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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)

INSIDE INFORMATION TERMINATION OF LEASE CONTRACT

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.

Reference is made to the announcements of the Company dated 12 May 2022, 14 June 2022, 5 July 2022 and 30 September 2022 (the “Announcements”), in relation to, among others, the Litigation commenced by Shenzhen Aerospace against Hangke Houhai to claim for arrears of rent, termination of the Lease Agreement, and the claim filed by Hangke Houhai against Shenzhen Aerospace. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Announcements.

The Board announces that the Company has been informed by Shenzhen Aerospace that Shenzhen Huabaorun Management Limited*(深圳市華保潤商業管理有限公司) (“Huabaorun”), a commercial properties whole lease tenant of its Shenzhen Aerospace Science & Technology Plaza, has continuously failed to pay the rental, and despite various approaches adopted by Shenzhen Aerospace to recover the arrears and numerous discussions with Huabaorun, the rental arrears issue remains unresolved. As Huabaorun has continuously failed to fulfil its obligation under the 15-year commercial properties whole-lease contract dated 13 September 2016 (the “Whole-lease Contract”), Shenzhen Aerospace decided to early terminate the Whole-lease Contract with Huabaorun. Huabaorun is required to complete the withdrawal and deliver vacant possession of the leased property to Shenzhen Aerospace before 10 November 2022, Huabaorun shall fully transfer those signed and unexpired sub-lease agreements to Shenzhen Aerospace, pay to Shenzhen Aerospace before 15 November 2022: the sum of approximately RMB52,509,000 being a total of 12 months’ rent in arrears (including 9 months’ rent during the pandemic period in dispute), the rental late charges in arrears of approximately RMB138,715,000 (accrued up to 31 October 2022 and actual amount be accrued up to the date of settlement), and the sum of approximately RMB 10,000,000 being penalty for breach of the Whole-lease Contract; complete the procedures for the settlement of property management fees and other applicable fees before 30 November 2022 and provide proof for rent concessions during pandemic (the rent concessions must be accrued to the actual lessees pursuant to the national policy) before 30 November 2022 and co-operate in signing of the concessions agreement.

If the outstanding sum is not fully repaid by Huabaorun before 15 November 2022, Shenzhen Aerospace shall commence litigation to claim for arrears. As for the disputes over rent concessions during pandemic and the related late charges on rent in arrears, they will be dealt with in the litigation.

Shenzhen Aerospace Science & Technology Plaza will be fully changed to self-managed operation in leasing. Shenzhen Aerospace will further enhance the operational capability and quality, expecting to restore the occupancy rate to higher level.

IMPACT ON THE COMPANY

If Huabaorun is finally unable to repay the rent in arrears etc., it is estimated that the Company will make a provision of approximately RMB 145,315,000 in relation to the termination of the Whole-lease Contract with Huabaorun. The Company will proactively advocate and enforce its rights in the litigations in accordance with applicable laws and will make further announcement pursuant to the relevant requirements of the Listing Rules.

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

By order of the Board
Zhou Limin
Chairman & Executive Director

Hong Kong, 7 November 2022

As 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 Zhou Limin (<i>Chairman</i>)	Mr Liu Xudong	Mr Luo Zhenbang
Mr Jin Xuesheng (<i>President</i>)	Mr Hua Chongzhi	Mr Wang Xiaojun
	Mr Mao Yijin	Ms Chen Jingru

**The English name set out herein is for identification purpose only.*