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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)**

### **INSIDE INFORMATION FRAMEWORK AGREEMENT IN RELATION TO THE POSSIBLE COOPERATION**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **THE FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 13 November 2019 (after trading hours), YT Group, a directly wholly-owned subsidiary of the Company entered into the Framework Agreement with Aoyuan Commercial Real Estate and Aoyuan Limited pursuant to which YT Group shall cooperate with the Aoyuan Group in relation to the Possible Cooperation for the urban renewal project located at the Yan Tat PCB Factory (恩達電路板廠) in Pingshan District, Shenzhen, the PRC.

#### **POSSIBLE COOPERATION**

Pursuant to the Framework Agreement, it was agreed between the Contracting Parties that, among others, YT Group shall:

- (i) facilitate the Aoyuan Group to become a named developer of the urban renewal project;
- (ii) transfer its interest in YT Industrial to the Aoyuan Group at a consideration of RMB100,000,000; and

- (iii) transfer the land use rights of Plot C and Plot D to the Aoyuan Group and enter into a relocation compensation agreement with the Aoyuan Group, in return YT Group will receive (i) an aggregate of relocation compensation in the amount of RMB600,000,000, which will be settled by cash in instalments from the Aoyuan Group by reference to the progress of the urban renewal project; and (ii) resettlement properties to be constructed on the Land Plots with the total area of approximately 20,000 sq.m..

### **Relocation of production facilities**

Pursuant to the Framework Agreement, YT Group will relocate its production facilities, currently situated on the Land Plots, within two years after YT Group has received at least RMB300,000,000 from the said relocation compensation and RMB100,000,000 from the transfer of YT Industrial, subject to certain payment conditions, including among other things, the completion of the transfer of interest in YT Industrial to Aoyuan Group and the pledge of YT Printed Circuit's properties located on Plot C and Plot D to Aoyuan Group. The details of the relocation shall be determined by the Contracting Parties in the Formal Agreement(s). In case there is any delay or postponement of the relocation, the Contracting Parties shall negotiate through amicable discussions.

The Directors believe that the relocation of the production facilities will not lead to any material disruption to the business of the Group and will not have any material adverse effect to the financial performance of the Group. The Directors also believe that the relocation expenses for relocating to similar production facilities of same production capacity and all costs incidental to it will be less than the said relocation compensation and the Company is on the course of identifying a suitable premise on acceptable terms to relocate the production facilities in a timely manner. The Group believes that the relocation of the mass production base from Shenzhen will further reduce its labour costs and maintain its competitiveness. Meanwhile, the Group also plans to relocate the production base to other cities in the Greater Bay Area to cope with the overall economic development.

### **Details of the Land Plots**

The Land Plots comprise four plots of land located at Nanbu Community, Longtian Road, Pingshan District, Shenzhen, the PRC with a total site area of approximately 73,345.09 sq.m.. Plot A and Plot B are currently held by Grace YT whereas Plot C and Plot D are currently held by YT Printed Circuit. The Land Plots are used by the Group mainly as factories and related staff accommodation in Shenzhen.

### **The nature of the Framework Agreement**

Save and except for provisions, amongst others, relating to the confidentiality, the binding nature and governing law of the Framework Agreement, the Framework Agreement is not legally binding on the Contracting Parties.

### **Information on Aoyuan Commercial Real Estate and Aoyuan Limited**

Aoyuan Commercial Real Estate is principally engaged in the business of real estate development in the PRC.

The principle activities of Aoyuan Limited include investment holding and property development. Each of Aoyuan Commercial Real Estate and Aoyuan Limited is a wholly-owned subsidiary of China Aoyuan, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3883).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of Aoyuan Commercial Real Estate and Aoyuan Limited is an Independent Third Party.

## **REASONS FOR AND BENEFITS IN ENTERING INTO THE FRAMEWORK AGREEMENT**

The Group is principally engaged in the manufacturing and sales of PCB. It operates the Yan Tat PCB Factory in Pingshan as its production base in early 1990.

The Directors noted that, pursuant to the "International Consultation for Integrated Urban Design of Yinzhu Area (燕子湖片區綜合性城市設計國際諮詢)" jointly launched by the Shenzhen Municipal Government of Pingshan District and the Shenzhen Land Bureau, the Pingshan government has formulated the strategic plan to support the development of Pingshan. Taking into account the increasing labour costs in Shenzhen, in order to maintain its competitiveness and complement with the change of the planned usage of current location of the Yan Tat PCB Factory, the Group, after the joint study of the Board and professional consultants, plans to gradually relocate its mass production base (except for the headquarters and research and development department of the Group) to the Greater Bay Area to cope with the Group's long term development. In respect of specific matters of the relocation, the Company has also set up a task force, which includes equipment technical professionals and consultants, to coordinate the plan and its progress.

The Directors believe that the Possible Cooperation echoes with the governmental strategic plan and if the Possible Cooperation materializes, it would unlock the economic value of the Land Plots and the opportunity to increase the Shareholders' returns. The Directors further believe that the Possible Cooperation, if materializes, would enable the Group to leverage on the wealth of experience of China Aoyuan in property development.

The terms of the Framework Agreement were arrived at after arm's length negotiations between YT Group on one hand and Aoyuan Commercial Real Estate and Aoyuan Limited on the other hand. Based on the above, the Directors consider that the Possible Cooperation contemplated by the Framework Agreement are on normal commercial terms and the terms of the Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

The Possible Cooperation, if materializes, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Cooperation contemplated under the Framework Agreement and further details of the Possible Cooperation, such as the major terms of the Formal Agreements and the value of the Land Plots and the existing buildings thereon as required under the Listing Rules shall be made by the Company in the event that any of the Formal Agreements has been entered into.

**The Board wishes to emphasize that the Possible Cooperation is subject to, among others, execution of the Formal Agreements. As such, the Possible Cooperation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Aoyuan Group”	Aoyuan Commercial Real Estate or an associated company designated by Aoyuan Commercial Real Estate
“Aoyuan Limited”	Aoyuan Corporation (Group) Limited* (奧園集團有限公司), a company established in the PRC with limited liability on 11 May 1998, which is a wholly-owned subsidiary of China Aoyuan
“Board”	the board of Directors
“China Aoyuan”	China Aoyuan Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3883)
“Company”	Yan Tat Group Holdings Limited (恩達集團控股有限公司), an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1480)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contracting Parties”	YT Group, Aoyuan Commercial Real Estate and Aoyuan Limited
“Director(s)”	the directors of the Company
“Formal Agreement(s)”	the legally binding agreement(s) to be entered into between, amongst others, Aoyuan Commercial Real Estate and YT Group pursuant to the Framework Agreement
“Framework Agreement”	the framework agreement dated 13 November 2019 entered into between Aoyuan Commercial Real Estate, Aoyuan Limited and YT Group in relation to the Possible Cooperation
“Grace YT”	Grace Yan Tat Electronics (Shenzhen) Co., Ltd.* (宏恩達電子(深圳)有限公司), a company established in the PRC with limited liability on 7 August 2012, which is a wholly owned subsidiary of YT Industrial

“Group”	the Company and its subsidiaries
“Aoyuan Commercial Real Estate”	Guangdong Aoyuan Commercial Real Estate Group Co., Ltd.* (廣東奧園商業地產集團有限公司), a company established in the PRC with limited liability on 4 February 2015, which is a wholly owned subsidiary of China Aoyuan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons of the Company
“Land Plots”	the land plots located at Nanbu Community, Longtian Road, Pingshan District, Shenzhen, the PRC with a total site area of approximately 73,345.09 sq.m. and comprising Plot A, Plot B, Plot C and Plot D, and each a “Land Plot”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“PCB”	acronym for “printed circuit board(s)”
“Plot A”	a land parcel (Lot no. G12302-2(1)) with a total site area of approximately 2,670.30 sq.m., which is held by Grace YT
“Plot B”	a land parcel (Lot no. G12302-2(2)) with a total site area of approximately 2,325.30 sq.m., which is held by Grace YT
“Plot C”	a land parcel (Lot no. G11213-0226) with a total site area of approximately 60,868.19 sq.m., which is held by YT Printed Circuit
“Plot D”	a land parcel (Lot no. G12302-0009) with a total site area of approximately 7,481.30 sq.m., which is held by YT Printed Circuit
“Possible Cooperation”	the possible cooperation between the Aoyuan Group and YT Group for the development of the urban renewal project located at the Yan Tat PCB Factory (恩達電路板廠) in Pingshan District, Shenzhen, PRC
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shenzhen Land Bureau”	Shenzhen Planning and Natural Resources Bureau* (深圳市規劃和自然資源局), an Independent Third Party
“Shenzhen Municipal Government of Pingshan District”	the Shenzhen Municipal People’s Government of Pingshan District* (深圳市坪山區人民政府), an Independent Third Party
“sq.m.”	square metres
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Yan Tat PCB Factory”	the production facilities owned by the Group, which are currently situated on the Land Plots
“YT Group”	Yan Tat Group Limited, a company incorporated in the BVI with limited liability on 27 August 2007, which is a wholly owned subsidiary of the Company
“YT Industrial”	Yan Tat (HK) Industrial Limited (恩達(香港)實業有限公司), a company incorporated in Hong Kong with limited liability on 23 January 1992, which is a wholly owned subsidiary of YT Group
“YT Printed Circuit”	Yan Tat Printed Circuit (Shenzhen) Co., Ltd.* (恩達電路(深圳)有限公司), a company established in the PRC with limited liability on 18 December 2001, which is a wholly owned subsidiary of YT Group

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

Hong Kong, 13 November 2019

*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.*

\* *For identification purposes only*