

**Eternity Technology Holdings Limited**  
**恒達科技控股有限公司**

*Executive Directors:*

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

*Independent non-executive Directors:*

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

*Registered office in Cayman Islands:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Principal place of*

*business in Hong Kong:*  
Room A, 12th Floor  
Granville House  
41C Granville Road  
Tsim Sha Tsui  
Kowloon, Hong Kong

13 May 2021

*To the Independent Shareholders:*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
KINGSTON SECURITIES LIMITED  
FOR AND ON BEHALF OF  
HONG KONG AEROSPACE TECHNOLOGY GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
ETERNITY TECHNOLOGY HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY THE OFFEROR AND/OR  
PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement issued by the Offeror and the Company in relation to, among others, the Acquisition and the Offer.

On 15 April 2021, the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor had agreed to sell and the Offeror had agreed to purchase the Sale Shares, being 191,250,000 Shares, representing 63.75% of the issued share capital of the Company, for the Consideration of HK\$286,875,000 (being HK\$1.50 per Sale Share). Completion took place on 21 April 2021. The Vendor ceased to be a Shareholder immediately after Completion.

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As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in an aggregate of 212,850,000 Shares, representing 70.95% of the issued share capital of the Company.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and the Offer; (ii) the letter from Kingston Securities containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and on acceptance in respect of the Offer.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wu Chi-luen, Mr. Chan Chung Kik, Lewis and Mr. Chow Kit Ting, has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

INCUB, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The full text of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document.

**You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

### PRINCIPAL TERMS OF THE OFFER

As disclosed in the section headed "Letter from Kingston Securities" in this Composite Document, Kingston Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

**For each Offer Share . . . . . HK\$2.00 in cash**

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The Offer Price of HK\$2.00 per Offer Share is equal to the highest purchase price per Share paid by the Offeror within six (6) months prior to the commencement of the Offer Period.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and together with all rights now and thereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

The Offer is unconditional in all aspects.

As at the Latest Practicable Date, there were 300,000,000 Shares in issue and the Company did not have any outstanding options, warrants, securities or derivatives which are convertible or exchangeable into Shares.

Further details of the Offer are set out in the section headed "Letter from Kingston Securities" in this Composite Document and the additional information contained in appendices to this Composite Document and the accompanying Form of Acceptance.

### **The Elite Foster Irrevocable Undertaking**

As at the Latest Practicable Date, Elite Foster held 33,750,000 Shares, being the Elite Foster Shares, representing 11.25% of the issued share capital of the Company. On 21 April 2021, Elite Foster had given the Elite Foster Irrevocable Undertaking in favour of the Offeror and the Company, pursuant to which it had irrevocably and unconditionally undertaken that it, among other things, (a) would not tender or otherwise make any of the Elite Foster Shares available for acceptance under the Offer; and (b) would not whether directly or indirectly dispose of, charge, pledge, grant any option over or otherwise dispose of or create any encumbrances in respect of the Elite Foster Shares. The Elite Foster Irrevocable Undertaking shall be terminated and of no legal effect immediately if the Offer is withdrawn or closed.

### **Offer Price**

The Offer Price of HK\$2.00 per Offer Share represents:

- a discount of approximately 92.14% to the closing price of HK\$25.45 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a discount of approximately 45.95% to the closing price of HK\$3.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 29.43% to the average closing price of approximately HK\$2.83 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 17.66% to the average closing price of approximately HK\$2.43 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;



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- a discount of approximately 16.99% to the average closing price of approximately HK\$2.41 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days prior to and including the Last Trading Day; and
- a premium of approximately 101.45% over the Group's audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.00 per Share as at 31 December 2020 (based on a total of 300,000,000 Shares and the Group's audited consolidated net asset value attributable to the Shareholders of approximately RMB250,290,000 (equivalent to approximately HK\$297,845,100) as at 31 December 2020).

### Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$31.1 per Share on 26 April 2021; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$1.13 per Share on 30 December 2020.

### Total value of the Offer

As at the Latest Practicable Date, there were 300,000,000 Shares in issue. On the basis of the Offer Price of HK\$2.00 per Offer Share, the issued share capital of the Company would be valued at HK\$600,000,000.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in an aggregate of 212,850,000 Shares, and after excluding the Elite Foster Shares pursuant to the Elite Foster Irrevocable Undertaking, and on the basis that there are 53,400,000 Shares subject to the Offer and assuming that there is no change in the issued share capital of the Company, in the event that the Offer is accepted in full, the aggregate value of the Offer is HK\$106,800,000.

### Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the section headed "Letter from Kingston Securities" in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

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### INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares have been listed on Main Board of the Stock Exchange since 16 August 2018. The Company is an investment holding company and the Group is principally engaged in the business of 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 Group's customers in respect of their assembling and production of printed circuit board assemblies and fully-assembled electronic products.

Financial and general information in relation to the Group are set out in Appendix II and Appendix IV to this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date are as follows:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
<i>The Offeror and parties acting in concert with it</i>				
The Offeror	21,600,000	7.20	212,850,000	70.95
<i>Other Shareholders</i>				
The Vendor	191,250,000	63.75	—	—
Elite Foster	33,750,000	11.25	33,750,000	11.25
The Independent Shareholders	<u>53,400,000</u>	<u>17.80</u>	<u>53,400,000</u>	<u>17.80</u>
<b>Total</b>	<u><u>300,000,000</u></u>	<u><u>100.00</u></u>	<u><u>300,000,000</u></u>	<u><u>100.00</u></u>

### INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Letter from Kingston Securities — Information on the Offeror" in this Composite Document and Appendix III to this Composite Document.

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### **INTENTIONS OF THE OFFEROR REGARDING THE GROUP**

Your attention is drawn to the section headed “Letter from Kingston Securities — Intentions of the Offeror regarding the Group” in this Composite Document.

The Board is aware of the Offeror’s intention to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). The Board is aware that, following the close of the Offer, the Offeror intends that the Group will engage in the Aerospace Business and will also continue (i) the existing principal businesses of the Group and (ii) the construction of production plant in Huizhou. The Board is aware that the Offeror will continue to review the business operations and financial position of the Group from time to time for development of a sustainable business plan and strategy to the Group. The Board is also aware that, save for the potential change(s) to the composition of the Board (save for Mr. Ma), the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror may re-deploy the human resources from time to time when it is deemed necessary or appropriate to the benefit of the Group.

The Board is aware that, save for the Offeror’s intention regarding the Group as set out above, (i) the Offeror has no intention to make material changes to the employment of the employees of the Group (except for a proposed change to the members of the Board (save for Mr. Ma) at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); (ii) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any asset or business into the Group.

The Board is aware of the intention of the Offeror in respect of the Group and its employees and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

### **PROPOSED CHANGE OF BOARD COMPOSITION**

The Board is aware that the Offeror intends to nominate new director(s) to the Board to facilitate the business operation, management and strategy of the Group. The Board is also aware that the Offeror intends to appoint new Directors with effect not earlier than such date as permitted under Rule 26.4 of the Takeovers Code (i.e. with effect from immediately after the despatch of this Composite Document). Any changes to the members of the Board and the composition of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules.

Your attention is drawn to the section headed “Letter from Kingston Securities — Proposed change of Board composition” in this Composite Document.

### **CHANGE IN BOARD LOT SIZE**

The board lot size of the Shares will be changed from 5,000 Shares to 200 Shares with effect from 27 May 2021, which falls within the period when the Offer is open for acceptance. In this



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relation, new share certificates in board lots of 200 Shares each are available for free exchange from 12 May 2021 to 21 June 2021. Details of the expected timetable for the change in board lot size are set out in the announcement of the Company dated 5 May 2021.

Shareholders will not be precluded from accepting the Offer by reason of the aforesaid change in board lot size. All existing share certificates in board lots of 5,000 Shares each will continue to be good evidence of title to such Shares and be valid for transfer, delivery and settlement purposes under the Offer. For those Shareholders who have exchanged for new share certificates will lodge their new share certificates for acceptance of the Offer, whereas existing share certificates of those Shareholders who have not exchanged for new share certificates will also be accepted for such purpose.

### **TAXATION ADVICE**

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, the Company, the Registrar, Kingston Securities, Kingston Corporate Finance, Octal Capital Limited, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, is held by the public at all times, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. Each of the Offeror, the Directors to be appointed after the issue of this Composite Document and the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Immediately following Completion, 53,400,000 Shares, representing 17.80% of the issued share capital of the Company, are held by the public. Accordingly, the Company does not fulfil the public float requirement as set out under the Listing Rules. As such, the Company has made an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules and the Stock Exchange has granted the waiver.

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The Offeror has undertaken to the Stock Exchange that it shall use all reasonable endeavours to take appropriate steps, which may include placing down part of the interest of the Offeror or parties acting in concert with it in the Company following the close of the Offer, to ensure restoration of the minimum percentage of the Shares as required under Rule 8.08(1)(a) of the Listing Rules to public hands. Your attention is also drawn to the section headed “Letter from Kingston Securities — Public float and maintaining the listing status of the Company” in this Composite Document.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

### OPINION AND RECOMMENDATION

The Independent Board Committee, comprising all the independent non-executive Directors of the Company who have no direct or indirect interest in the Offer, namely, Mr. Wu Chi-luen, Mr. Chan Chung Kik, Lewis and Mr. Chow Kit Ting, has been established to recommend the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the Offer.

The Independent Board Committee has appointed INCU, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. Such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

Your attention is drawn to (i) the section headed “Letter from the Independent Board Committee” as set out on pages 30 to 31 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders in respect of the Offer; and (ii) the section headed “Letter from the Independent Financial Adviser” set out on pages 32 to 54 of this Composite Document, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.



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By order of the Board of  
**Eternity Technology Holdings Limited**

A handwritten signature in black ink, appearing to be the name 'Ma Fujun' in Chinese characters, written in a cursive style.

**Ma Fujun**  
*Chairman & Executive Director*