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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

DISCLOSEABLE TRANSACTION LAND RESUMPTION AGREEMENTS

LAND RESUMPTION AGREEMENTS

On 14 December 2020, HZ Industrial Garden, a 90%-owned subsidiary of the Company, entered into the First Land Resumption Agreement (A) with Huizhou Zhongkai Land Resumption and Reserve Centre at a cash compensation of RMB15,844,088.00, pursuant to which HZ Industrial Garden surrendered the First Land Parcel (A) to Huizhou Zhongkai Land Resumption and Reserve Centre on 15 December 2020.

On 29 June 2021, HZ Industrial Garden entered into the First Land Resumption Agreement (B) with Huihuan Residential District Office, pursuant to which HZ Industrial Garden shall surrender the First Land Parcel (B) to Huihuan Residential District Office at a cash compensation of RMB104,648.00.

On 29 June 2021, HZ Industrial Garden entered into the Second Land Resumption Agreement with Huihuan Residential District Office, pursuant to which HZ Industrial Garden shall surrender the Second Land Parcel to Huihuan Residential District Office at a cash compensation of RMB168,700,119.00.

On 29 June 2021, the Company entered into the Third Land Resumption Agreement with Huihuan Residential District Office, pursuant to which the Company shall surrender the Third Land Parcel to Huihuan Residential District Office at a cash compensation of RMB107,553,779.93.

IMPLICATION OF THE LISTING RULES

As HZ Industrial Garden entered into the First Land Resumption Agreement (A) with Huizhou Zhongkai Land Resumption and Reserve Centre, which is a government authority in Huizhou, the PRC associated with Huihuan Residential District Office, within a 12-month period prior to and inclusive of the date of the First Land Resumption Agreement (B), the Second Land Resumption Agreement and the Third Land Resumption Agreement, the First Land Resumption Agreement (A), First Land Resumption Agreement (B), the Second Land Resumption Agreement and the Third Land Resumption Agreement shall be aggregated as a series of transaction for the Company pursuant to Rule 14.22 of the Listing Rules.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the First Land Resumption Agreement (A), the First Land Resumption Agreement (B), the Second Land Resumption Agreement and the Third Land Resumption Agreement (in aggregate) exceed 5%, but do not exceed 25%, the Land Resumptions constituted a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board of Directors of the Company is pleased to announce that:

1. on 14 December 2020, HZ Industrial Garden, a 90%-owned subsidiary of the Company, entered into the First Land Resumption Agreement (A) with Huizhou Zhongkai Land Resumption and Reserve Centre at a cash compensation of RMB15,844,088.00, pursuant to which HZ Industrial Garden surrendered the First Land Parcel to Huizhou Zhongkai Land Resumption and Reserve Centre on 15 December 2020;
2. on 29 June 2021, HZ Industrial Garden entered into the First Land Resumption Agreement (B) with Huihuan Residential District Office, pursuant to which HZ Industrial Garden shall surrender the First Land Parcel (B) to Huihuan Residential District Office at a cash compensation of RMB104,648.00;
3. on 29 June 2021, HZ Industrial Garden entered into the Second Land Resumption Agreement with Huihuan Residential District Office, pursuant to which HZ Industrial Garden shall surrender the Second Land Parcel to Huihuan Residential District Office at a cash compensation of RMB168,700,119.00; and
4. on 29 June 2021, the Company entered into the Third Land Resumption Agreement with Huihuan Residential District Office, pursuant to which the Company shall surrender the Third Land Parcel to Huihuan Residential District Office at a cash compensation of RMB107,553,779.93.

DETAILS OF THE FIRST LAND RESUMPTION AGREEMENT (A)

Date: 14 December 2020

Parties: (1) Huizhou Zhongkai Land Resumption and Reserve Centre; and
(2) HZ Industrial Garden

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Huizhou Zhongkai Land Resumption and Reserve Centre is a government authority in Huizhou, the PRC.

Land resumed

The First Land Parcel (A) is situated at Zhongkai Development Zone, 252 Zhong Kai Road (Huihuan Section), Huizhou City, Guangdong Province, the PRC with an aggregate site area of approximately 19,313.97 square metres and is part of the land parcel under the land certificate number of Yue (2017) No. 5006002. The First Land Parcel (A) was approved for industrial use. As at the date of the First Land Resumption Agreement (A), the First Land Parcel (A) was vacant.

Compensation and payment terms

Pursuant to the First Land Resumption Agreement (A), the compensation payable to HZ Industrial Garden for the First Land Parcel (A) is RMB15,844,088.00, which shall be payable by Huizhou Zhongkai Land Resumption and Reserve Centre to HZ Industrial Garden within five business days upon signing of the First Land Resumption Agreement (A).

The compensation payable was determined in accordance with the Land Resumption Compensation Notices.

Completion

The transaction contemplated under the First Land Resumption Agreement (A) had been completed. HZ Industrial Garden received the cash compensation on 14 December 2020 and surrendered the First Land Parcel (A) on 15 December 2020 pursuant to the terms of the First Land Resumption Agreement (A).

DETAILS OF THE FIRST LAND RESUMPTION AGREEMENT (B)

Date: 29 June 2021

Parties: (1) Huihuan Residential District Office; and
(2) HZ Industrial Garden

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Huihuan Residential District Office is a government authority in Huizhou, the PRC.

Land to be resumed

The First Land Parcel (B) is situated at Zhongkai Development Zone, 252 Zhong Kai Road (Huihuan Section), Huizhou City, Guangdong Province, the PRC with an aggregate site area of approximately 109.32 square metres and is part of the land parcel under the land certificate number of Yue (2017) No. 5006002. The First Land Parcel (B) has been approved for industrial use and was used as the manufacturing factories of the Company and its subsidiaries but is now vacant.

Pursuant to the First Land Resumption Agreement (B), HZ Industrial Garden shall surrender the land use rights of the First Land Parcel (B) to Huihuan Residential District Office.

Compensation and payment terms

The compensation payable to HZ Industrial Garden for the First Land Resumption (B) will be RMB104,648.00, which shall be payable by Huihuan Residential District Office to HZ Industrial Garden in cash within fifteen business days upon signing of the First Land Resumption Agreement (B).

The compensation for the First Land Resumption (B) was determined in accordance with the Land Resumption Compensation Notices and the Implementation Plan for the Compensation and Resettlement for the House Acquisition on State-owned Land in relation to the Urban Renewal of Zhongkai Road*(《仲愷大道沿線城市更新單元國有土地上房屋徵收與補償安置實施方案》).

Completion

Within five business days of the receipt of the compensation payable, HZ Industrial Garden shall deliver vacant possession of the First Land Parcel (B) and on an as-is basis to Huihuan Residential District Office.

DETAILS OF THE SECOND LAND RESUMPTION AGREEMENT

Date: 29 June 2021

Parties: (1) Huihuan Residential District Office; and
(2) HZ Industrial Garden

Land to be resumed

The Second Land Parcel is situated at Xiexia District No. 12, Huizhou City, Guangdong Province, the PRC with an aggregate site area of approximately 30,351 square metres and with the land certificate number of Hui Fu Guo Yong (95) No. 13020600145. The Second Land Parcel has been approved for industrial use and was used as the manufacturing factories of the Company and its subsidiaries but is now vacant.

Pursuant to the Second Land Resumption Agreement, HZ Industrial Garden shall surrender the land use rights of the Second Land Parcel to Huihuan Residential District Office.

Compensation and payment terms

The compensation payable to HZ Industrial Garden for the Second Land Resumption will be RMB168,700,119.00, which shall be payable by Huihuan Residential District Office to HZ Industrial Garden in cash within ten business days upon signing of the Second Land Resumption Agreement.

The compensation for the Second Land Resumption was determined in accordance with the Land Resumption Compensation Notices.

Completion

Within ten days of the receipt of the compensation payable, HZ Industrial Garden shall deliver vacant possession of the Second Land Parcel and on an as-is basis to Huihuan Residential District Office.

DETAILS OF THE THIRD LAND RESUMPTION AGREEMENT

Date: 29 June 2021

Parties: (1) Huihuan Residential District Office; and
(2) the Company

Land to be resumed

The Third Land Parcel is situated at Aerospace Science and Technology Industrial Garden, 252 Zhong Kai Road (Huihuan Section), Huizhou City, Guangdong Province, the PRC with a site area of approximately 78,563.52 square metres. It is part of the land parcel under the land certificate number of Hui Fu Guo Yong (2012) No. 13021451253 with a site area of approximately 139,772.20 square metres, which has been approved for industrial use. The Third Land Parcel is now vacant and the remaining part of the land will remain for the usage of the Company and its subsidiaries.

Pursuant to the Third Land Resumption Agreement, the Company shall surrender the land use rights of the Third Land Parcel to Huihuan Residential District Office.

Compensation and payment terms

The total compensation payable to the Company will be RMB107,553,779.93, of which RMB100,096,253.00 is the compensation for the Third Land Parcel and RMB7,457,526.93 is the compensation for constructing a new water supply system to the Industrial Garden. The total compensation shall be payable by Huihuan Residential District Office to the Company in cash within fifteen business days upon receipt of the confirmation of details of receiving account from the Company.

The compensation for the Third Land Parcel was determined in accordance with the Land Resumption Compensation Notices and the Implementation Plan for the Compensation and Resettlement for the House Acquisition on State-owned Land in relation to the Urban Renewal of Zhongkai Road* (《仲愷大道沿線城市更新單元國有土地上房屋徵收與補償安置實施方案》).

Since the demolition of the old water supply system situated at the Third Land Parcel would have a relatively great impact on the business activities of the Industrial Garden, Huihuan Residential District Office has approved the construction of a new water supply system by the Company. The cost of such construction has been determined on the basis of the “Report on the Budget for the Relocation and Construction of the Water Supply System of Aerospace Science and Technology Industrial Garden” issued by Guangdong Hongteng Engineering Management Co., Ltd.* (廣東宏騰工程管理有限公司) and shall be payable by Huihuan Residential District Office to the Company as part of the total compensation mentioned above.

Completion

Within five business days of the receipt of the total compensation payable, the Company shall deliver vacant possession of the Third Land Parcel, excluding the old water supply system and the related portion of the Third Land Parcel, on an as-is basis to Huihuan Residential District Office.

The Company shall be responsible for constructing the new water supply system, which shall be completed within 6 months after receiving the total compensation from Huihuan Residential District Office. Upon completion, the Company shall deliver the old water supply system on an as-is basis to Huihuan Residential District Office.

IMPLICATION OF THE LISTING RULES

As none of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the First Land Resumption (A) exceeded 5%, the First Land Resumption Agreement (A) and the transaction contemplated thereunder did not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As HZ Industrial Garden entered into the First Land Resumption Agreement (A) with Huizhou Zhongkai Land Resumption and Reserve Centre, which is a government authority in Huizhou, the PRC associated with Huihuan Residential District Office, within a 12-month period prior to and inclusive of the date of the First Land Resumption Agreement (B), the Second Land Resumption Agreement and the Third Land Resumption Agreement, the First Land Resumption Agreement (A), the First Land Resumption Agreement (B), the Second Land Resumption Agreement and the Third Land Resumption Agreement shall be aggregated as a series of transaction for the Company pursuant to Rule 14.22 of the Listing Rules.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the First Land Resumption Agreement (A), the First Land Resumption Agreement (B), the Second Land Resumption Agreement and the Third Land Resumption Agreement (in aggregate) exceed 5%, but do not exceed 25%, the Land Resumptions constitute a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE LAND RESUMPTION AGREEMENTS

Owing to the need for road construction and urban renewal of Zhongkai Road, Huizhou Zhongkai Administrative Committee decided to exercise its power to resume the Land Parcels. In accordance with the Land Resumption Notices and the applicable laws and regulations, HZ Industrial Garden, as the holder of the First Land Parcel (A), the First Land Parcel (B) and the Second Land Parcel, and the Company, as the holder of the Third Land Parcel, are entitled to compensations for the Land Resumptions.

Upon the prudent review of the valuation report (including the valuation method and its assumptions) prepared by China Alliance Appraisal Co., Ltd., which is engaged by HZ Industrial Garden, the Directors (including the Independent Non-Executive Directors) consider that the terms of the Land Resumption Agreements contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS

Based on the management accounts of the relevant subsidiaries as at 30 November 2020, the net book value of the First Land Parcel (A) was approximately RMB488,000.00, on account of the compensation of RMB15,844,088.00, a net gain before tax from the First Land Resumption (A) of approximately RMB15,356,000.00 was recorded.

Based on the latest audited financial statements of the relevant subsidiaries as at 31 December 2020, the net book value of the First Land Parcel (B) is approximately RMB2,750.00, on account of the compensation of RMB104,648.00, it is expected to record an estimated net gain before tax from the First Land Resumption (B) of approximately RMB101,900.00. The actual amount of gain from the First Land Resumption (B) to be recorded is subject to audit and will take into account any costs and expenses incurred relating to the First Land Resumption (B), and accordingly it may be different from the amount stated above.

Based on the latest audited financial statements of the relevant subsidiaries as at 31 December 2020, the net book value of the Second Land Parcel is approximately RMB22,931,000.00, on account of the compensation of RMB168,700,119.00, it is expected to record an estimated net gain before tax from the Second Land Resumption of approximately RMB145,770,000.00. The actual amount of gain from the Second Land Resumption to be recorded is subject to audit and will take into account any costs

and expenses incurred relating to the Second Land Resumption, and accordingly it may be different from the amount stated above.

Based on the latest audited financial statements of the relevant subsidiaries as at 31 December 2020, the net book value of the Third Land Parcel and the structures, attachments and young crops thereon are approximately RMB34,191,000.00, on account of the compensation of RMB107,553,779.93, it is expected to record an estimated net gain before tax from the Third Land Resumption of approximately RMB73,362,800.00. The actual amount of gain from the Third Land Resumption to be recorded is subject to audit and will take into account any costs and expenses incurred relating to the Third Land Resumption, and accordingly it may be different from the amount stated above.

PROPOSED USE OF PROCEEDS

The net proceeds from the Land Resumptions will be principally applied as the general working capital of the Company and its subsidiaries.

INFORMATION OF THE PARTIES TO THE LAND RESUMPTION AGREEMENTS

The Company is an investment holding company and its subsidiaries are principally engaged in hi-tech manufacturing, and the operations of Shenzhen Aerospace Science & Technology Plaza.

HZ Industrial Garden is a sino-foreign joint equity enterprise registered in the PRC and is directly owned as to 90% by the Company and 10% by Huizhou Township Enterprise Real Estate Development Company* (惠州市鄉鎮企業房地產開發公司). HZ Industrial Garden is principally engaged in constructing industrial buildings and supporting facilities.

Huizhou Zhongkai Land Resumption and Reserve Centre is a PRC government authority under Municipal Bureau of Planning and Natural Resource of Zhongkai Hi-Tech Industrial Development Zone* (仲愷高新區國土資源分局), which is in turn under Huizhou Zhongkai Administrative Committee, and is responsible for the organization and implementation of land resumption related work.

Huihuan Residential District Office is a PRC government authority under Huizhou Zhongkai Administrative Committee and is responsible for carrying out the decisions of the higher-level committees.

For the purpose of the Land Resumptions, each of Huizhou Zhongkai Land Resumption and Reserve Centre and Huihuan Residential District Office is the local authority responsible for effecting the Land Resumptions and paying compensation in relation to the Land Resumptions.

DEFINITIONS

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

“Board”	the Board of Directors;
“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;
“Director(s)”	the director(s) of the Company;
“First Land Parcel (A)”	a parcel of land situated at Zhong Kai Development Zone, 252 Zhongkai Road (Huihuan Section), Huizhou City, Guangdong Province, the PRC with an aggregate site area of approximately 19,313.97 square metres, including all buildings, infrastructure, fixtures and attachments thereon* (地上附着物), being part of the land parcel under the land certificate number of Yue (2017) No. 5006002;
“First Land Parcel (B)”	a parcel of land situated at Zhong Kai Development Zone, 252 Zhongkai Road (Huihuan Section), Huizhou City, Guangdong Province, the PRC with an aggregate site area of approximately 109.32 square metres, including all buildings and infrastructure thereon, being part of the land parcel under the land certificate number of Yue (2017) No. 5006002;
“First Land Resumption (A)”	the resumption of the First Land Parcel (A) by Huizhou Zhongkai Land Resumption and Reserve Centre pursuant to the terms and conditions of the First Land Resumption Agreement (A);
“First Land Resumption (B)”	the resumption of the First Land Parcel (B) by Huihuan Residential District Office pursuant to the terms and conditions of the First Land Resumption Agreement (B);
“First Land Resumption Agreement (A)”	an agreement entered into by and between Huizhou Zhongkai Land Resumption and Reserve Centre and HZ Industrial Garden in relation to the First Land Resumption (A), the details of which are set out in the section headed “Details of the First Land Resumption Agreement (A)” above;
“First Land Resumption Agreement (B)”	an agreement entered into by and between Huihuan Residential District Office and HZ Industrial Garden in relation to the First Land Resumption (B), the details of which are set out in the section headed “Details of the First Land Resumption Agreement (B)” above;
“Huizhou Zhongkai Administrative Committee”	Huizhou Zhongkai High-Tech Zone Administrative Committee* (惠州仲愷高新區管理委員會);

“Huizhou Zhongkai Land Resumption and Reserve Centre”	Land Resumption and Reserve Centre of Huizhou Zhongkai Hi-Tech Industrial Development Zone* (惠州仲愷高新技術產業開發區徵地與儲備中心);
“Huihuan Residential District Office”	Huihuan Residential District Office of Huizhou Zhongkai Hi-Tech Industrial Development Zone* (惠州仲愷高新技術產業開發區惠環街道辦事處);
“HZ Industrial Garden”	China Aerospace (Huizhou) Industrial Garden Limited* (航天科技(惠州)工業園發展有限公司), a sino-foreign joint equity enterprise registered in the PRC and is directly owned as to 90% by the Company;
“Land Parcels”	the First Land Parcel (A), the First Land Parcel (B), the Second Land Parcel and the Third Land Parcel;
“Land Resumptions”	the First Land Resumption (A), the First Land Resumption (B), the Second Land Resumption and the Third Land Resumption;
“Land Resumption Agreements”	the First Land Resumption Agreement (A), the First Land Resumption Agreement (B), the Second Land Resumption Agreement and the Third Land Resumption Agreement;
“Land Resumption Compensation Notices”	Notice of Huizhou Zhongkai Administrative Committee on printing and distributing the Implementation Plan for the Compensation and Resettlement in relation to the Urban Renewal of Zhongkai Road* (《仲愷高新區管委會關於印發〈仲愷大道沿線城市更新單元補償安置實施方案〉的通知》) and Notice of Huizhou Zhongkai Administrative Committee on the decision to expropriate houses on state-owned land in relation to the urban renewal of Zhongkai Road* (《仲愷高新區管委會關於仲愷大道沿線城市更新單元國有土地上房屋徵收決定的公告》)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Land Parcel”	a parcel of land situated at Xiexia District No. 12, Huizhou City, Guangdong Province, the PRC with an aggregate site area of approximately 30,351 square metres and with the land certificate number of Hui Fu Guo Yong (95) No. 13020600145, including all buildings and infrastructure thereon;
“Second Land Resumption”	the resumption of the Second Land Parcel by Huihuan Residential District Office pursuant to the terms and conditions of the Second Land Resumption Agreement;

“Second Land Resumption Agreement”	an agreement entered into by and between Huihuan Residential District Office and HZ Industrial Garden in relation to the Second Land Resumption, the details of which are set out in the section headed “Details of the Second Land Resumption Agreement” above;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Third Land Parcel”	a parcel of land situated at China Aerospace Industrial Estate, 252 Zhong Kai Road (Huihuan Section), Huizhou City, Guangdong Province, the PRC with an aggregate site area of approximately 78,563.52 square metres, including all buildings and infrastructure thereon, being part of the land parcel under the land certificate number of Hui Fu Guo Yong (2012) No. 13021451253 with an aggregate site area of approximately 139,772.20 square metres;
“Third Land Resumption”	the resumption of the Third Land Parcel by Huihuan Residential District Office pursuant to the terms and conditions of the Third Land Resumption Agreement; and
“Third Land Resumption Agreement”	an agreement entered into by and between Huihuan Residential District Office and the Company in relation to the Third Land Resumption, the details of which are set out in the section headed “Details of the Third Land Resumption Agreement” above.

By order of the Board
Zhou Limin
Chairman and Executive Director

Hong Kong, 29 June 2021

At the date of this announcement, the Board of Directors of the Company comprises:

Executive Directors

Mr Zhou Limin (*Chairman*)
Mr Jin Xuesheng (*President*)

Non-Executive Directors

Mr Liu Xudong
Mr Hua Chongzhi
Mr Mao Yijin

Independent Non-Executive Directors

Mr Luo Zhenbang
Ms Leung Sau Fan, Sylvia
Mr Wang Xiaojun

* for identification purpose only