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Hong Kong Aerospace Technology Group Limited

香港航天科技集團有限公司

(formerly known as Eternity Technology Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1725)

MAJOR TRANSACTION — CONSTRUCTION CONTRACT

CONSTRUCTION CONTRACT

The Board hereby announces that on 5 July 2021 (after trading hours), Eternity Huizhou, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor, pursuant to which Eternity Huizhou conditionally agreed to engage the Contractor to, and the Contractor conditionally agreed to, undertake the Construction Works at the Contract Price of RMB165 million (equivalent to approximately HK\$198 million) (subject to adjustments).

LISTING RULES IMPLICATIONS

As the Previous Construction Contract and the Construction Contract were entered into with the same contractor within 12 months, the transactions contemplated under the Construction Contract shall be aggregated with the transactions under the Previous Construction Contract, and treated as if they were one transaction pursuant to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Previous Construction Contract and the Construction Contract on an aggregate basis exceeds 25% but is less than 100%, it constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Construction Contract may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Construction Contract and the transactions contemplated thereunder; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Construction Contract and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Construction Contract and the transactions contemplated thereunder, and therefore no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for approving the Construction Contract and the transactions contemplated thereunder. As of the date of this announcement, HKATH held 212,850,100 Shares, representing approximately 70.95% of the issued share capital of the Company, has provided written Shareholder's approval on the Construction Contract and the transactions contemplated thereunder. As such, no general meeting will be convened for approving the Construction Contract and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, among other matters, further details of the Construction Contract and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 26 July 2021.

CONSTRUCTION CONTRACT

The Board hereby announces that on 5 July 2021 (after trading hours), Eternity Huizhou, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor, pursuant to which Eternity Huizhou conditionally agreed to engage the Contractor to, and the Contractor conditionally agreed to, undertake the Construction Works at the Contract Price of RMB165 million (equivalent to approximately HK\$198 million) (subject to adjustments).

A summary of the principal terms of the Construction Contract are as follows:

Date : 5 July 2021

Parties : (1) Eternity Huizhou; and

(2) the Contractor, a company established in the PRC with limited liability which principal business is construction of industrial and civil construction projects and sale of construction materials and equipment and plastic products. To the knowledge of the Directors, the ultimate beneficial owners of the Contractor are Lu Chunlin and Wu Yingying. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

Construction Works

Pursuant to the Construction Contract, Eternity Huizhou conditionally agreed to engage the Contractor to, and the Contractor conditionally agreed to, undertake the Construction Works which included foundation pit support works, pile foundation works, civil structural engineering works, interior rough decoration works, exterior decoration works (wall tiles/stones) and conventional water and electricity works, civil defence works, fire safety works, aluminium alloy doors and windows works, outdoor water supply, drainage and connection works, outdoor road works etc in Daya Bay, Huizhou City, the PRC, for the purpose of constructing a production plant for the internal use of the Group .

Contract Price and payment terms

The Contract Price payable by Eternity Huizhou shall be RMB165 million (equivalent to approximately HK\$198 million), subject to adjustments in accordance to the Construction Contract including in the event that during the term of the Construction Contract, the price(s) of the reinforcing bars and/or concrete change by more than 5%, the Contract Price shall be adjusted accordingly. Eternity Huizhou shall pay the Contract Price based on the construction progress. The Contract Price and the payment terms were determined after arm's length negotiations between Eternity Huizhou and the Contractor with reference to the then prevailing market price and the complexity and expected scope of the Construction Works to be carried out. The Contract Price will be funded by internal resources and bank facilities of the Group.

Condition precedent

The Construction Contract is conditional upon the Shareholders' approval. As at the date of this announcement, the condition precedent has been fulfilled.

Defect liability period and retention money

Pursuant to the Construction Contract, 3% of the Contract Price shall be withheld by Eternity Huizhou as retention money. The defect liability period for the Construction Works shall be 12 months from the date of completion, inspection and acceptance of the Construction Works. The retention money shall be paid by Eternity Huizhou to the Contractor after the end of the defect liability period.

Duration of the Construction Works

It is expected that the duration of the Construction Works will be 483 days commencing from 6 July 2021.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CONSTRUCTION CONTRACT

The Company is an investment holding company. The Group is principally engaged in the business of (i) electronics manufacturing services which includes provision of design enhancement and verification, offering of technical advice and engineering solutions, raw materials selection and procurement, quality control, logistic and delivery and after-sale services to the customers in respect of the assembling and production of printed circuit board assemblies and fully-assembled electronic products; and (ii) aerospace business, 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 7 July 2020, Eternity Huizhou acquired a piece of land which was located at Xinxing Industrial Park, Daya Bay Western District, Huizhou City, the PRC* (中國惠州市大亞灣西區新興產業園) (the "**Land**"). As part of the business strategies of the Group is to lower the impact from the trade friction between the United States of America and China and the impact from the outbreak of novel coronavirus (COVID-19) as disclosed in the annual report of the Company for the year ended 31 December 2020, the Group plans to continue its business strategies in constructing its own production plants instead of renting one to increase the interest of the Shareholders in the long term. The Directors consider that it is commercially beneficial to the Group and an appropriate time to enter into the Construction Contract for constructing a production plant on the Land because (i) the market rents in the Shenzhen continue to rise and it would be more cost efficient for the Group to construct its own production plant on the Land than leasing third party's premises in Shenzhen for production purpose; (ii) the cost

of operating a production plant and the labour cost in Huizhou City are relatively lower than in Shenzhen; (iii) the Land has been left idle since July 2020 and it would not be economical for and in the benefit of the Group to leave the Land unused for a long time; and (iv) the current lease of the premises in Shenzhen for production purpose will expire in 2021 and it is expected that it would take more than a year to complete the construction works of the production plant and have the new production plant to come into operation.

As disclosed in the announcement of the Company dated 16 July 2020, pursuant to the Previous Construction Contract, the Group engaged the Contractor to construct a production plant for the internal use of the Group in Shuikou, Huizhou City (“**Shuikou Plant**”). The Directors consider that it would be beneficial for the Group to construct another production plant in Daya Bay under the Construction Contract (“**Daya Bay Plant**”) since the Daya Bay Plant is in closer proximity to Shenzhen and it is expected that the Group will be able to reduce logistics cost by utilising the Daya Bay Plant to fulfil manufacturing orders from customers in Shenzhen whereas the Shuikou Plant will be used to fulfil manufacturing orders from customers in other areas.

For the reasons above, the Directors consider that entering into of the Construction Contract is in the ordinary and usual course of business of the Group and on normal commercial terms which is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Previous Construction Contract and the Construction Contract on an aggregate basis exceeds 25% but is less than 100%, it constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders’ approval requirements under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders’ approval of the Construction Contract may be given by way of written Shareholders’ approval in lieu of holding a general meeting if (1) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the

Construction Contract and the transactions contemplated thereunder; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Construction Contract and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Construction Contract and the transactions contemplated thereunder, and therefore no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for approving the Construction Contract and the transactions contemplated thereunder. As of the date of this announcement, HKATH held 212,850,100 Shares, representing approximately 70.95% of the issued share capital of the Company, has provided written Shareholder's approval on the Construction Contract and the transactions contemplated thereunder. As such, no general meeting will be convened for approving the Construction Contract and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

GENERAL

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Hong Kong Aerospace Technology Group Limited (香港航天科技集團有限公司) (formerly known as Eternity Technology Holdings Limited (恒達科技控股有限公司)), 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)

“Construction Contract”	the construction contract dated 5 July 2021 and entered into between Eternity Huizhou and the Contractor for the Construction Works
“Construction Works”	construction works to be carried out by the Contractor in Daya Bay, Huizhou City pursuant to the Construction Contract as further elaborated in the paragraph headed “Construction Works” in this announcement
“Contract Price”	the contract price payable by Eternity Huizhou under the Construction Contract
“Contractor”	Huizhou City Chunlin Construction Engineering Company Limited* (惠州市春林建築工程有限公司), a company established in the PRC with limited liability
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Eternity Huizhou”	Eternity Technology (Huizhou) Company Limited* (恒達科技(惠州)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HKATH”	Hong Kong Aerospace Technology Group Limited (香港航天科技集團有限公司) (to be renamed as Hong Kong Aerospace Technology Holdings Limited (香港航天科技控股有限公司)), a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou City Eternity”	Huizhou City Eternity Technology Company Limited* (惠州市恒昌盛科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous Construction Contract”	the construction contract dated 16 July 2020 and entered into between Huizhou City Eternity and the Contractor for the construction works in Shuikou, Huizhou City, the PRC, as disclosed in the announcement of the Company dated 16 July 2020
“RMB”	Renminbi, the lawful currency of the PRC
“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
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, 5 July 2021

As at the date of this announcement, the Board comprises Mr. Sun Fengquan (Co-Chairman and Chief Executive Officer), Mr. Ma Fujun, Mr. Liao Pin-tsung, Ms. Chen Xiaoyuan and Mr. Cheng Bin as executive Directors; Dr. Lam Lee G. (Co-Chairman) as non-executive Director; and Mr. Leung Kwong Ho, Mr. Wu Chi-luen, Mr. Chan Chung Kik, Lewis and Mr. Chow Kit Ting as independent non-executive Directors.

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 constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*