months ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

#### *Charges of assets*

As at 30 June 2023, 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\$5.8 million (31 December 2022: HK\$6.0 million).
- (ii) pledged deposits with banks amounting to approximately HK\$31.5 million (31 December 2022: HK\$31.5 million).

#### *Contingent liabilities*

The Group had no material contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

## **PROSPECTS**

Geopolitical conflict is a major problem in 2023, the war between Russia and Ukraine is ongoing, leading to the raise of energy costs and inflation, as well as unstable exchange rate and increasing interest 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 2023, 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 (the “**Corporate Governance Code**”) contained in Appendix 14 to Listing Rules throughout the six months ended 30 June 2023.

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. With effect from 1 August 2023, Mr. Chan Wing Yin resigned and ceased to be the chairman of the Board as well as the chief executive officer of the Company in order to devote more time to pursue his personal interests, and Mrs. Chan Yung and Mr. Chan Yan Wing were appointed as the chairman of the Board and as the chief executive officer of the Company, respectively. Accordingly, the responsibilities between the chairman and the chief executive officer were segregated from the effective date of the aforesaid changes, and the Company re-complies with Code Provision C.2.1 of the Corporate Governance Code.

## **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 2023.

## **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 2023 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 2023 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 2023 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 2023 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 2023 (six months ended 30 June 2022: 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](http://www.hkexnews.hk)) and the Company ([www.yantat.com](http://www.yantat.com)). An interim report of the Company for the six months ended 30 June 2023 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 Yung**  
*Chairman*

Hong Kong, 25 August 2023

*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.*