

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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)**

### **MAJOR TRANSACTION IN RELATION TO THE ENTERING INTO OF THE TOTAL PROCUREMENT OF EQUIPMENT AND INSTALLATION SERVICE CONTRACT FOR THE ESTABLISHMENT OF HONG KONG SATELLITE MANUFACTURING CENTRE**

#### **THE TOTAL PROCUREMENT OF EQUIPMENT AND INSTALLATION SERVICE CONTRACT**

The Board announces that on 27 October 2021 (after trading hours), the Company and China Great Wall Industry Corporation entered into the Contract, pursuant to which the Company agreed to engage the Contractor to, and the Contractor agreed to, procure the Products, undertake the installation, and provide technical support services at the Contract Price of RMB214,000,000 (equivalent to approximately HK\$256,800,000) for the establishment of the Group's Hong Kong satellite manufacturing centre and testing centre at the 2/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 Contract is more than 25% but less than 100%, the entering into of the Contract and the transactions contemplated thereunder constitute a major transaction for the Company, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the transactions contemplated under the Contract, and therefore no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the transactions contemplated under the Contract. HKATH is holding 212,850,100 Shares, representing approximately 70.95% of the issued share capital of the Company as at the date of this announcement.

Pursuant to Rule 14.44 of the Listing Rules, HKATH has given written approval to approve the Contract and the transactions contemplated thereunder. Accordingly, the written approval from HKATH will be accepted in lieu of holding a general meeting of the Company for approval of the entering into of the Contract and the transactions contemplated thereunder.

## **GENERAL**

A circular of the Company containing, among other matters, further details of the terms of the Contract, and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 17 November 2021.

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

## **THE TOTAL PROCUREMENT OF EQUIPMENT AND INSTALLATION SERVICE CONTRACT**

The Board announces that on 27 October 2021 (after trading hours), the Company and the Contractor entered into the Contract, pursuant to which the Company agreed to engage the Contractor to, and the Contractor agreed to, procure the Products, undertake the installation, and provide technical support services for the establishment of the Group's Hong Kong satellite manufacturing centre and testing centre at the 2/F AMC Premises.

Details of Contract are set out below:

Date : 27 October 2021

Parties : (1) the Company; and  
(2) China Great Wall Industry Corporation (中國長城工業集團有限公司), being the Contractor

The Contractor is a company established in the PRC with limited liability and wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council.

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

As a professional company promoting internationalised aerospace operation in China, the Contractor is committed to the internationalised aerospace development in China. The Contractor has developed into a system integrator for aerospace products and services, capable of providing comprehensive solutions, including commercial launch services, satellite in-orbit delivery, aerospace infrastructure construction, satellite ground monitor and control station construction, satellite applications, project financing, insurance, personnel training and technology transfer and so on, to meet the multifaceted needs of customers with a full range of one-stop services, and is well-known in the international aerospace, financial and insurance industries.

### **Contract Price**

The Contract Price payable by the Company shall be RMB214,000,000 (equivalent to approximately HK\$256,800,000). The Company shall pay the Contract Price based on milestones.

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

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

### **Scope of work and service of the Contractor**

Pursuant to the Contract, the Contractor is responsible for equipment facilities of the Hong Kong satellite manufacturing centre and testing centre at the 2/F AMC Premises. The center shall be equipped with relevant conditions fitting for satellite intelligent manufacturing and development in order to undertake assembly, integrated testing and satellites testing. The Contractor shall construct and build including but not limited to the vacuum thermal testing system, vibration testing system, magnetic testing system, pattern scanning testing system, Electromagnetic Compatibility (EMC) testing system and other satellite assembly process supporting equipment development in accordance with the contractual plan at the 2/F AMC Premises. The Contractor shall be responsible for (i) procuring relevant Products for each of the systems, including satellites testing equipments as well as handling the export approval procedures for relevant Products; (ii) undertaking the installation, testing and debugging of the Products and systems at the 2/F AMC Premises; and (iii) providing technical support services, which include the provision of training in relation to the use of the Products, and technical support and warranty services for the Products.

Upon completion, inspection and acceptance of the installation of the Products, the Contractor shall provide a combination of online/offline training to the Group's technicians in Hong Kong and the PRC, on the basic knowledge on machinery and equipment use, satellite technology and theory, and satellite assembly, integration and test (AIT) process and drills. Thereafter, the Contractor shall provide the Group with online/offline technical support services for one (1) year, and online technical support services for another two (2) years.

### **Duration of the procurement and installation of the Products**

It is expected that the duration for the procurement and installation of the Products will be 15 calendar months (or as supplemented or amended by the Company and the Contractor in writing).

### **Warranty period**

The warranty period for the Products shall be one (1) year from the date of completion, inspection and acceptance of the installation of the Products.

### **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE 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 2/F AMC Premises had to undergo necessary refurbishment, including but not limited to the procurement and installation of satellites testing equipments. To select the Contractor as the supplier and contractor for the satellites assembly and testing center of the Group at the 2/F AMC Premises, the Board has taken into account of various factors of the Contractor, including (i) the prolonged track record of the Contractor of more than 30 years in aerospace technology industry including the aerospace infrastructure construction, (ii) the Contractor is the sole commercial organization authorized by the PRC government to provide commercial launch services, satellite systems and to carry out space technology cooperation; and (iii) the Contractor has the expertise in various areas of the aerospace technology industry.

The Board believes that leveraging on the technical know how and the expertise of the Contractor in the aerospace technology industry, the Contractor would be able to assist the Group to procure and install the necessary equipments and testing systems for its satellite manufacturing, and train the Group's technicians to handle the tasks at the 2/F AMC Premises. Hence, the installation of the Products at the 2/F AMC Premises and the 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 Contract are fair and reasonable, and the entering into of the 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 Contract is more than 25% but less than 100%, the entering into of the Contract and the transactions contemplated thereunder constitute a major transaction for the Company, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the transactions contemplated under the Contract, and therefore no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the transactions contemplated under the Contract. HKATH is holding 212,850,100 Shares, representing approximately 70.95% of the issued share capital of the Company as at the date of this announcement.

Pursuant to Rule 14.44 of the Listing Rules, HKATH has given written approval to approve the Contract and the transactions contemplated thereunder. Accordingly, the written approval from HKATH will be accepted in lieu of holding a general meeting of the Company for approval of the entering into of the Contract and the transactions contemplated thereunder.

### **GENERAL**

A circular of the Company containing, among other matters, further details of the terms of the Contract, and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 17 November 2021.

## 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”	the entire second (2nd) floor of the AMC Premises
“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”	the total procurement of equipment and installation service contract dated 27 October 2021 and entered into between the Company and the Contractor, pursuant to which, the Contractor agreed to procure the Products, undertake the installation, and provide technical support services
“Contract Price”	the contract price payable by the Company to the Contractor under the Contract
“Contractor”	China Great Wall Industry Corporation, a company established in the PRC with limited liability and wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“HKATH”	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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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
“Products”	the products, including satellites testing equipments, to be procured by the Contractor pursuant to the Contract
“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 PRC

“%”

per cent.

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

Hong Kong, 27 October 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 constructed 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.*