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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)**

### **DISCLOSABLE TRANSACTION IN RELATION TO THE ENTERING INTO OF THE FIT-OUT CONTRACTS FOR THE AMC PREMISES**

#### **THE FIT-OUT CONTRACTS**

The Board announces that on 2 August 2022 (after trading hours), HKSML, an indirect wholly-owned subsidiary of the Company, and the Contractor entered into the 2/F Fit-out Contract, pursuant to which HKSML agreed to engage the Contractor to, and the Contractor agreed to, undertake the fitting out works for the 2/F AMC Premises at the Contract Price of HK\$120,800,000.

Prior to the entry of the 2/F Fit-out Contract, on 28 July 2022, HKSML and the Contractor entered into the 8/F Fit-out Contract, pursuant to which HKSML agreed to engage the Contractor to, and the Contractor agreed to, undertake the fitting out works for the 8/F AMC Premises and its roof at the Contract Price of HK\$36,700,000.

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

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transaction contemplated under the 2/F Fit-out Contract are more than 5% but less than 25%, the entering into of the 2/F Fit-out Contract and the transactions contemplated thereunder constitute a disclosable transaction of the Company, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transaction contemplated under the 8/F Fit-out Contract are less than 5%, the entry of the 8/F Fit-out Contract did not constitute a notifiable transaction of the Company pursuant to Chapter 14 of the Listing Rules at the time of entering into the 8/F Fit-out Contract. However, given that the contractors under the 2/F Fit-out Contract and the 8/F Fit-out Contract are the same entity and both of the Fit-out Contracts are scheduled to be completed within a twelve-month period, the two transactions under the Fit-out Contracts shall be aggregated and treated as if they were one transaction by virtue of Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the aggregate Contract Prices under the Fit-out Contracts are more than 5% but less than 25%, the entering into of the Fit-out Contracts and the transactions contemplated thereunder constitute a disclosable transaction of the Company, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

References are made to the announcements of the Company dated 14 July 2021, 17 September 2021 and 30 June 2022, respectively, in relation to the lease of the AMC Premises by the Group.

## **THE FIT-OUT CONTRACTS**

The Board announces that on 2 August 2022 (after trading hours), HKSML, an indirect wholly-owned subsidiary of the Company, and the Contractor entered into the 2/F Fit-out Contract, pursuant to which HKSML agreed to engage the Contractor to, and the Contractor agreed to, undertake the fitting out works for the 2/F AMC Premises at the Contract Price of HK\$120,800,000.

Prior to the entry of the 2/F Fit-out Contract, on 28 July 2022, HKSML and the Contractor entered into the 8/F Fit-out Contract, pursuant to which HKSML agreed to engage the Contractor to, and the Contractor agreed to, undertake the fitting out works for the 8/F AMC Premises and its roof at the Contract Price of HK\$36,700,000.

Details of the Fit-out Contracts are set out below:

	<b>2/F AMC Premises</b>	<b>8/F AMC Premises and its roof</b>
<b>Date</b>	: 2 August 2022	28 July 2022
<b>Parties</b>	: (a) HKSML; and (b) the Contractor	(a) HKSML; and (b) the Contractor

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owner of the Contractor is Hu Shenghua. The Contractor and its ultimate beneficial owner are Independent Third Parties.

**Scope of work and service of the Contractor** : The Contractor has been engaged to perform fitting out works and MEP works at the AMC Premises, including but not limited to, supplying and installing all new partitions, doors and ceilings; providing fire rated materials, components and installation; modifying and diverting the existing building services installation/ systems (such as fire services, plumbing and drainage systems, electrical services, etc.); strengthening the floor structure; etc.

**Contract Price** : HK\$120,800,000 HK\$36,700,000

Within 7 days of entering into of each of the Fit-out Contracts, HKSML shall also pay respective surety bonds of HK\$12,080,000 for the 2/F AMC Premises and HK\$3,670,000 for the 8/F AMC Premises and its roof, which will be returned upon substantial completion of the fitting out works.

The Contract Prices and the payment terms of the Fit-out Contracts were determined based on the bidding price offered by the Contractor in the tendering process. The Group accepted the bidding price with reference to the then prevailing market price of similar fitting out works, and the complexity and expected scope of the services to be carried out.

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

**Construction period** :

(i) Date of possession of site:	(i) Date of possession of site:
25 July 2022 or subject to confirmation by the project manager;	21 July 2022 or subject to confirmation by the project manager;
(ii) Commencement date:	(ii) Commencement date:
2 August 2022;	29 July 2022;

(iii) Completion date:

a. Section 1: subject to the equipment installation schedule, to be completed tentatively in August 2022, or the latest equipment delivery schedule;

b. Section 2: on or before 30 September 2022; and

c. Section 3: 150 calendar days from the commencement date.

(iii) Completion date:

a. Section 1: on or before 30 September 2022; and

b. Section 2: 120 calendar days from the commencement date.

**Completion** : Upon completion, the 2/F AMC Premises will be used as the Hong Kong satellite manufacturing centre and the 8/F AMC Premises will be used as the Hong Kong satellite operation control and application centre.

**Defects liability period** : 12 months from the substantial completion of the fitting out works

12 months from the substantial completion of the fitting out works

**Liquidated and ascertained damages** : Sections 1, 2 and 3: HK\$200,000 per calendar day

Sections 1 and 2: HK\$70,000 per calendar day

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FIT-OUT CONTRACTS**

The Group is principally engaged in (1) electronics manufacturing services business; and (2) aerospace business (the “**Aerospace Business**”), which includes (a) satellite manufacturing; (b) satellite measurement and controlling; and (c) satellite launching.

As stated in the Company’s announcements dated 14 July 2021, 17 September 2021 and 30 June 2022, respectively, HKSMML has entered into the offer to lease to lease the AMC Premises in order to set up the Hong Kong satellite manufacturing centre and the Hong Kong satellite operation control and application center; and also to conduct corresponding research and development activities. Hence, by entering into the Fit-out Contracts, the Group can start the fitting out works for the establishment of the said centres in the AMC Premises for carrying out of the Aerospace Business.

The Contractor was selected by HKSML for the transactions contemplated under the Fit-out Contracts through an open tendering process, while the Contract Prices were determined based on the bidding price offered by the Contractor. HKSML awarded the Fit-out Contracts to the Contractor after thorough evaluation of the bids, taking into account factors such as the experience and capability of the bidders, the expected scope of work and the expected cost of the fitting out project. HKSML considers that the Contractor is able to provide up-to-standard fitting out services for implementing the Fit-out Contracts.

The Directors (including the independent non-executive Directors) consider that the terms of the Fit-out Contracts are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transaction contemplated under the 2/F Fit-out Contract are more than 5% but less than 25%, the entering into of the 2/F Fit-out Contract and the transactions contemplated thereunder constitute a disclosable transaction of the Company, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transaction contemplated under the 8/F Fit-out Contract are less than 5%, the entry of the 8/F Fit-out Contract did not constitute a notifiable transaction of the Company pursuant to Chapter 14 of the Listing Rules at the time of entering into the 8/F Fit-out Contract. However, given that the contractors under the 2/F Fit-out Contract and the 8/F Fit-out Contract are the same entity and both of the Fit-out Contracts are scheduled to be completed within a twelve-month period, the two transactions under the Fit-out Contracts shall be aggregated and treated as if they were one transaction by virtue of Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the aggregate Contract Prices under the Fit-out Contracts are more than 5% but less than 25%, the entering into of the Fit-out Contracts and the transactions contemplated thereunder constitute a disclosable transaction of the Company, and are subject to the reporting and announcement requirements under 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:

“2/F AMC Premises”	several units on the second (2nd) floor of the AMC Premises
“2/F Fit-out Contract”	the contract entered into between HKSML and the Contractor dated 2 August 2022 in relation to the carrying out of the fitting out works and MEP works at the 2/F AMC Premises
“8/F AMC Premises”	several units on the eighth (8th) floor of the AMC Premises
“8/F Fit-out Contract”	the contract entered into between HKSML and the Contractor dated 28 July 2022 in relation to the carrying out of the fitting out works and MEP works at the 8/F AMC Premises and its roof
“AMC Premises”	several units on the second (2nd) and eighth (8th) floors of the Advanced Manufacturing Centre located at Tseung Kwan O Industrial Estate, Hong Kong, with a total gross floor area of approximately 178,205 square feet and the roof
“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(s)”	the contract price(s) payable by the Company to the Contractor under the Fit-out Contracts
“Contractor”	Kar Hong Construction and Engineering (Hong Kong) Co., Ltd. (嘉宏建築工程(香港)有限公司), a private company limited by shares incorporated in Hong Kong
“Director(s)”	the director(s) of the Company
“Fit-out Contracts”	the 2/F Fit-out Contract and the 8/F Fit-out Contract
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSML”	Hong Kong Satellite Manufacturing Limited (香港衛星製造有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Independent Third Parties”	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
“MEP”	mechanical, electrical and plumbing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 2 August 2022

*As at the date of this announcement, the Board comprises Mr. Sun Fengquan (Co-Chairman and Chief Executive Officer), Dr. Lam Lee G. (Co-Chairman), Mr. Lam Kin Fung Jeffrey, Ms. Ku Ka Lee Clarie (Vice Chairman) and Mr. Ma Fujun as executive Directors; Mr. Niu Aimin and Dr. Yip Chung Yin as non-executive Directors; and Dr. Mazlan Binti Othman, Mr. Brooke Charles Nicholas, Professor Chan Ka Keung, Ceajer, Mr. Hung Ka Hai Clement and Dr. Yuen Kwok Keung as independent non-executive Directors.*