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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**

### **CONTINUING CONNECTED TRANSACTIONS**

The Board of Directors announces that, on 4 November 2013, each of the Relevant Subsidiaries entered into the Settlement Account Management Agreement with Aerospace Finance respectively, pursuant to which Aerospace Finance shall provide deposit services and settlement services to the Relevant Subsidiaries which allow the Relevant Subsidiaries to make deposits or withdrawals through the RMB deposit accounts with Aerospace Finance, subject to the condition that the maximum daily outstanding balance of all deposits placed by all the Relevant Subsidiaries, and New Century, Shenzhen Aerospace and Shenzhen Rayitek, each of which had opened an account with Aerospace Finance in previous transactions, in their respective accounts shall not be more than RMB 100 million in aggregate within three years from the date of the Settlement Account Management Agreements.

#### **LISTING RULES IMPLICATIONS**

As Aerospace Finance is a wholly-owned subsidiary of CASC and its subsidiaries, which in turn is the controlling shareholder of the Company and holds approximately 39.06% of the issued share capital of the Company, in which Aerospace Finance is holding approximately 0.69%. Aerospace Finance is a connected person of the Company and accordingly, the transactions contemplated under the Settlement Account Management Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the capped deposits (on an annual basis) to be placed under the Settlement Account Management Agreement are more than 0.1% but less than 5%, the deposit services and settlement services provided by Aerospace Finance to the Relevant Subsidiaries, New Century, Shenzhen Aerospace and Shenzhen Rayitek under the Settlement Account Management Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under the Listing Rules.

The Board of Directors announces that, on 4 November 2013, each of the Relevant Subsidiaries entered into the Settlement Account Management Agreement with Aerospace Finance respectively, pursuant to which Aerospace Finance shall provide deposit services and settlement services to the Relevant Subsidiaries.

A summary of the principal terms of the Settlement Account Management Agreement is set out below.

### Settlement Account Management Agreement

- Date: 4 November 2013
- Parties: (1) each of the Relevant Subsidiaries  
(2) Aerospace Finance
- Subject matter:
- (1) Deposit Services
    - (a) Each of the Relevant Subsidiaries agrees to open a RMB saving and checking deposit account with Aerospace Finance in the PRC.
    - (b) Relevant Subsidiaries may make deposits or withdrawals through Aerospace Finance.
    - (c) Aerospace Finance should provide account reconciliation services in respect of the accounts for the Relevant Subsidiaries on a monthly basis.
    - (d) The interest rate for the deposits of the Relevant Subsidiaries with Aerospace Finance shall be the deposit rate promulgated by the People's Bank of China.
  - (2) Settlement Services
    - (a) Aerospace Finance shall provide cheque payment and transfer receipt services and other ancillary services relating to settlement services to the Relevant Subsidiaries.

### Proposed annual caps

The maximum daily outstanding balance of deposits placed by all the Relevant Subsidiaries, New Century, Shenzhen Aerospace and Shenzhen Rayitek in their respective deposit accounts with Aerospace Finance shall not be more than RMB 100 million in aggregate within three years from the date of the Settlement Account Management Agreement.

	Proposed annual caps		
	First year (RMB)	Second year (RMB)	Third year (RMB)
Maximum daily outstanding balance of deposits placed by the Relevant Subsidiaries, New Century, Shenzhen Aerospace and Shenzhen Rayitek in their respective deposit accounts with Aerospace Finance in total	100,000,000	100,000,000	100,000,000

The proposed annual cap for the deposit services is determined with reference to the future capital requirements and financing needs of the Company and the subsidiaries. Each of the Relevant Subsidiaries, New Century, Shenzhen Aerospace, Shenzhen Rayitek and Aerospace Finance will monitor the balances of the account so that the cap will not be exceeded. In addition, the Company will also monitor the aggregate balance of the accounts.

New Century, Shenzhen Aerospace and Shenzhen Rayitek had opened an account with Aerospace Finance in previous transactions, details of which refer to the Company's announcements dated 14 January 2011 and 4 May 2012 respectively, those accounts with Aerospace Finance are for loan repayment and interest payment purpose only, if applicable.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE SETTLEMENT ACCOUNT MANAGEMENT AGREEMENT**

The Directors (including the Independent Non-Executive Directors) are of the view that the Company and the subsidiaries have built up years of cooperative relationship with Aerospace Finance by obtaining certain financings in the past, the transactions under the Settlement Account Management Agreement will bring better benefit to the idle cash of the Company and the subsidiaries and will establish a closer relationship with Aerospace Finance and obtain its support to the business development of the Company and the subsidiaries. The Directors (including the Independent Non-Executive Directors) are of the view that the Settlement Account Management Agreements have been entered into after arm's length negotiations on normal commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and the subsidiaries and their shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As Aerospace Finance is a wholly-owned subsidiary of CASC and its subsidiaries, and CASC in turn is the controlling shareholder of the Company and holds approximately 39.06% of the issued share capital of the Company, in which Aerospace Finance is holding approximately 0.69%. Aerospace Finance is a connected person of the Company and accordingly, the transactions contemplated under the Settlement Account Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the capped deposits (on an annual basis) to be placed under the Settlement Account Management Agreement are more than 0.1% but less than 5%, the deposit services and settlement services provided by Aerospace Finance to the Relevant Subsidiaries, New Century, Shenzhen Aerospace and Shenzhen Rayitek under the Settlement Account Management Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under the Listing Rules.

## **INFORMATION RELATING TO THE COMPANY, NEW CENTURY, SHENZHEN AEROSPACE, SHENZHEN RAYITEK AND THE RELEVANT SUBSIDIARIES**

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

CASIL New Century Technology Development (Shenzhen) Company Limited# (航科新世紀科技發展(深圳)有限公司), a direct wholly-owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in investment holding business.

Shenzhen Aerospace Technology Investment Company Limited# (深圳市航天高科投資管理有限公司), a 60% indirect owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in the development of Shenzhen Aerospace Science & Technology Plaza.

Shenzehn Rayitek Hi-tech Film Company Limited# (深圳瑞華泰薄膜科技有限公司), a 55% indirect owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in the manufacture of polyimide film products.

Chee Yuen Plastic Products (Huizhou) Company Limited# (志源塑膠製品(惠州)有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in manufacturing of plastic and metal products and moulds.

Shenzhen Chee Yuen Plastics Company Limited# (深圳志源塑膠製品有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in manufacturing and distribution of plastic products.

Huizhou Zhi Fat Metal & Plastic Electroplating Company Limited# (惠州志發五金製品塑料電鍍有限公司), a 90% indirect owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in electroplating of metals.

Dongguan Hong Yuen Electronics Company Limited# (東莞康源電子有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in manufacturing and distribution of printed circuit boards.

Huizhou Jackson Electric Company Limited# (惠州志順電子實業有限公司), a 90% indirect owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in manufacturing of intelligent battery chargers and electronic products.

Conhui (Huizhou) Semiconductor Company Limited# (康惠(惠州)半導體有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in manufacturing and distribution of liquid crystal displays and LCD modules.

China Aerospace (Huizhou) Industrial Garden Limited# (航天科技(惠州)工業園發展有限公司), a 90% indirect owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in property investment.

Aerospace Technology (China) Company Limited# (航天科技(中國)有限公司), a direct wholly-owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in trading business.

Aerospace Digitnexus Information Technology (Shenzhen) Limited# (航天數聯信息技術(深圳)有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC as a limited liability company, is principally engaged in development and sale of software and related products.

## **INFORMATION RELATING TO AEROSPACE FINANCE**

Aerospace Finance is a subsidiary of CASC and its subsidiaries whose approved business scope include (i) provision of finance and fund raising advisory, credit verification and related consultancy and agency services to members of the CASC group; (ii) provision of fund receiving and payment services for transactions conducted by members of the CASC group; (iii) approved insurance agency business; (iv) provision of guarantees for members of the CASC group; (v) provision of entrusted loans and entrusted investment services to members of the CASC group; (vi) acceptance and discounting of bills for members of the CASC group; (vii) settlement of transfers of fund between members of the CASC group and design of plans for related settlements and clearances; (viii) accepting deposits from members of the CASC group; (ix) dealing with loans and financing lease for members of the CASC group; (x) interbank lending; (xi) issue of finance company bonds with approval; (xii) underwriting corporate bonds of members of the CASC group; (xiii) equity investment in financial institutions; (xiv) investment in marketable securities; (xv) buyer credits and financing lease in respect of products of members of the CASC group.

## INTERESTS OF DIRECTORS

As Mr Zhang Jianheng, Mr Chen Xuechuan and Mr Shi Weiguo are officers of CASC and Mr Wu Zhuo had declared a potential conflict of interest, they had abstained from voting at the board meeting on the resolution approving the transactions contemplated under the Settlement Account Management Agreement.

## DEFINITIONS

In this Announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Aerospace Finance”	Aerospace Science & Technology Finance Company Limited # (航天科技財務有限責任公司), a subsidiary of CASC and its subsidiaries established in the PRC as a limited liability company;
“CASC”	China Aerospace Science & Technology Corporation, a state-owned enterprise established in the PRC. As of the date of this Announcement, it holds a 39.06% shareholding in the Company and is a controlling shareholder of the 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 of Hong Kong Limited;
“Director(s)”	the director(s) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Century”	CASIL New Century Technology Development (Shenzhen) Company Limited# (航科新世紀科技發展(深圳)有限公司), a direct wholly-owned subsidiary of the Company established in the PRC as limited liability companies;
“PRC”	The People’s Republic of China (for the purpose of this Announcement, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan);
“RMB”	Reminbi, the legal currency of the PRC;
“Settlement Account Management Agreement”	The settlement account management agreement entered into between Aerospace Finance with each of the Relevant Subsidiaries on 4 November 2013;

- “Relevant Subsidiaries” Chee Yuen Plastic Products (Huizhou) Company Limited# (志源塑膠製品(惠州)有限公司), Shenzhen Chee Yuen Plastics Company Limited# (深圳志源塑膠製品有限公司), Huizhou Zhi Fat Metal & Plastic Electroplating Company Limited# (惠州志發五金製品塑料電鍍有限公司), Dongguan Hong Yuen Electronics Company Limited# (東莞康源電子有限公司), Huizhou Jeckson Electric Company Limited# (惠州志順電子實業有限公司), Conhui (Huizhou) Semiconductor Company Limited# (康惠(惠州)半導體有限公司), China Aerospace (Huizhou) Industrial Garden Limited# (航天科技(惠州)工業園發展有限公司), Aerospace Technology (China) Company Limited# (航天科技(中國)有限公司) and Aerospace Digitnexus Information Technology (Shenzhen) Limited# (航天數聯信息技術(深圳)有限公司), which are subsidiaries of the Company incorporated in the PRC with limited liabilities;
- “Shenzhen Aerospace” Shenzhen Aerospace Technology Investment Company Limited# (深圳市航天高科投資管理有限公司), a 60% indirect owned subsidiary of the Company established in the PRC as a limited liability company; and
- “Shenzhen Rayitek” Shenzehn Rayitek Hi-tech Film Company Limited# (深圳瑞華泰薄膜科技有限公司), a 55% indirect owned subsidiary of the Company established in the PRC as a limited liability company.

By order of the Board  
**Li Hongjun**  
*Executive Director & President*

Hong Kong, 4 November 2013

*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 Zhang Jianheng ( <i>Chairman</i> )	Mr Luo Zhenbang
Mr Jin Xuesheng	Mr Wu Zhuo ( <i>Vice Chairman</i> )	Ms Leung Sau Fan, Sylvia
	Mr Chen Xuechuan	Mr Wang Xiaojun
	Mr Shi Weiguo	

# *These PRC entities do not have English names, the English names set out herein are for identification purpose only.*