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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)

CONTINUING CONNECTED TRANSACTION

The Board of Directors of the Company announces that on 1 July 2016, New Century, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with Hainan Aerospace, pursuant to which New Century will provide the Loan in the sum of RMB45,000,000 to Hainan Aerospace with a maturity on 30 June 2018.

LISTING RULES IMPLICATIONS

As at the date of this Announcement, CASC holds approximately 38.37% of the issued share capital of the Company and is the controlling shareholder of the Company, and New Century and CASIL Hainan is a direct wholly-owned subsidiary and an indirect wholly-owned subsidiary of the Company, respectively, whereas CGWIC is a wholly-owned subsidiary of CASC. Hainan Aerospace is held as to 17.50% by New Century, 32.50% by CASIL Hainan, 25% by Hainan Expressway and 25% by CGWIC. Hence, Hainan Aerospace is a connected person of the Company under Chapter 14A of the Listing Rules, and the entering into the Loan Agreement between New Century and Hainan Aerospace constituted a continuing connected transaction of the Company. As all applicable percentage ratios are less than 5%, the Loan Agreement is subject to the reporting, announcement and annual review requirements but is exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

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THE AGREEMENT

Date:	1 July 2016
Lender:	New Century, a wholly-owned subsidiary of the Company
Borrower:	Hainan Aerospace
Loan amount:	RMB45,000,000

Term of Loan:	From the date of the first draw down until 30 June 2018
Interest Rate:	The interest rate for the Loan shall be 4.75% per annum during the term of the Loan, same as the prevailing lending rate of same term as announced by the People's Bank of China. Interest will be payable on the 21st day of every quarter. During the term of the Loan Agreement, if the People's Bank of China adjusts the lending rate, the Lender has the rights to make the corresponding adjustment.
Repayment:	A lump sum repayment at maturity
Use of Loan proceeds:	Working capital of Hainan Aerospace

REASONS FOR AND BENEFIT OF THE LOAN

The Directors (including the Independent Non-Executive Directors) consider that the Loan will be used for funding the working capital of Hainan Aerospace and making good use of the idle cash of the Company.

The Directors (including the Independent Non-Executive Directors) are of the view that the Loan Agreement has 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 its shareholders as a whole.

INTERESTS OF DIRECTORS

As Mr Zhang Jianheng, Mr Chen Xuechuan and Mr Shi Weiguo are officers of CASC, they had abstained from voting on the resolutions approving the transactions contemplated under the Loan Agreement.

INFORMATION RELATING TO THE COMPANY

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

INFORMATION RELATING TO NEW CENTURY

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

INFORMATION RELATING TO HAINAN AEROSPACE

Hainan Aerospace is a sino-foreign equity joint venture company established in the PRC and is principally engaged in land development. As at the date of this Announcement, it is held as to 17.50% by New Century, 32.50% by CASIL Hainan, 25% by Hainan Expressway and 25% by CGWIC.

Hainan Aerospace is a connected person of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this Announcement, CASC holds approximately 38.37% of the issued share capital of the Company and is the controlling shareholder of the Company, and New Century and CASIL Hainan is a direct wholly-owned subsidiary and an indirect wholly-owned subsidiary of the Company, respectively, whereas CGWIC is a wholly-owned subsidiary of CASC. Hainan Aerospace is held as to 17.50% by New Century, 32.50% by CASIL Hainan, 25% by Hainan Expressway and 25% by CGWIC. Hence, Hainan Aerospace is a connected person of the Company under Chapter 14A of the Listing Rules, and the entering into the Loan Agreement between New Century and Hainan Aerospace constituted a continuing connected transaction of the Company. As all applicable percentage ratios are less than 5%, the Loan Agreement is subject to the reporting, announcement and annual review requirements but is exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

DEFINED TERMS USED IN THIS ANNOUNCEMENT

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

"CASC"	China Aerospace Science & Technology Corporation, a state-owned enterprise established in the PRC. As of the date of this Announcement, it holds approximately 38.37% shareholding in the Company and is a controlling shareholder of the Company;
"CASIL Hainan"	CASIL Hainan Holdings Limited (航天海南控股有限公司), an indirect wholly-owned subsidiary of the Company established 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;
"CGWIC"	China Great Wall Industry Corporation* (中國長城工業集團有限公司), a state-owned enterprise established in the PRC and a wholly-owned subsidiary of CASC;
"Director(s)"	the directors of the Company;
"Hainan Aerospace"	Hainan Aerospace Investment Management Company Limited* (海南航天投資管理有限公司), a joint venture of the Company established in the PRC;
"Hainan Expressway"	Hainan Expressway Co., Ltd.* (海南高速公路股份有限公司), a company established in the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000886);
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Loan Agreement"	a loan agreement entered into between New Century and Hainan Aerospace on 1 July 2016;

"Loan"	a loan in the sum of RMB45,000,000 provided by New Century to Hainan Aerospace with a maturity on 30 June 2018 under the Loan Agreement;
"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 wholly-owned subsidiary of the Company established in the PRC as a limited liability company;
"RMB"	Reminbi, the lawful currency of the PRC; and
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

By order of the Board
Li Hongjun
Executive Director & President

Hong Kong, 4 July 2016

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 Chen Xuechuan	Ms Leung Sau Fan, Sylvia
	Mr Shi Weiguo	Mr Wang Xiaojun

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