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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 IN RELATION TO SUBSCRIPTION OF CONVERTIBLE BONDS

SUBSCRIPTION OF CONVERTIBLE BONDS

On 18 August 2022, CASIL New Century, a direct wholly-owned subsidiary of the Company, has registered to its 23.38% associate, Rayitek, to subscribe for the Convertible Bonds with a principal amount of RMB100,494,000 at a consideration of RMB100,494,000.

The Convertible Bonds are convertible into Rayitek A Shares at the Conversion Price of RMB30.98 per share. Assuming full conversion exercised by CASIL New Century, up to 3,243,834 Conversion Shares will be allotted and issued to CASIL New Century, representing full conversion of the Convertible Bonds at the initial conversion price and about 25.18% of the existing issued share capital of Rayitek and about 23.38% of the issued share capital of Rayitek as enlarged by the issuance of the Conversion Shares.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under the Rule 14.07 of the Listing Rules in respect of the Subscription of Convertible Bonds is more than 5% but all of them are less than 25%, the Subscription of Convertible Bonds constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

SUBSCRIPTION OF CONVERTIBLE BONDS

Rayitek (shares of which are listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange (stock code: 688323)), a 23.38% associate of CASIL New Century, has issued the Convertible Bonds at the face value of RMB100 each in accordance with the terms and conditions as set out in the “Prospectus for Issuance of Convertible Bonds to Unspecified Party in 2022” and “Issuance of Convertible Bonds to Unspecified Party Announcement” issued by Rayitek on 16 August 2022. The total amount of funds to be raised shall not exceed RMB430,000,000. Rayitek has confirmed that it has obtained approval from the CSRC regarding the issuance of the Convertible Bonds and no other prerequisites remain. Existing shareholders of Rayitek (as Issuer) have the pre-emptive right to subscribe for the Convertible Bonds. As at the date of this announcement, CASIL New Century holds 23.38% issued share capital of Rayitek, as an existing shareholder of Rayitek, CASIL New Century has the pre-emptive right to subscribe for the Convertible Bonds in proportion to its shareholding in Rayitek.

On 18 August 2022, CASIL New Century (as Subscriber) has registered to its 23.38% associate, Rayitek (as Issuer), to subscribe for the Convertible Bonds with a principal amount of RMB100,494,000 at a consideration of RMB100,494,000. CASIL New Century funded the consideration for the Subscription of Convertible Bonds in cash and in full on subscription day (18 August 2022) from its internal resources.

The principal terms of Subscription of Convertible Bonds are summarized as follows:

Issuer	:	RAYITEK Hi-Tech Film Company Ltd., Shenzhen
Issue Date	:	18 August 2022
Total Fund to Raise	:	RMB430,000,000
Face Value and Issue Price	:	The Convertible Bonds will be issued at the face value of RMB100 for each.
Maturity Date	:	The sixth year from the issue date (18 August 2022), 17 August 2028.
Coupon Rate	:	The Convertible Bonds are interest-bearing from the issue date of the Convertible Bonds at the following rates per annum on the principal amount of the Convertible Bonds outstanding: 0.20% in the first year 0.40% in the second year 0.60% in the third year 1.50% in the fourth year 1.80% in the fifth year 2.00% in the sixth year

The interest will be payable to the Convertible Bondholder once annually in arrears from the issue date of the Convertible Bonds.

Conversion Period : The Convertible Bondholder may convert the Convertible Bonds into Conversion Shares on the first trading day (24 February 2023) immediately following the expiry of the six-month period after the end of the issue date of the Convertible Bonds (24 August 2022) and ends on the maturity date (17 August 2028).

Conversion Price and Adjustments : The initial conversion price being RMB30.98 per Conversion Share, subject to corresponding adjustments in certain events including bonus issue, capital issuance, issue new shares (other than issuance of the Convertible Bonds), shares allotment and dividend distribution.

In the event that the closing price of the Rayitek A Shares is lower than 85% of the current Conversion Price for at least fifteen (15) trading days out of any thirty (30) consecutive trading days, the board of Rayitek shall have the right to propose a downward adjustment of the Conversion Price for the approval of the shareholders of Rayitek. The downward adjustment will only take effect upon the approval of two-thirds of the voting rights held by the shareholders present at the shareholders' meeting of Rayitek. In the event of an adjustment to the Conversion Price, Rayitek will publish the adjusted Conversion Price on the media designated by the CSRC.

Conversion Shares : Based on the initial Conversion Price of RMB30.98, up to 3,243,834 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing about 25.18% of the existing issued share capital of Rayitek and about 23.38% of the issued share capital of Rayitek as enlarged by the issuance of the Conversion Shares. The Conversion Shares will rank pari passu with other shares of Rayitek as at the date of issuance of the Conversion Shares.

Redemption : (i) Terms of Redemption at Maturity
Rayitek will redeem each Convertible Bonds which has not been converted into Conversion Shares within five (5) trading days after the expiration of the maturity date at 110% of its principal amount (including the last period of interest).

- (ii) **Terms of Conditional Redemption**
During the period when the Convertible Bonds can be converted into Conversion Shares, if the closing price of Rayitek A Shares for at least fifteen (15) out of thirty (30) consecutive trading days is not less than 130% of the Conversion Price; or the principal amount of the outstanding Convertible Bonds which has not been converted into Conversion Shares is less than RMB30,000,000, Rayitek shall have the option to redeem such outstanding Convertible Bonds in whole or in part at face value of the Convertible Bonds together with accrued interests for the period.

Sell Back

- : (i) **Terms of Conditional Sell Back**
Within the last two (2) interest-bearing years of the Convertible Bonds, where the closing price of Rayitek A Shares is lower than 70% of the Conversion Price for thirty (30) consecutive trading days, CASIL New Century is entitled to sell all or part of its Convertible Bonds back to Rayitek at face value plus the interest accrued for the period.

In the events of bonus issue, capital issuance, issue new shares (other than issuance of the Convertible Bonds), shares allotment and dividend distribution during the said thirty (30) consecutive trading days, the sell back price will be subject to corresponding adjustments.

- (ii) **Additional Terms of Sell Back**
If the actual usage of the net proceeds from the Convertible Bonds is materially different from the undertaking of the use of proceeds by Rayitek set out in the prospectus, and such difference is considered by the CSRC or Shanghai Stock Exchange as a change in the use of the proceeds, CASIL New Century as Convertible Bondholder shall have an one-off sell back right. CASIL New Century is entitled to sell all or part of its Convertible Bonds back to Rayitek at face value plus the interest accrued for the period. Subject to satisfaction of the additional terms of sell back, CASIL New Century may sell its Convertible Bonds back to Rayitek during the sell back declaration period as announced by Rayitek. If CASIL New Century does not exercise its sell back right during such sell back declaration period, such right will no longer exercisable.

Listing

- : Rayitek will apply for listing of the Convertible Bonds on the Sci-Tech Innovation Board of Shanghai Stock Exchange as soon as practicable after the conclusion of the issuance. Details of the listing timetable will be announced separately.

INFORMATION OF THE COMPANY, CASIL NEW CENTURY AND RAYITEK

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of hi-tech manufacturing and the operation of Shenzhen Aerospace Technology Plaza.

CASIL New Century is a limited liability company established in the PRC and is a direct wholly-owned subsidiary of the Company. It is principally engaged in the research and development business for aerospace technology and products.

Rayitek is a limited company established in the PRC and is a 23.38% associate company indirectly held by the Company, shares of which are listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange (stock code: 688323). It is principally engaged in the businesses of research and development, production and sales of high-performance PI films.

As at the date of this announcement, to the best knowledge, information and belief of the Board, and having made all reasonable enquiries, Rayitek and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The following is the financial information for the financial years ended 31 December 2021 and 2020 extracted from Rayitek:

	As at 31 December	
	2021	2020
	<i>RMB</i>	<i>RMB</i>
Net profit before tax	62,044,235.83	65,984,753.12
Net profit after tax	56,050,404.79	58,200,167.78

The total asset value and net asset value of Rayitek as at 31 December 2021 were RMB1,746,480,857.12 and RMB881,965,321.67 respectively.

REASONS FOR AND BENEFITS OF SUBSCRIPTION OF CONVERTIBLE BONDS

The Subscription of Convertible Bonds, differs from shares subscription, provides CASIL New Century with an option, where the Board is satisfied with Rayitek's business performance and considers that investing in Rayitek is beneficial to the Shareholders, CASIL New Century may at any time at its discretion exercise the conversion right attaching to the Convertible Bonds during the conversion period (before Rayitek exercises the terms of conditional redemption), so as to maintain the Company's proportion of shareholdings in Rayitek. In view of this, the Board is of the view that the terms for the Subscription of Convertible Bonds are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under the Rule 14.07 of the Listing Rules in respect of the Subscription of Convertible Bonds is more than 5% but all of them are less than 25%, the Subscription of Convertible Bonds constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITION

In this announcement, unless the context specifies otherwise, the following defined expressions have the following meanings:

“Board”	the Board of Directors of the Company;
“CASIL 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 limited liability company established in the PRC and is a direct wholly-owned subsidiary 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 (stock code:31);
“Conversion Price”	the initial conversion price RMB30.98 per Conversion Share (subject to adjustments) at which the Convertible Bondholder may subscribe for the Conversion Shares;
“Conversion Share(s)”	new Rayitek A Share(s) to be issued upon exercise of the conversion rights attaching to the Convertible Bonds;
“Convertible Bondholder”	holder of the Convertible Bonds;
“Convertible Bonds”	the convertible bonds issued by Rayitek at the face value of RMB100 for each;
“CSRC”	China Securities Regulatory Commission;
“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;

“Rayitek”	RAYITEK Hi-Tech Film Company Ltd., Shenzhen, a limited company established in the PRC and is a 23.38% associate of CASIL New Century, shares of which are listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange (stock code: 688323);
“Rayitek A Share(s)”	Renminbi-denominated ordinary share(s) of Rayitek which are listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange (stock code: 688323);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Subscription”	the subscription of the Convertible Bonds by CASIL New Century with a principal amount of RMB100,494,000 at a consideration of RMB100,494,000.

By order of the Board
Zhou Limin
Chairman & Executive Director

Hong Kong, 18 August 2022

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
Mr Wang Xiaojun

**The English names set out herein are for identification purpose only.*