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**CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED**  
**中國航天國際控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 31)**

**ANNOUNCEMENT**

**CONNECTED TRANSACTION IN RESPECT OF THE DISPOSAL OF  
THE ENTIRE ISSUED SHARE CAPITAL OF  
CASIL SATELLITE HOLDINGS LIMITED**

**THE SALE AND PURCHASE AGREEMENT**

The board of directors announced that after the trading hours of 28 March 2011, Sinolike, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which Sinolike conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of CASIL Satellite for a total consideration of HK\$132,300,000. Upon completion of the Disposal, CASIL Satellite will cease to be a subsidiary of the Company.

**IMPLICATION OF THE LISTING RULES**

The Purchaser, being an indirect wholly-owned subsidiary of CASC, which in turn is the controlling shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratios in respect of the Disposal are less than 5%, the transaction contemplated under the Disposal constitutes a connected transaction exempt from the independent shareholders' approval requirements and is subject to the reporting and announcement requirements under the Listing Rules.

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## THE SALE AND PURCHASE AGREEMENT

- Date : 28 March 2011
- Parties : (1) Sinolike, a wholly-owned subsidiary of the Company, as the vendor; and
- (2) China Great Wall Industry (Hong Kong) Corp. Limited, an indirect wholly-owned subsidiary of CASC, as the purchaser.
- Subject matter : The entire issued share capital of CASIL Satellite.
- Consideration : HK\$132,300,000, which shall be payable in cash in one lump sum on the Completion Date.

The Consideration was arrived at after arm's length negotiations between the parties with reference to the net asset value of CASIL Satellite as at 28 February 2011 and the average closing price of APT in respect of 10 Business Days before the date of the Sale and Purchase Agreement. The Consideration also represents a premium of HK\$900,000 over the value of the underlying assets of CASIL Satellite with reference to the closing price of APT as at 25 March 2011.

The directors consider the Consideration is fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

- Conditions : Completion is conditional upon the following conditions, *inter alia*:

To be fulfilled by the Purchaser:

- (a) if required, the Purchaser having obtained all consents, authorisations or approvals from the relevant governmental authorities in the PRC deemed necessary by the Purchaser (including but not limited to the National Development and Reform Commission of the PRC and other government and official authorities) in connection with acquisition of the sale shares under the Sale and Purchase Agreement by the Purchaser and/or its direct and/or ultimate parent company;
- (b) the Executive agrees (or grants a waiver) that CASC and the Purchaser will not have any obligations to extend a general offer under Rule 26 of the Code on Takeovers and Mergers to all shareholders of APT as a result of the acquisition by the Purchaser under the Sale and Purchase Agreement; and

- (c) the Purchaser having performed and complied with the relevant terms and conditions and obligations under the Sale and Purchase Agreement before the Completion Date.

Condition (b) may not be waived by any party to the Sale and Purchase Agreement.

To be fulfilled by Sinolike:

- (a) to make relevant disclosures in accordance with the requirements of the Listing Rules (if required); and
- (b) Sinolike having performed and complied with the relevant terms and conditions and obligations under the Sale and Purchase Agreement before the Completion Date.

If any of the above conditions precedent has not been satisfied by the Purchaser on or before 30 September 2011 or such other date as agreed in writing by both parties, the Sale and Purchase Agreement may be rescinded and has no further effect and the parties shall be released from all obligations under it (without prejudice to the rights of the parties in respect of any antecedent breaches of the Sale and Purchase Agreement).

Completion Date : The third Business Day after the date on which the conditions precedent for Completion under the Sale and Purchase Agreement are satisfied or waived (save that condition (b) to be fulfilled by the Purchaser may not be waived) or such other date as Sinolike and the Purchaser may agree in writing.

## INFORMATION ON THE PARTIES TO THE SALE AND PURCHASE AGREEMENT AND CASIL SATELLITE

### The Company

The Company is an investment holding company and its subsidiaries are principally engaged in hi-tech manufacturing and aerospace services.

### Sinolike

Sinolike is an investment holding company with its principal asset being the entire issued share capital of CASIL Satellite.

### The Purchaser

The Purchaser is a company incorporated in Hong Kong and is engaged in the provision of satellite launching services.

### CASIL Satellite

CASIL Satellite is an investment holding company which was incorporated in Hong Kong. As at the date of this Announcement, CASIL Satellite holds 100 shares, representing one-seventh of the issued share capital, of APT International and 14,400,000 shares, representing approximately 3.47% of the issued share capital, of APT.

APT International is an investment holding company which was incorporated in the BVI, which principal asset being 214,200,000 shares, representing approximately 51.67% of the issued share capital of APT.

APT is an investment holding company and its subsidiaries are principally engaged in the maintenance, operation, provision of satellite transponder capacity and related services; satellite-based broadcasting and telecommunications services; and other services. The shares of APT are listed on the Main Board of the Stock Exchange.

### Financial information of CASIL Satellite

The following is the financial information of CASIL Satellite for the two years ended 31 December 2010 immediately preceding the date of the Sale and Purchase Agreement:

	Audited for the year ended 31 December 2009 <i>HK\$'000</i>	<b>Audited for the year ended 31 December 2010 <i>HK\$'000</i></b>
Turnover	0	<b>0</b>
Profit/(Loss) before taxation	(54)	<b>(64)</b>
Profit/(Loss) after taxation	(54)	<b>(64)</b>
Net asset value	165,738	<b>150,414</b>

## **REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTION**

The Disposal is to streamline the assets, improve the asset structure and the overall financial position of the Company and its subsidiaries so as to promote the development of the Company's major businesses. Upon completion of the Disposal, CASIL Satellite will cease to be a subsidiary of the Company.

The directors (including the independent non-executive directors) believe that the terms of the transaction are on normal commercial terms, which are fair and reasonable and the entering into the Sale and Purchase Agreement is in the interests of the Company and the shareholders of the Company as a whole.

As Mr Rui Xiaowu, Mr Chen Xuechuan and Mr Shi Weiguo are officers of CASC and Mr Wu Zhuo declared the potential conflicts of interest in the board meeting, they had abstained from voting in the board meeting approving the Sale and Purchase Agreement. Save as set out above, none of the directors has a material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder or is required to abstain from voting on the board resolution for considering and approving the same.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Based on the unaudited financial information of CASIL Satellite as at 28 February 2011 and assuming the Completion has taken place, the Company and its subsidiaries is expected to record a gain from the Disposal of approximately HK\$100,000,000, subject to the final audit. Upon Completion, CASIL Satellite will cease to be a subsidiary of the Company. The financial results of CASIL Satellite will not be consolidated into the Company and its subsidiaries' financial statements after Completion.

## **USE OF PROCEEDS**

It is expected that the net proceeds from the Disposal of approximately HK\$132,000,000 (after deducting all relevant fees and expenses) will be used for general working capital of the Company and its subsidiaries.

## **IMPLICATION OF THE LISTING RULES**

The Purchaser, being an indirect wholly-owned subsidiary of CASC, which in turn is the controlling shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratios in respect of the Disposal are less than 5%, the transaction contemplated under the Disposal constitutes a connected transaction exempt from the independent shareholders' approval requirements and is subject to the reporting and announcement requirements under the Listing Rules.

## DEFINED TERMS USED IN THIS ANNOUNCEMENT

Capitalised terms used in this Announcement shall have the following meanings:

“APT”	APT Satellite Holdings Limited, the shares of which are listed on the Stock Exchange;
“APT International”	APT Satellite International Company Limited;
“Business Day”	a day (other than Saturday, Sunday or a public holiday) on which banks are open for general banking in Hong Kong;
“BVI”	the British Virgin Islands;
“CASC”	China Aerospace Science & Technology Corporation, a state-owned enterprise established in the PRC. As of the date of this Announcement, it is holding an approximately 37.06% shareholding in the Company and is a controlling shareholder of the Company;
“CASIL Satellite”	CASIL Satellite Holdings Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong as a limited liability company;
“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;
“Completion “	the completion of the Disposal;
“Disposal”	the disposal of the entire issued share capital of CASIL Satellite by Sinolike to the Purchaser pursuant to the Sale and Purchase Agreement;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region and Taiwan;
“Purchaser”	China Great Wall Industry (Hong Kong) Corp. Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CASC;

“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 March 2011 entered into between Sinolike as the vendor and the Purchaser as the purchaser in relation to the Disposal;
“Sinolike”	Sinolike Investments Limited, a wholly-owned subsidiary of the Company incorporated in the BVI as a limited liability company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board  
**Rui Xiaowu**  
*Chairman*

Hong Kong, 28 March 2011

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 Li Hongjun ( <i>President</i> ) Mr Jin Xuesheng	Mr Rui Xiaowu ( <i>Chairman</i> ) Mr Wu Zhuo ( <i>Vice Chairman</i> ) Mr Chen Xuechuan Mr Shi Weiguo Dr Chan Ching Har, Eliza Mr Zhou Qingquan	Mr Chow Chan Lum, Charles Mr Luo Zhenbang Mr Wang Junyan

*All the directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this Announcement have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.*