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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 A GROUND STATION NETWORK AGREEMENT WITH RBC SIGNALS INTERNATIONAL INC.

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 AGREEMENT

The Board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 5 May 2023, the Company entered into a legally binding ground station network agreement (the “**Agreement**”) with RBC Signals International Inc. (“**RBC Signals**”) in respect of the provision of the ground station network facility of the Group for the use by the customers procured by RBC Signals (the “**RBC Customers**”).

Scope of engagement

Pursuant to the Agreement, the Company will provide infrastructure capacity and services to RBC Signals to support its provision of services to the RBC Customers while RBC Signals will act as the primary point of contact with the RBC Customers and will be responsible for all marketing, sales, and general aggregation of demand for the Company’s space communication services from the RBC Customers. Pursuant to the Agreement, the Company and RBC Signals shall implement and follow the operational processes, schedule coordination, and data exchange protocols. The Company and RBC Signals, if required, shall implement modifications to the Company’s infrastructure, services and software to support the RBC Customers.

Type of services

Pursuant to the Agreement, the Company will provide (i) background level satellite support services which means the services are to be rendered on an “as available” basis, and may be bumped without notice and/or (ii) priority level satellite support services which means the satellite services will not be bumped by other RBC Customers and shall be provided on a first come first serve basis. Satellite support services at priority level are guaranteed a scheduled freeze at least 48 hours in advance of the pass. The satellite support services to be provided will include satellite downlink support services and satellite uplink support services.

Satellite Downlink Support Services refer to

- (a) Operation and monitoring of the Company ground station(s) for downlink support of the RBC Customers missions.
- (b) Provision of all necessary regulatory licenses required to receive transmissions from the RBC Customers spacecraft to the Company ground station(s).
- (c) Timely delivery to RBC Signals of telemetry data received, via secure data communication channels.
- (d) Timely delivery to RBC Signals of system logs (including contact time and link quality) for each scheduled satellite support services window.
- (e) Support of downlink compatibility analysis and testing with the RBC Customers spacecraft.
- (f) Timely reporting to RBC Signals of issues that may impact the fulfillment of satellite support services.

Satellite Uplink Support Services refer to

- (a) Operation and monitoring of the Company Ground Station(s) for uplink support of the RBC Customers missions.
- (b) Provision of all necessary regulatory licenses required to transmit to the RBC Customers spacecraft from the Company ground station(s).
- (c) Timely delivery to RBC Signals of system logs (including contact time and link quality) for each scheduled satellite support services window.
- (d) Support of uplink compatibility analysis and testing with the RBC Customers spacecraft.
- (e) Timely reporting to RBC Signals of issues that may impact the fulfillment of satellite support services.

The Company shall implement and maintain reasonable logical and physical security procedures sufficient to prevent unauthorized access to Company facilities from which the Company provides the satellite support services.

RBC Signals will be the primary point of contact for RBC Customers support and shall be responsible for (a) marketing and sales services, (b) RBC Customers billing and fee collection, (c) providing RBC Customers spacecraft technical information to the Company required for evaluation and execution of satellite support services; and (d) providing detailed monthly reporting to Company summarizing satellite support services billed.

Term

The Agreement shall enter into force upon the completion of signing of the Agreement for one year, with an automatic annual renewal on expiry, unless (i) either party provides the other party with notice of intent to not renew at least 60 days prior to the expiration of the then applicable term, or (ii) terminated.

Either party may terminate this Agreement immediately upon written notice if the other party breaches this Agreement in any material respect and fails to cure such breach within 30 calendar days after receiving such written notice thereof.

RBC Signals may terminate this Agreement for convenience without liability upon 60 days' notice.

Upon termination or expiration of this Agreement, the Company shall provide RBC Signals with reasonable assistance and cooperation in transitioning the satellite support services to RBC Signals or its designee(s). RBC Signals shall reimburse the Company for the Company's reasonable costs in performing such termination/expiration assistance. The Company shall deliver to RBC Signals any equipment of RBC Signals stored at the Company's or its agents' facilities within 45 days after termination or expiration of the Agreement.

ABOUT RBC SIGNALS

RBC Signals is a private company incorporated in the British Virgin Islands. RBC Signals is principally engaged in provision of global satellite communication services for space missions and operations and is headquartered in Redmond, Washington, the United States of America (the "USA").

RBC Signals operates a global network of ground stations that can communicate with satellites in orbit, providing services such as data downlinking, uplinking, and satellite telemetry. The company's network includes over 70 antennas at more than 50 sites around the world, providing coverage for low-earth-orbit, medium-earth-orbit, and geostationary-earth-orbit satellites.

RBC Signals is also engaged in technological partnerships with various major Aerospace Business (defined below) entities in the USA, as well as other countries such as Denmark, Ecuador and the United Kingdom.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, RBC Signals 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 AGREEMENT

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.

Through the Agreement, the Group aims to participate in RBC Signals' established global network of ground stations for satellite communication. The Board is of the view that, the entering into of the Agreement with RBC Signals, and the participation in its global network will allow the Company to enjoy RBC Signals' marketing and sales services, and enable the Group to access and leverage the existing global RBC Customer's network of RBC Signals, which includes satellite operators, government agencies, and commercial entities involved in space exploration, earth observation, and telecommunications in the USA and worldwide. The Group is of the view that, through entering into the Agreement, the Company may be able to establish further Aerospace Business cooperations with these companies and organisations, and potentially improve the Company's economic benefits and global reputation as an Aerospace Business service provider.

The Directors consider that the entering into of the Agreement 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 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, 5 May 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.