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## **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)**

### **BUSINESS UPDATE IN RELATION TO THE AGRICULTURAL SATELLITE CONSTELLATION COOPERATION WITH SHANDONG INSTITUTE OF INDUSTRIAL TECHNOLOGY**

The purpose of this announcement is to keep the shareholders and potential investors of Hong Kong Aerospace Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) informed of the latest business development of the Group.

#### **BACKGROUND**

References are made to the announcement of the Company dated 26 August 2021 and 4 April 2022 in relation to the strategic cooperation between the Company and Shandong Institute of Industrial Technology (“**SDIIT**”) to jointly construct and operate the first high-resolution agricultural satellite constellation, namely “Golden Bauhinia — Qilu Satellite Constellation”.

#### **THE AGREEMENT REGARDING THE AGRICULTURAL SATELLITE CONSTELLATION COOPERATION**

The board (the “**Board**”) of directors (“**Director(s)**”) of the Company is pleased to announce that, on 15 April 2022, 港航科(濟南)航天科技有限公司 (transliterated as Gang Hang Ke (Jinan) Aerospace Technology Co., Ltd.) (“**JN Gang Hang Ke**”), a subsidiary of the Company, and 山東產研衛星信息技術產業研究院有限公司 (transliterated as Shandong Industrial Institutes Ltd. of Satellite Information Technology) (“**SDIISIT**”), a subsidiary of SDIIT, entered into an agreement (the “**Agreement**”), pursuant to which, the parties thereto agreed to cooperate in the construction and operation of the agricultural satellite constellation.

## **Subject matter**

Pursuant to the Agreement, the parties thereto shall cooperate in the construction and operation of the “Golden Bauhinia — Qilu Satellite Constellation”, the first formation of which comprises one experimental satellite (the “**Experimental Satellite**”) and 8 agricultural operation satellites (the “**Operational Satellites**”). Pursuant to the Agreement, during the designed life-span of the satellites, SDIISIT could enjoy 100% data usage right of the Experimental Satellite and 50% data usage right of the 8 Operational Satellites respectively. SDIISIT could use satellite data to carry out secondary development and value-added activities for profit. JN Gang Hang Ke shall furnish the satellite data to SDIISIT in accordance with the Agreement.

Pursuant to the Agreement, each of the Group and SDIISIT shall be responsible for the construction of its own independent satellite mission center and data center. In addition, the Group shall be in charge of the construction and operation of the “Golden Bauhinia — Qilu Satellite Constellation” and shall also respond, in a timely manner, to the request of the satellite observation missions as requested by SDIISIT and provide quality service to SDIISIT.

## **Price and payment term**

SDIISIT shall pay JN Gang Hang Ke usage fees in the total sum of RMB54.8 million which includes (1) RMB6.8 million for the entire usage of the Experimental Satellite; and (2) RMB48 million for 50% usage of the 8 Operational Satellites by SDIISIT during the designed life span of such satellites. Apart from the usage fees, SDIISIT shall also share 50% of the satellite launching fees and expenses in respect of the 8 Operational Satellites.

## **About SDIISIT and SDIIT**

SDIISIT was established on 7 November 2019 and is wholly-owned by SDIIT. SDIIT is a public research institute established by the Government of Shandong Province, it is committed to the innovation and integration of industrial technology, achieving the transition and commercialisation of technology.

## **About JN Gang Hang Ke**

JN Gang Hang Ke, a company established in the PRC with limited liability, is a subsidiary of the Company. JN Gang Hang Ke is principally engaged in aerospace technology, satellite application, satellite manufacturing and technical services, technical consulting, space technology solutions and design and development of network information and technology.

## **REASONS FOR AND THE BENEFITS OF THE ENTERING INTO OF THE AGREEMENT**

The Group has commenced the 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.

Upon the entering into of the Agreement, the Group can further develop its satellite measurement and controlling business. In view that (i) the Agreement, which is revenue generating in nature, allows the Group to increase its profitability and income base; (ii) the cooperation with SDIIT and/or SDIISIT enables the Group to benefit from the synergies created through the integration of skills, knowledge and expertise; and (iii) the satellite programming data obtained from the agricultural satellite constellation will broaden the technological innovation and economic benefits of the Group, the cooperation with SDIIT and/or SDIISIT would be beneficial to and in the interests of the Company and its shareholders as a whole.

As such, the Board is of the view that the terms of the Agreement are fair and reasonable, and the entering into of the Agreement is in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 15 April 2022

*As at the date of this announcement, the Board comprises Mr. Sun Fengquan (Co-Chairman and Chief Executive Officer), Dr. Lam Lee G. (Co-Chairman), Mr. Lam Kin Fung Jeffrey, Ms. Ku Ka Lee Clarie (Vice Chairman) and Mr. Ma Fujun as executive Directors; Dr. Yip Chung Yin and Mr. Lam John Cheung-wah as non-executive Directors; and Mr. Brooke Charles Nicholas, Professor Chan Ka Keung, Ceajer, Mr. Hung Ka Hai Clement, Mr. Leung Kwong Ho and Dr. Yuen Kwok Keung as independent non-executive Directors.*