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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 ENTERING INTO OF THE MOU ON THE COOPERATION IN DEVELOPMENT OF THE DJIBOUTIAN SPACEPORT

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.

THE MOU

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 9 January 2023, the Company, the Government of the Republic of Djibouti (the “**Djiboutian Government**”) and Touchroad International Holdings Group (“**Touchroad**”) entered into a memorandum of understanding (the “**MOU**”) in relation to, among others, the cooperation in development of an international commercial spaceport in the Republic of Djibouti (the “**Djiboutian Spaceport**”).

Purpose of the MOU

The purpose of the MOU is to establish effective collaboration between the Djiboutian Government, the Company and Touchroad in the development and operation of the Djiboutian Spaceport.

Pursuant to the MOU, it is intended that, among others:

- (1) the Company and Touchroad will set up a company (the “**Project Company**”) to sign a formal contract (the “**Formal Contract**”) with the Republic of Djibouti to build the Djiboutian Spaceport;
- (2) the Project Company plans to start to develop the Djiboutian Spaceport after signing the Formal Contract with the Republic of Djibouti in March 2023; and

- (3) the Djiboutian Government will provide the necessary land (minimum 10 square kilometres and with a term of not less than 35 years) and all the necessary assistance to build and operate the Djiboutian Spaceport.

Exclusivity

Pursuant to the MOU, all the parties to the MOU mutually recognize each other as the exclusive partner in the spaceport development in the Republic of Djibouti.

Term

The MOU shall enter into force on the date of the MOU for 3 months, unless terminated by a written notice served by any party to the MOU. The MOU will terminate 30 days after receipt of such notice.

THE REPUBLIC OF DJIBOUTI

The Republic of Djibouti is a country in the Horn of Africa, the economy of which is mainly based on service activities connected with its strategic location as a deepwater port on the Red Sea.

TOUCHROAD

Based on the information provided by Touchroad, it is a conglomerate conducting businesses in Africa for over 20 years with exposures in various industries and projects including the development and construction of special economic zones in the Republic of Djibouti, mineral extraction, international trade, and cultural exchange and tourism.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Touchroad and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

REASONS FOR AND THE BENEFITS OF THE ENTERING INTO OF THE MOU

The Group is principally engaged in (1) electronics manufacturing services business; and (2) aerospace business (the "**Aerospace Business**") which includes (a) satellite manufacturing; (b) satellite communication; (c) satellite measurement and controlling; and (d) satellite launching.

The Company intends to participate in the development of the Djiboutian Spaceport, which is expected to include 7 satellite launch pads and 3 rocket testing pads. The Company is of the view that the entering into of the MOU will provide a foundation for the Group to further explore business opportunity in relation to the Djiboutian Spaceport with the Djiboutian Government and Touchroad. The transactions contemplated under the MOU, if materialised, would enable the Group to leverage on the resources of the Republic of Djibouti and the business connection of Touchroad in Africa, and allow the Group a smooth

entrance into the aerospace business in the Republic of Djibouti. As such, the Group considers that the entering into of the MOU will have a positive impact on the development of the Group's Aerospace Business. Accordingly, the Board is of the view that the terms of the MOU are fair and reasonable, and the entering into of the MOU is in the interests of the Company and its shareholders as a whole.

The Company will make further announcement(s) in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as and when appropriate for any material developments or when other formal agreement(s) be entered into in relation to the MOU and the transactions contemplated thereunder.

There is no assurance that the transactions contemplated under the MOU or this announcement will materialise. Shareholders and potential investors of the Company should note that the development of the Djiboutian Spaceport is subject to, among other things, the entering into of the Formal Contract, the major terms and conditions of which are yet to be agreed upon. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 9 January 2023

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. Mazlan Binti Othman, Mr. Niu Aimin and Dr. Yip Chung Yin as non-executive Directors; and Mr. Brooke Charles Nicholas, Professor Chan Ka Keung, Ceajer, Mr. Hung Ka Hai Clement, Dr. Yuen Kwok Keung and Mr. Juan de Dalmau-Mommertz as independent non-executive Directors.