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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 22 July 2019, Huizhou Eternity, an indirect wholly owned subsidiary of the Company, entered into the Confirmation Letter with Huicheng Resources Bureau to confirm that Huizhou Eternity has successfully won the bid for the auction for the land use rights of the Land, which is located at Block JD-130-05-02, South District, Shuikou Private Industrial Park, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口民營工業園南區JD-130-05-02地塊) at a consideration of RMB26,830,000.

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 : 22 July 2019

Parties : (1) Huizhou Eternity, an indirect wholly owned subsidiary of the Company which principal business is provision of electronic manufacturing services.

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

Subject matter

The Land is located at Block JD-130-05-02, South District, Shuikou Private Industrial Park, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口民營工業園南區JD-130-05-02地塊). The Land has a total site area of approximately 26,558.88 sq.m. The Land is for industrial use. The term of the land use right of the Land is 50 years.

Consideration

Huizhou Eternity has won the bid for the auction for the land use rights of the Land for a total consideration of RMB26,830,000. Huizhou Eternity has remitted to Huicheng Resources Bureau an approximate amount of RMB8.0 million as deposit for the auction of which approximately RMB5.4 million is non-refundable deposit of the Acquisition (being 20% of the consideration) and will be forfeited if Huizhou Eternity does not sign the Stated-owned Land Use Rights Grant Contract within 10 working days from the date of the Confirmation Letter. The deposit for the auction will form part of and be directly debited from the consideration. The payment of the

balance of the consideration shall be made within 30 days from the date on which the State-owned Land Use Rights Grant Contract is entered into. The consideration and also the bid price submitted by Huizhou Eternity, were arrived at the auction being held by the Huizhou City Public Resources Trading Centre* (惠州市公共資源交易中心). 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.

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.

It is expected that there will be continuous growth in the EMS industry being driven by the booming market for electronics products, advancement in manufacturing technology, adoption and implementation of favourable policies which include a strategic plan entitled “Made in the PRC 2025 (中國製造2025)” by the PRC government. As disclosed in the prospectus of the Company dated 3 August 2018, the Group currently leased two premises in Shenzhen as production plants. The current production plants may not be able to meet the expected increase of demand for production capacities in the near future. It is noted that the rental of properties in Shenzhen is on the increasing trend and therefore the Directors are of the view that it is beneficial for the Group to construct its own production plant on the Land instead of renting one. 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.

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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
“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 between Huizhou Eternity and Huicheng Resources Bureau on 22 July 2019 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huicheng Resources Bureau”	Huizhou City Huicheng District Natural Resources Bureau* (惠州市惠城區自然資源局)
“Huizhou 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 a wholly owned subsidiary of the Group

“Independent Third Party(ies)”	a third party independent of the Company and the connected persons (has the meaning ascribed thereto in the Listing Rules) of the Company and is not a connected person (has the meaning ascribed thereto in the Listing Rules) of the Company
“Land”	the land which is located at Block JD-130-05-02, South District, Shuikou Private Industrial Park, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口民營工業園南區 JD-130-05-02地塊)
“Listing Rules”	the Rules Governing the Listing of Securities on 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)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“State-owned 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 Huizhou Eternity and Huicheng Resources Bureau pursuant to the Confirmation Letter
“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, 22 July 2019

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).*