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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 INSIDE INFORMATION

THE WITHDRAWAL FROM THE LAND DEVELOPMENT PROJECT OF THE COMPLEX ZONE OF THE LAUNCHING SITE IN HAINAN PROVINCE

This announcement is made by the Company pursuant to the provisions of Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Listing Rules.

The Board of China Aerospace International Holdings Limited (the “Company”) announces that, being informed by Hainan Aerospace Investment Management Company Limited*(海南航天投資管理有限公司) (“Hainan Aerospace”), a joint venture of the Company, Hainan Aerospace has decided to withdraw from the land development project of the Complex Zone of the Launching Site in Hainan Province as a result of, including but not limited to, the austerity measures, the changes in government compensation standard, the substantial increase in construction costs and so on in recent years which may bring to Hainan Aerospace a stability risk if the development of Hainan project is continued. Hainan Aerospace has commenced to negotiate with the Municipal Government of Wenchang City and the Provincial Government of Hainan, the consideration will refer to the audited project costs and will be settled by cash and assets, the terms of which, including the terms of settlement, are subject to both parties’ confirmation.

The Company had contributed a capital in a total of RMB600,000,000 in Hainan Aerospace and its carrying value as of 30 June 2016 was RMB604,795,859. Moreover, a wholly-owned subsidiary of the Company borrowed a sum of RMB25,000,000 to Hainan Aerospace at an interest rate of 4.75%, and that will be due in June 2018. During the first half of 2016, the loss of Hainan Aerospace attributed to the Company was HK\$2,461,000.

Hainan Aerospace will continue to negotiate with the Municipal Government of Wenchang City and the Provincial Government of Hainan, so as to strive for finalization of the agreement terms and to execute an agreement as early as possible. The Company will make further announcement pursuant to the requirements of the relevant rules and regulations.

Shareholders of the Company and potential investors should exercise with caution when dealing in the shares of the Company.

By order of the Board

Li Hongjun

Executive Director & President

Hong Kong, 8 March 2017

At 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 Gong Bo (<i>Chairman</i>)	Mr Luo Zhenbang
Mr Jin Xuesheng	Mr Mao Yijin	Ms Leung Sau Fan, Sylvia
	Mr Xu Liangwei	Mr Wang Xiaojun

**This PRC entity does not have an English name, the English name sets out in this Announcement is for identification purpose only.*