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## **Hong Kong Aerospace Technology Group Limited**

**香港航天科技集團有限公司**

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

**(Stock Code: 1725)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ENTERING INTO OF THE EQUIPMENT CONFIGURATION AND INSTALLATION CONTRACT FOR THE ESTABLISHMENT OF SATELLITE OPERATION CONTROL AND APPLICATION CENTER**

#### **THE EQUIPMENT CONFIGURATION AND INSTALLATION CONTRACT**

The Board announces that on 18 November 2021, the Company and the Research Institute of Tsinghua University in Shenzhen entered into the Equipment Configuration and Installation Contract, pursuant to which the Company agreed to engage the Contractor to, and the Contractor agreed to, undertake the equipment configuration, installation work and technical support services at the Contract Price of RMB70.8 million (equivalent to approximately HK\$85.0 million) at the 8/F AMC Premises.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Equipment Configuration and Installation Contract is more than 5% but less than 25%, the entering into of the Equipment Configuration and Installation Contract and the transactions contemplated thereunder constitute a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules.

References are made to the announcements of the Company dated 14 July 2021 and 17 September 2021 respectively, in relation to the lease of the AMC Premises by the Group.

#### **THE EQUIPMENT CONFIGURATION AND INSTALLATION CONTRACT**

The Board announces that on 18 November 2021, the Company and the Contractor entered into the Equipment Configuration and Installation Contract, pursuant to which the Company agreed to engage the Contractor to, and the Contractor agreed to, undertake the equipment configuration, installation work and technical support services at the Contract Price of RMB70.8 million (equivalent to approximately HK\$85.0 million) at the 8/F AMC Premises.

Details of the Equipment Configuration and Installation Contract are set out below:

Date : 18 November 2021

Parties : (1) the Company; and  
(2) the Contractor

The Contractor is an institutional organisation operated in an enterprise mode, which is jointly established by Shenzhen Municipal Government and Tsinghua University in December 1996.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Contractor and its ultimate beneficial owners (i.e. Shenzhen Municipal Government and Tsinghua University) are Independent Third Parties.

The Contractor is positioned to serve as an arm of Tsinghua University to promote the technological, economic and social development in local region, also as a cradle for high-tech companies in South China.

### **Contract Price**

The Contract Price payable by the Company shall be RMB70.8 million (equivalent to approximately HK\$85.0 million). The Company shall pay the Contract Price based on the progress of the equipment configuration and installation work.

Pursuant to the memorandum of understanding dated 8 September 2021, the Company had paid the Contractor a refundable deposit in the amount of RMB5 million (equivalent to approximately HK\$6 million), which shall form part of the Contract Price payable by the Company to the Contractor for the equipment configuration, installation work and technical support services.

The Contract Price and the payment terms were determined after arm's length negotiations between the Company and the Contractor with reference to the prevailing market price, the complexity and expected scope of the equipment configuration, installation work and technical support services to be carried out.

The Contract Price will be funded by internal resources, debt and/or equity financing of the Company.

## **The equipment configuration, installation work and technical support services**

Pursuant to the Equipment Configuration and Installation Contract, the Company agreed to engage the Contractor to, and the Contractor agreed to, undertake:

- (1) the equipment configuration and installation work, which include the establishment of “Golden Bauhinia Constellation” satellite fixed station, box-type integrated satellite station, operation control center and data center at the 8/F AMC Premises; and
- (2) the technical support services, which include the provision of training, technical support and warranty services for the “Golden Bauhinia Constellation” satellite fixed station, box-type integrated satellite station, operation control center and data center.

Upon completion, inspection and acceptance of the equipment configuration and installation work, the Contractor shall provide a two-week training to the Group’s technicians on the basic knowledge to carry out operation control and application of satellites.

Upon completion, inspection and acceptance of the equipment configuration and installation work, the Contractor shall render technicians for on-site and/or remote support for a 365-day period. The first 90 days shall be a trial run period (the “**Trial Run Period**”), and the Contractor shall ensure that the technicians involved in the equipment configuration and installation work shall be stationed on-site to oversee and monitor the operations. Thereafter, the Contractor shall provide a remote technical support services via hotline.

### **Defect liability period, Retention Money and warranty period**

The defect liability period for the equipment configuration and installation work shall be one (1) year from the date of completion, inspection and acceptance of the equipment configuration and installation work.

Pursuant to the Equipment Configuration and Installation Contract, 5% of the Contract Price shall be withheld by the Company as retention money (the “**Retention Money**”), of which 50% of the Retention Money shall be payable by the Company to the Contractor within seven (7) days after the end of the Trial Run Period, and the remaining 50% of the Retention Money shall be payable by the Company to the Contractor after the end of the defect liability period.

The warranty period for the equipment configuration and installation work shall be three (3) years from the date of completion, inspection and acceptance of the equipment configuration and installation work.

### **Duration of the equipment configuration and installation work**

It is expected that the duration of the equipment configuration and installation work will be 233 calendar days (or such other days as supplemented or amended by the Company and the Contractor in writing).

## **Compensation mechanism**

The Equipment Configuration and Installation Contract provided for a compensation mechanism pursuant to which the Company may be required to compensate the Contractor for an amount up to 20% of the Contract Price for any breach of the terms.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EQUIPMENT CONFIGURATION AND INSTALLATION CONTRACT**

The Company is an investment holding company. The Group is principally engaged in (i) electronics manufacturing services business; and (ii) aerospace business, currently under the “Golden Bauhinia Constellation” project, which include (1) smart city with satellite big data applications and solutions; (2) satellite measurement and controlling; (3) satellite manufacturing; and (4) satellite launching.

As disclosed in the announcement of the Company dated 17 September 2021, the Group had leased the AMC Premises. The Company will set up a satellite intelligent manufacturing center; a monitoring and operation control, application and data center for satellites; and also conduct corresponding research and development activities at the AMC Premises.

In order to execute the “Golden Bauhinia Constellation” project, the 8/F AMC Premises had to undergo necessary refurbishment, including but not limited to the establishment of satellite station, control center and data center. The Board believes that leveraging on the expertise of the Contractor in the aerospace technology industry, the Contractor would be able to meet the stringent and precise specification required for satellite manufacturing. Hence, the equipment configuration and installation work to be carried out at the 8/F AMC Premises and technical support services provided by the Contractor will have a positive impact on the future development of the Group’s aerospace business.

As such, the Board is of the view that the terms of the Equipment Configuration and Installation Contract are fair and reasonable, and the entering into of the Equipment Configuration and Installation Contract is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Equipment Configuration and Installation Contract is more than 5% but less than 25%, the entering into of the Equipment Configuration and Installation Contract and the transactions contemplated thereunder constitute a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“8/F AMC Premises”	several units on the eighth (8th) floor of the AMC Premises, with a total gross floor area of approximately 3,602 square metres
“AMC Premises”	several units on the second (2nd) and eighth (8th) floor of the Advanced Manufacturing Centre (AMC) located at Tseung Kwan O Industrial Estate, Hong Kong, with a total gross floor area of approximately 178,205 square feet
“Board”	the board of the Directors
“Company”	Hong Kong Aerospace Technology Group Limited (香港航天科技集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1725)
“Contract Price”	the contract price payable by the Company to the Contractor under the Equipment Configuration and Installation Contract
“Contractor”	Research Institute of Tsinghua University in Shenzhen (深圳清華大學研究院), being an institutional organisation operated in an enterprise mode, which is jointly established by Shenzhen Municipal Government and Tsinghua University
“Director(s)”	the director(s) of the Company
“Equipment Configuration and Installation Contract”	the equipment configuration and installation contract dated 18 November 2021 and entered into between the Company and the Contractor, pursuant to which, the Contractor agreed to undertake the equipment configuration, installation work and technical support services
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“%”	per cent.

By order of the Board  
**Hong Kong Aerospace Technology Group Limited**  
**Sun Fengquan**  
*Co-Chairman and Chief Executive Officer*

Hong Kong, 18 November 2021

*For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.20. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.*

*As at the date of this announcement, the Board comprises Mr. Sun Fengquan (Co-Chairman and Chief Executive Officer), Mr. Lam Kin Fung Jeffrey, Ms. Ku Ka Lee Clarie (Vice Chairman) and Mr. Ma Fujun as executive Directors; Dr. Lam Lee G. (Co-Chairman), Dr. Yip Chung Yin and Mr. Lam John Cheung-wah as non-executive Directors; and Mr. Brooke Charles Nicholas, Mr. Hung Ka Hai Clement, Mr. Leung Kwong Ho and Mr. Lo Chi Chung William as independent non-executive Directors.*