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中國航天國際控股有限公司
China Aerospace International Holdings Limited

(於香港註冊成立的有限公司)

(股份代號：31)

ANNOUNCEMENT

**DISCLOSEABLE TRANSACTION IN RESPECT OF THE DISPOSAL OF 80%
EQUITY INTEREST IN SHANGHAI AEROSPACE TECHNOLOGY
INVESTMENT COMPANY LIMITED**

The Board of Directors, in accordance with the new business planning strategy of the Company, announced that on 23 November 2009, New Century, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Shanghai Xingrong, an Independent Third Party, for the disposal of 80% equity interest in the Joint Venture Company by New Century to Shanghai Xingrong.

The Sale and Purchase Agreement constitutes a discloseable transaction of the Company given the percentage ratios calculated pursuant to Rule 14.06 of the Listing Rules are less than 25%.

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The Sale and Purchase Agreement

Date : 23 November 2009

Parties : (1) New Century, a wholly-owned subsidiary of the Company
(2) Shanghai Xingrong

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Shanghai Xingrong and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

- Subject matter : New Century agreed to sell and Shanghai Xingrong agreed to purchase 80% equity interest in the Joint Venture Company ("Disposal").
- Consideration : The consideration for the sale and purchase of the 80% equity interest in the Joint Venture Company shall be RMB 192,370,000 (approximately HK\$218,339,950) ("Consideration").
- The Consideration shall be paid in cash in one lump sum within 5 days after the transfer certificate being issued by the Shanghai United Assets and Equity Exchange.
- If New Century is not able to complete the equity transfer within the specified date or Shanghai Xingrong is not able to pay the Consideration within the specified date, the defaulting party shall pay to the non-defaulting party a penalty calculated at the rate of 0.05% of the Consideration for each day of delay. The parties may also negotiate and agree on such other method of compensation.
- Completion : Completion shall take place within 15 days after verification by the Shanghai United Assets and Equity Exchange.

BASIS OF CONSIDERATION

The Consideration and the terms of the Sale and Purchase Agreement have been negotiated on an arm's length basis having regard to the independent professional valuation of the net asset value of the Joint Venture Company as at 31 August 2009.

REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTION

The Company, through its subsidiaries, is principally engaged in hi-tech manufacturing, science and technology park complex development and related property investment, and hi-tech industries investment.

China Aerospace Science & Technology Corporation ("CASC"), the substantial shareholder of the Company, has established a new development strategy with an object of developing four main businesses and construction of eight main industrial bases. The strategy will focus on the four main businesses of developing aerospace system, defense system, aerospace technology application industries and aerospace service business. As the future of aerospace business and aerospace service business is broad, the Company, relying on the new development strategy of CASC, had established a related business development plan which had been approved by the Board of Directors. The core of the business development plan is that the Company, on the foundation of the existing hi-tech manufacturing and based on the projects developed recently, will focus on the comprehensive development of the Complex Zone of the Launching Site in Hainan Province as the aerospace service business and explore the minisatellite industries as a starting point to develop the aerospace business, with a view to fully utilizing the resources of CASC to promote the development of the Company under the unified strategy of CASC.

The Joint Venture Company, based on the planned targets, had completed the works such as the approval of the master control plan, the introduction of projects and infrastructure planning in respect of an area of one square kilometer. As a result of the adjustment of the above business

development planning and in pursue of a reasonable return, the Company decided to dispose its 80% shareholding in the Joint Venture Company.

THE JOINT VENTURE COMPANY

The business scope of the Joint Venture Company includes the business of foundation facilities construction, residential property development and construction, gardening, installation engineering, construction engineering, municipal engineering, property management, technology development, transfer, services and consultation in the fields of energy and computer system, etc. Its principal activities are the development, management and operation of the Aerospace Technology Park.

The registered capital of the Joint Venture Company is RMB 200,000,000 (approximately HK\$227,000,000). It is owned as to 80% by New Century and as to 20% by Shanghai Minhang. As at the date of this announcement, all the registered capital of the Joint Venture Company have been contributed, such that New Century has contributed RMB 160,000,000 and Shanghai Minhang has contributed RMB 40,000,000, respectively. Certain data extracted from the statutory accounts of the Joint Venture Company is as follows:

	For the year ended 31 December 2007	For the year ended 31 December 2008
Profit before taxation	RMB 1,104,522 (approximately HK\$1,253,632)	RMB 935,373 (approximately HK\$1,061,648)
Profit after taxation	RMB 994,107 (approximately HK\$1,128,311)	RMB 776,178 (approximately HK\$880,962)
	At 31 December 2007	At 31 December 2008
Net assets value	RMB 197,902,816 (approximately HK\$224,619,696)	RMB 198,678,994 (approximately HK\$225,500,658)

FINANCIAL EFFECTS OF THE TRANSACTION

The Disposal provides an opportunity for the Company to realise its investment in the Joint Venture Company. The Company will realise a profit before taxation of approximately HK\$36,320,000 upon completion of the disposal, subject to audit. The Board intends to use the net proceeds (after deducting the legal and professional fees, stamp duty, if any) for general working capital of the Company.

Upon completion of the Disposal, the Company will no longer hold any shares of the Joint Venture Company.

The Directors (including the Independent Non-Executive Directors) believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders as a whole.

INFORMATION ON THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

Shanghai Xingrong

Shanghai Xingrong is principally engaged in the business of investment management, property development, investment information advisory and construction engineering.

New Century

New Century is a wholly-owned subsidiary of the Company and is principally engaged in the investment holding business.

LISTING RULES REQUIREMENTS

The Sale and Purchase Agreement constitutes a discloseable transaction of the Company given the percentage ratios calculated pursuant to Rule 14.06 of the Listing Rules are less than 25%.

DEFINED TERMS USED IN THIS ANNOUNCEMENT

Capitalised terms used in this announcement shall have the following meanings:–

"Company"	China Aerospace International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on The Stock Exchange;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Independent Third Party(ies)"	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with the Company and its subsidiaries and its connected persons or in the case of a corporation (the ultimate beneficial owner) their respective associates ("connected persons" and "associates" as defined in the Listing Rules);
"Joint Venture Company"	上海航天科技產業投資管理有限公司 (Shanghai Aerospace Technology Investment Company Limited)*, the joint venture company in the PRC as a limited liability company;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"New Century"	航科新世紀科技發展(深圳)有限公司 (CASIL New Century Technology Development (Shenzhen) Company Limited*), a wholly-owned subsidiary of

	the Company established in the PRC as a limited liability company;
"PRC"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale and Purchase Agreement"	the sale and purchase agreement dated 23 November 2009 entered into between New Century and Shanghai Xingrong for the sale by New Century to Shanghai Xingrong of the 80% equity interest in the Joint Venture Company;
"Shanghai Minhang"	上海閔航投資建設有限公司 (Shanghai Minhang Investment Construction Company Limited*), a company established in the PRC as a limited liability company;
"Shanghai Xingrong"	上海興榮項目管理有限公司 (Shanghai Xingrong Project Management Company Limited*), a company established in the PRC as a limited liability company; and
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

By order of the Board
Wu Zhuo
Chairman

Haikou, Hainan Province, 23 November 2009

As of the date of this announcement, the Board of Directors of the Company comprises:

<i>Executive Directors</i>	<i>Non-Executive Directors</i>	<i>Independent Non-Executive Directors</i>
Mr Zhao Liqiang (<i>President</i>)	Mr Wu Zhuo (<i>Chairman</i>)	Mr Chow Chan Lum, Charles
Mr Zhou Qingquan	Mr Chen Xuechuan	Mr Luo Zhenbang
Mr Wu Hongju	Mr Li Hongjun	Mr Wang Junyan
Mr Guo Xianpeng	Dr Chan Ching Har, Eliza	
	Mr Xu Jianhua	
	Mr Jin Xuesheng	

An exchange rate of RMB\$1.00 to HK\$1.135 has been adopted as the conversion rate of RMB into HK dollars for the purpose of this announcement. Such exchange rate does not constitute a representation that any amounts have been, could have been, or may be exchanged at such or any other rates.

** For identification purposes only.*