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## **Eternity Technology Holdings Limited**

**恒達科技控股有限公司**

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

**(Stock Code: 1725)**

### **DISCLOSEABLE TRANSACTION — ACQUISITION OF LAND USE RIGHT IN HUIZHOU CITY**

#### **ACQUISITION OF LAND USE RIGHT IN HUIZHOU CITY**

The Board hereby announces that on 7 July 2020, Eternity (Huizhou), an indirect wholly owned subsidiary of the Company, entered into the Confirmation Letter to confirm that Eternity (Huizhou) successfully won the bid for the Auction for the land use rights of the 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) at a consideration of RMB25.5 million.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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**Date** : 7 July 2020

**Parties** : (1) Eternity (Huizhou), an indirect wholly owned subsidiary of the Company which principal business is provision of EMS; and

(2) Huizhou Land Resources Bureau, a local PRC government authority, which is in charge of, among other things, the management of land resources in Huizhou City, the PRC. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Huizhou Land Resources Bureau and its ultimate beneficial owners are Independent Third Parties.

### **Subject matter**

Pursuant to the Confirmation Letter, Huizhou Land Resources Bureau and Huizhou Public Resources Trading Centre confirmed that Eternity (Huizhou) successfully won the bid for the Auction for the land use rights of the Land. The Land is located at Block DYW202010, 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DYW202010地塊). The Land has a total site area of approximately 30,002 sq.m. The Land is for industrial use. The term of the land use right of the Land is 50 years.

Under the Auction arrangement, Eternity (Huizhou) will first enter into the Lease Agreement with Huizhou Land Resources Bureau within 10 days from the date of signing of the Confirmation Letter. Pursuant to the Lease Agreement, Eternity (Huizhou) shall lease the Land for a term of six months at the total rent of RMB255,000, being 1% of the consideration of the Acquisition. The payment of the rent shall be made within 30 days from the date of the Lease Agreement. The rent will form part of and be directly debited from the consideration.

After the term of the Lease Agreement, conditional upon the permit of commencement of construction of the production base on the Land having been obtained and such construction having commenced, Eternity (Huizhou) shall enter into the Land Use Rights Grant Contract with Huizhou Land Resources Bureau pursuant to which after Eternity (Huizhou) pays the consideration as disclosed below, the land use rights of the Land shall be granted to Eternity (Huizhou).

### **Consideration**

Eternity (Huizhou) won the bid for the Auction for a total consideration of RMB25.5 million. Eternity (Huizhou) remitted to Huizhou Land Resources Bureau an amount of RMB8 million as security deposit for the Auction. The security deposit will form part of and be directly debited from the consideration. The payment of the remaining balance of the consideration shall be made within 30 days after the date on which the Land Use Rights Grant Contract is entered into. The consideration and the bid price which were submitted by Eternity (Huizhou) was arrived at the Auction. The Group expects that the consideration for the Acquisition will be funded by the internal resources of the Group which does not constitute part of the proceeds received from initial public offering of the Shares on the Stock Exchange in August 2018.

### **Proposed investment on the Land**

Under the Auction arrangement, upon successful bidding of the Land, Shenzhen Eternity, an indirect wholly owned subsidiary of the Company, shall enter into the Investment Agreement with Huizhou Daya Bay Investment Promotion Bureau, an Independent Third Party local PRC government authority which is in charge of investment promotion matters in Huizhou Daya Bay. Pursuant to the Investment Agreement, Shenzhen Eternity proposes to invest not less than RMB384 million to develop a high-tech equipment R&D and production base on the Land which include construction of the production base and procurement of the production equipment.

As at the date of this announcement, the Company has not entered into any legally binding contracts with third parties contractors or suppliers in relation to the investment contemplated under the Investment Agreement. Certain transactions contemplated under the Investment Agreement, if materialised, may constitute notifiable transactions of the Company for the purpose of the Listing Rules. Further announcement(s) in relation to such transactions contemplated under the Investment Agreement will be made by the Company as and when appropriate in compliance with the Listing Rules.

## **REASONS FOR AND BENEFIT OF THE ACQUISITION**

The Group is principally engaged in the business of EMS 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.

As disclosed in the 2019 annual report of the Company, during the financial year ended 31 December 2019, trade friction between the United States of America and China has slowed down the economic growth of both China and the world. The continuous growth in the EMS industry has also slowed down. Further, in 2020, the novel coronavirus (COVID-19) outbreak has brought about additional uncertainties in the Group's operating environment in China. As part of the business strategies of the Group to lower the impact from the outbreak, the Group plans to construct its own production base 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 acquire the Land for constructing a production base because (i) the level of rentals in the Shenzhen continues to rise and it would be more cost efficient for the Group to construct its own production base on the Land than continuously leasing third party's premises in Shenzhen for production purpose; (ii) the cost of operating a production base and the labour cost in Huizhou are relatively lower than in Shenzhen; (iii) 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 base and have the new production base to come into operation; and (iv) the Land is close to Shenzhen in proximity and setting up the production base on the Land allows the Group to incur less relocation costs for migrating its production base from Shenzhen to the Land and continue to serve its clients located in Shenzhen.

For the reasons above, the Directors consider that the Acquisition 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.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is 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 expressions shall have the following respective meanings.

“Acquisition”	the acquisition of land use right of the Land through public bidding process at the Auction
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Auction”	the auction being held by the Huizhou Public Resources Trading Centre for the land use rights of the Land
“Board”	the board of Directors
“Company”	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)
“Confirmation Letter”	the auction confirmation letter* (成交確認書) entered into among Eternity (Huizhou), Huizhou Land Resources Bureau and Huizhou Public Resources Trading Centre on 7 July 2020 as a result of successfully winning the bid for the Auction
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EMS”	electronics manufacturing services
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Huizhou Daya Bay Investment Promotion Bureau”	Huizhou Daya Bay Economic Technology Development Area Investment Promotion Bureau* (惠州大亞灣經濟技術開發區招商局)
“Huizhou Land Resources Bureau”	Huizhou City Land Resources Bureau* (惠州市國土資源局)
“Huizhou Public Resources Trading Centre”	Huizhou City Public Resources Trading Centre Daya Bay Sub-Centre* (惠州市公共資源交易中心大亞灣分中心)
“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
“Investment Agreement”	the investment agreement to be entered into by Shenzhen Eternity and Huizhou Daya Bay Investment Promotion Bureau
“Land”	the land which is located at Block DYW202010, 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DYW202010地塊)
“Land Use Rights Grant Contract”	the State-owned Construction Land Use Rights Grant Contract* (國有建設用地使用權出讓合同) to be entered into by Eternity (Huizhou) and Huizhou Land Resources Bureau
“Lease Agreement”	the State-owned Construction Land Use Rights Lease Agreement* (國有建設用地使用權租賃合同) to be entered into by Eternity (Huizhou) and Huizhou Land Resources Bureau
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board operated by the Stock Exchange
“PRC”	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

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Eternity”	Shenzhen Hengchang Sheng Technology Company Limited* (深圳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
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.
“sq.m”	square metre(s)

By order of the Board  
**Eternity Technology Holdings Limited**  
**Ma Fujun**  
*Chairman*

Hong Kong, 7 July 2020

*As at the date of this announcement, the Board comprises the following members:*

*Executive Directors*

Mr. Ma Fujun (*Chairman*)  
Ms. Chen Xiaoyuan  
Mr. Cheng Bin

*Independent Non-executive Directors*

Mr. Chan Chung Kik Lewis  
Mr. Wu Chi-luen  
Mr. Chow Kit Ting

*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).*