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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)

PROFIT WARNING

This announcement is made by China Aerospace International Holdings Limited (the “Company”) pursuant to the provisions of Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Listing Rules.

The Board of Directors (the “Board”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the Company’s preliminary assessment, the Company is expected to record a loss before taxation of not less than HK\$300,000,000 for the year ended 31 December 2022, representing a substantial decrease of not less than HK\$780,000,000 as compared to the records of profit before taxation of approximately HK\$486,102,000 for the year ended 31 December 2021. Accordingly, the Company is expected to record a substantial net loss for the year ended 31 December 2022.

The expected loss is mainly attributable to the termination of lease agreements between Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) (“Shenzhen Aerospace”), a 60% indirect owned subsidiary of the Company and its whole-lease tenants, Shenzhen Hangke Houhai Investment Development Company Limited* (深圳市航科后海投資發展有限公司) (“Hangke Houhai”) and Shenzhen Huabaorun Management Limited* (深圳市華保潤商業管理有限公司) (“Huabaorun”) respectively. Accordingly, a sum of impairment of approximately RMB630,000,000 (equivalent to approximately HK\$740,000,000), in respect of the billed lease receivables and the loss on lease terminations, was made under the expected credit loss model.

The Company expects to record a free cash and bank balance of approximately HK\$2 billion as at 31 December 2022. The cash flow remains sufficient for future business development and provides adequate capital reserves to cope with market changes. Despite the lease terminations by Shenzhen Aerospace (please refer to the announcements of the Company dated 5 July 2022 and 7 November 2022) affected the annual results of the Company, the overall production and operating conditions of the Company remain robust. Following the termination of the whole lease agreements with Hangke Houhai and Huabaorun, Shenzhen Aerospace Science & Technology Plaza has been fully changed to self-managed operation in leasing. Shenzhen Aerospace will further enhance its operational capability and quality.

The actual financial results of the Company will be published on 24 March 2023 upon the completion of audit by the Company's auditor and the approvals by both the Audit Committee and the Board of the Company.

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, 15 March 2023

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

Executive Directors

Mr Zhou Limin (*Chairman*)
Mr Song Shuqing (*President*)

Non-Executive Directors

Mr Hua Chongzhi
Mr Teng Fangqian
Mr Peng Jianguo

Independent Non-Executive Directors

Mr Luo Zhenbang
Mr Wang Xiaojun
Ms Chen Jingru

For the purposes of this announcement, the translation of Renminbi into Hong Kong dollars has been calculated using the exchange rate of RMB1.00: HK\$1.179. Such exchange rate is for illustration purposes only and does not constitute a representation that any amount has been, could have been or will be translated at such exchange or at all.

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