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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY**

The Board announced that, on 30 July 2014 (Canadian time), an Agreement for the sale by the Vendor and purchase by the Purchaser of the Property was entered into between an indirect subsidiary of the Company, the Vendor, and the Purchaser following a public tender of the Property.

Pursuant to the terms of the Agreement, the consideration for the Property is CAD19,200,000 (equivalent to approximately HK\$138,508,800). The sale and purchase of the Property is expected to be completed on the later of 45 days following the satisfaction of the Purchaser's conditions or 60 days following the satisfaction of the Vendor's conditions. The closing date is to be confirmed by a letter from the Purchaser's solicitors to the Vendor's solicitors.

As the applicable percentage ratios of the Disposal under the Listing Rules exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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### **PURCHASE AND SALE AGREEMENT FOR THE PROPERTY**

**Date:** 30 July 2014 (Canadian time).

**The Vendor:** Vanbao Development (Canada) Ltd., an indirect subsidiary owned as to 79.25% by the Company.

**The Purchaser:** Cressey Projects Corporation.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and the ultimate beneficial owner of the Purchaser are Independent Third Parties.

**Property:** The assembled site located at 1111-11<sup>th</sup> Street SW; and 1202, 1208, 1212, 1216, 1218, 1220, 1222 and 1226-12<sup>th</sup> Avenue SW, Calgary, Alberta, Canada. It has been held for development purpose.

**Consideration:** The consideration for the Property is CAD19,200,000 (equivalent to approximately HK\$138,508,800) was the highest bid price under an open tender.

The carrying value of the Property as at 31 December 2013 was approximately HK\$69,698,000.

The net losses (both before and after taxation and extraordinary items) of the Vendor for the last two financial years ended 31 December 2012 and 31 December 2013 were approximately CAD230,414 (equivalent to approximately HK\$1,662,000) and CAD347,580 (equivalent to approximately HK\$2,507,000) respectively.

Upon completion of the Disposal, the Company will realize a gain of approximately CAD9,400,000 (equivalent to approximately HK\$67,812,000) before any expenses and income tax on the disposal, subject to audit.

The Directors including the Independent Non-Executive Directors considered that the terms of the Disposal, including the consideration are fair and reasonable and in the interests of the Company and its shareholders as a whole. The consideration shall be paid by the Purchaser to the Vendor in the following manner:

- (1) an initial deposit in the sum of CAD192,000 (equivalent to approximately HK\$1,385,088) shall be paid within three business days of the signing of the Agreement by way of certified cheque, solicitor's trust cheque or bank draft, payable to the Vendor's solicitors, in trust (upon waiver of the Purchaser's conditions, and unless the Vendor defaults on its obligations, the initial deposit shall become non-refundable to the Purchaser);
- (2) a further deposit in the sum of CAD960,000 (equivalent to approximately HK\$6,925,440) shall be paid within three business days following waiver of the Purchaser's due diligence condition as set out in the Agreement by way of certified cheque, solicitor's trust cheque or bank draft, payable to the Vendor's solicitors, in trust (once paid, and unless the Vendor defaults on its obligations, the further deposit shall become non-refundable to the Purchaser); and

- (3) the balance of the purchase price of CAD18,048,000 (equivalent to approximately HK\$130,198,272) subject to adjustments under the Agreement shall be paid after execution by the Vendor of the necessary conveyances and the formal documents, and required on the closing date by way of wire transfer, certified cheque, solicitor's trust cheque or bank draft, payable to the Vendor's solicitors, in trust.

Adjustments to the consideration shall include, without limitation, realty taxes, insurance premiums, local improvement charges, utilities, rents, deposits and interest thereon (if any), tenant recoveries, prepaid rents and all other adjustments established by usual practice in the city of Calgary for the purchase and sale of similar commercial property. Adjustments shall be made as of the closing date. The Vendor shall be responsible for all expenses and entitled to all revenues accrued from the Property for the period ending on the closing date. From and including the first day following the closing date, the Purchaser shall be responsible for (except otherwise provided in the Agreement) all expenses and shall be entitled to all revenue accruing from the Property.

**Conditions of the Vendor:**

The obligation of the Vendor to complete the transaction as contemplated by the Agreement shall be subject to the following conditions:

- (1) on the closing date, all the material terms, covenants and conditions of the Agreement to be complied with or performed by the Purchaser shall have been complied with or performed in all material respects at the times contemplated in the Agreement; and
- (2) on or before 30 days from the date of the Agreement, the Vendor shall have received approval of the sale from the shareholders of the Vendor as according to the terms of the Agreement and provided the Purchaser with written notice of the same. The Vendor shall have the right to extend for a further period of not more than 30 days to satisfy the conditions.

**Conditions of the Purchaser:**

The obligation of the Purchaser to complete the transaction as contemplated by the Agreement shall be subject to the following conditions:

- (1) on or before the 45 days from the date of the Agreement, the Purchaser shall have given written notice to the Vendor that the Purchaser has satisfied itself with respect to all aspects of the Property and permitted encumbrances set out in the Agreement;
- (2) on or before the closing date, all consents, approvals and assumptions required under the permitted encumbrances set out in the Agreement in connection with the transaction contemplated by the Agreement shall have been obtained and delivered to the Purchaser or entered into by all necessary parties;

- (3) on the closing date, all of the material terms, covenants and conditions of the Agreement to be complied with or performed by the Vendor shall have been complied with or performed in all material respects at the times contemplated in the Agreement;
- (4) on the closing date, the representations and warranties of the Vendor set out in the Agreement shall be true and accurate in all material respects and the Vendor shall have delivered to the Purchaser a certificate of the Vendor by a senior officer of the Vendor dated the closing date to this effect; and
- (5) title to each of the Property shall be free and clear of all encumbrances except for the permitted encumbrances set out in the Agreement.

**Default:**

Should the Purchaser fail to complete the purchase of the Property, the deposits (together with all interest accrued thereon) paid by the Purchaser shall be forfeited and the Vendor shall be entitled to sue the Purchaser for any damages arising from the default by the Purchaser or specific performance.

Should the Vendor after receiving the deposits paid fail to complete the sale of the Property, the Vendor shall return the deposits (together with all interest accrued thereon) paid to the Purchaser. The Purchaser shall be entitled to sue the Vendor for any damages arising from the default by the Vendor.

**REASONS FOR THE DISPOSAL**

After due and careful consideration, the Directors believe that the Disposal represents a good opportunity for the Company to realize the Property at a reasonable price, thus enabling the Company to free its resources for other investment in future.

**APPLICATION OF SALE PROCEEDS FROM THE DISPOSAL**

The entire sale proceeds generated from the Disposal will be utilized by the Vendor as working capital.

**CLOSING DATE**

The sale and purchase of the Property is scheduled to be completed on the later of 45 days following the satisfaction of the Purchaser's conditions or 60 days following the satisfaction of the Vendor's conditions. The closing date is to be confirmed by a letter from the Purchaser's solicitors to the Vendor's solicitors.

## **INFORMATION IN RELATION TO THE COMPANY, THE VENDOR AND THE PURCHASER**

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

The Vendor is a property investment company.

The Purchaser is a fully integrated project development, construction, marketing and property management company.

## **LISTING RULES IMPLICATION**

As the applicable percentage ratios of the Disposal under the Listing Rules exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

“Agreement”	means the purchase and sale agreement dated 30 July 2014 (Canadian time) relating to the Property entered into between the Vendor and the Purchaser;
“Board”	means the board of Directors of the Company;
“Company”	means China Aerospace International Holdings Limited, a company incorporated in Hong Kong with limited liability;
“Directors”	means the directors of the Company;
“Disposal”	means the disposal of the Property by the Vendor to the Purchaser in accordance with the terms of the Agreement;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Non-Executive Directors”	means the independent non-executive directors of the Company, comprising Mr Luo Zhenbang, Ms Leung Sau Fan, Sylvia and Mr Wang Xiaojun;
“Independent Third Party(ies)”	means persons who are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules);
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Property”	means the property municipally described as 1111-11 <sup>th</sup> Street SW; and 1202, 1208, 1212, 1216, 1218, 1220, 1222 and 1226-12 <sup>th</sup> Avenue SW, Calgary, Alberta, Canada;

“Purchaser”	means Cressey Projects Corporation, an Independent Third Party;
“Vendor”	means Vanbao Development (Canada) Ltd., an indirect subsidiary owned as to 79.25% by the Company;
“CAD”	means Canadian Dollars, the lawful currency of Canada; and
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong.

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

Hong Kong, 31 July 2014

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

*In this Announcement, all translations from CAD into HK\$ have been made at the rate of CAD1.00 to HK\$7.214 and that are for reference only.*