

**YAN TAT GROUP HOLDINGS LTD:
THERE IS MORE TO THIS \$HK40-MILLION
FLOTATION THAN MEETS THE EYE**

One Is Advised: Read The Small Print !

The **Printed Circuit Board (PCB)** manufacturer, Yan Tat Group Holdings Ltd () (Code: 1480, Main Board, The Stock Exchange of Hongkong Ltd), is the epitome of a mama-and-papa shop, dressed up in the ‘garments’ of a limited liability company.

Yan Tat Group is one of the latest companies to seek a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC).

On scanning the Global Offering Prospectus of this Company, dated November 26, 2014, the paltry amount of money that is hoped to be raised from the investing public makes very little sense, all things considered.

This Company is 22 years old and its financials would hardly commove one to consider, trying to compete with it in its chosen field of endeavour.

TARGET () has a sneaking suspicion (although there is no suggestion of this in the Global Offering Prospectus) that the quartet of the Controlling Shareholders – the Chan Family – is only taking this Company public in order to back out of it, somewhere down the road.

Alternatively, this cash-raising exercise is just the first of a number to follow.

The Initial Public Offering (IPO)

Yan Tat Group is making a Public Offering of 60 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.09 to a high of \$HK1.25.

HKSAR Investors are being Offered six million Shares, with the remaining 54 million Shares, being reserved for International Investors by way of Share Placements.

At the midpoint of the Indicative Offer Price Per Share, being \$HK1.17, Management expects to net \$HK39.40 million.

That very modest amount of money is all earmarked for the renovation as well as the acquisition of machinery at the Company’s ‘*Shenzhen New Facility*’.

At Page 231 of the Global Offering Prospectus, it is stated that the Company would require an additional amount of about \$HK45.30 million for further purchases of machinery and what-have-you at this Facility.

In this respect, **TARGET** notes that, at Appendix I-5, under the heading of ‘*Current Assets*’, it is stated that, as at May 31, 2014, Yan Tat Group had cash and bank balances of \$HK56.68 million, along with pledged deposits and restricted cash of about \$HK16.18 million.

In short, this Company is not short of a little petty cash – which is an apt nomenclature that could well be applied to the paltry amount of money, being raised in this IPO.

Ironically, the amount of money, raised in this IPO, is much less than the cost of bringing this Company to the world's equity marketplace.

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