

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising, from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*



## **CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED**

**航天科技國際集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 31)**

### **OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY FIVE SHARES HELD AND RESUMPTION OF TRADING**

#### **OPEN OFFER**

The Board is pleased to announce that on 5 June 2007, the Company and the Underwriter entered into the Underwriting Agreement to implement the Open Offer. The Company proposes to raise not less than approximately HK\$386 million before expenses (assuming no offer and issue of Shares under the Share Option Scheme and no repurchase of Shares from the date of this announcement to the Record Date) by way of open offer of not less than 428,483,980 Offer Shares at a price of HK\$0.90 per Offer Share on the basis of one Offer Share for every five Shares held by the Qualifying Shareholders on the Record Date. The Open Offer is not available to the Non-Qualifying Shareholders. The Company has no outstanding options or warrants or other securities convertible or exchangeable into Shares.

Each of the Controlling Shareholders have irrevocably undertaken to the Company and the Underwriter that the Shares beneficially owned by it as at the date of such undertaking will remain beneficially owned by it respectively at the close of business on the Record Date. Pursuant to the Irrevocable Undertaking given by the Controlling Shareholders, they will take up an aggregate of 182,221,772 Offer Shares. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite the Offer Shares (other than the Offer Shares to be allotted in respect of the Shares beneficially owned by the Controlling Shareholders).

**The obligations of the Underwriter to underwrite the relevant Offer Shares are conditional on (i) the satisfaction (or waiver) of, among other things, the conditions referred to in the section headed “Conditions of the Open Offer” in this announcement below, and (ii) the Underwriting Agreement not being terminated by the Underwriter in accordance with its terms as set out in the section headed “Termination of the Underwriting Agreement” in this announcement below. If the conditions are not fulfilled (or waived) or the Underwriting Agreement is terminated pursuant to its terms, the Open Offer will not proceed.**

**If in any doubt, Shareholders and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.**

The last day for dealing in the Shares on a cum-rights basis is 18 June 2007. The Shares will be dealt in on an ex-rights basis from 20 June 2007. To qualify for the Open Offer, a Qualifying Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be 26 June 2007. In order to be registered as a member on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged for registration by 4:00 p.m. on 21 June 2007 (the share register will be closed from 22 June 2007 to 26 June 2007, both dates inclusive).

## **REASONS FOR THE PROPOSED OPEN OFFER AND USE OF PROCEEDS**

The Directors believe that it would be in the interests of the Company and the Shareholders to raise long-term equity funding via the proposed Open Offer to strengthen the Company's financial position for its expansion of the major business, whilst allowing all Shareholders the equitable opportunity to increase their investment in the Company and participate in the Company's prospects. The estimated net proceeds of the Open Offer is approximately HK\$378 million and will be used as to (i) approximately HK\$80 million to finance the development costs of the Shanghai Project; (ii) approximately HK\$157 million for the repayment of debts; and (iii) the remaining net proceeds of the Open Offer of HK\$141 million as additional working capital.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 June 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 6 June 2007.

## **OPEN OFFER**

The Board is pleased to announce that the Company is going to raise long term equity capital by way of an open offer on the terms set out below.

**Issue statistics (prepared on the basis of the Company's existing 2,142,419,902 Shares in issue and, unless stated, without taking into account any Shares which may be issued between the date of this announcement and the Record Date)**

Basis of the Offer Shares	:	One Offer Share for every five Shares held on the Record Date on an assured basis.
Number of Shares in issue	:	2,142,419,902 Shares as at the date of this announcement.
Options or other securities	:	The Company has no outstanding options, warrants or other securities convertible into or giving rights to subscribe for Shares as at the date of this announcement.
Number of Offer Shares	:	Not less than 428,483,980 Offer Shares (assuming no offer and issue of Shares under the Share Option Scheme and no repurchase of Shares from the date of this Announcement to the Record Date).
Subscription price per Offer Share	:	HK\$0.90 per Offer Share.
Enlarged issued share capital upon completion of the Open Offer	:	2,570,903,882 Shares.

Assuming that there shall be no offer and issue of Shares under the Share Option Scheme and there shall be no repurchase of Shares from the date of this Announcement to the Record Date, the 428,483,980 Offer Shares will represent (a) 20% of the Company's issued share capital as at the date of this announcement; and (b) approximately 16.67% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

The Offer Shares are not issued under any general mandate to issue shares granted by the Shareholders. The Offer Shares are issued pursuant to section 57B of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) as the allotment of shares in the Company is to be made pro rata by the Company to the Shareholders, excluding for that purpose any Shareholder whose address is in a place where such offer is not permitted under the law of that place. The Company does not currently have any intention to offer and issue of Shares under the Share Option Scheme or make any repurchase of Shares from the date of this Announcement to the Record Date.

## **Qualifying Shareholders**

The Company will send the Prospectus Documents to the Qualifying Shareholders. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but the Company will not send any Application Form and Excess Application Form to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must be: (i) registered as a member of the Company at the close of business on the Record Date; and (ii) a Qualifying Shareholder.

In order to be registered as a member of the Company at the close of business on the Record Date, purchasers of Shares or investors in Shares must lodge any transfers of Shares (together with the relevant share certificate(s)) with the Company's share registrar in Hong Kong, being Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 21 June 2007.

## **Closure of register of members**

The register of members of the Company will be closed from 22 June 2007 to 26 June 2007 (both dates inclusive). No transfer of Shares will be registered during that period.

## **Subscription price**

The subscription price for the Offer Shares is HK\$0.90 per Offer Share, payable in full upon acceptance of the assured entitlement of Offer Shares or, where applicable, upon application for excess Offer Shares under the Open Offer. The subscription price represents:

- (i) a discount of approximately 51.08% to the closing price of HK\$1.84 per Share ("Last Closing Price") as quoted on the Stock Exchange on 4 June 2007, being the last date on which trading took place in the Shares before suspension of trading prior to the release of this announcement ("Last Trade Day");
- (ii) a discount of approximately 46.42% to the theoretical ex-rights price of HK\$1.68 per Share, which is calculated on the basis of the Last Closing Price;
- (iii) a discount of approximately 51.40% to the average of the closing prices per Share for the 5 trading days ended on the Last Trade Day of approximately HK\$1.85;
- (iv) a discount of approximately 50.71% to the average of the closing prices per Share for the 10 trading days ended on the Last Trade Day of approximately HK\$1.83; and
- (v) a premium of approximately 58.17% to the audited consolidated net tangible asset value per Share of the Company as at 31 December 2006 of HK\$0.57 (based on 2,142,419,902 Shares in issue as at the date of this announcement).

The Subscription Price was arrived at after arm's length negotiation with the Underwriter and to provide an opportunity for all shareholders to participate in the future growth of the Company.

After taking into consideration the reasons for the Open Offer as stated in the paragraph headed "Reasons for the Open Offer and use of proceeds" below, the Directors (including the independent non-executive Directors) consider the terms of the Open Offer, including the subscription price (and the discounts or premium to the relative values as indicated above) and the underwriter's commission and in the context of the Company's long-term expansion strategy, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Basis of Open Offer**

The basis of the assured entitlement under the Open Offer shall be one Offer Share for every five Shares held, being not less than 428,483,980 Offer Shares (assuming no offer and issue of Shares under the Share Option Scheme and no repurchase of Shares from the date of this announcement to the Record Date) at a price of HK\$0.90 per Offer Share. Application for all or any part of a Qualifying Shareholder's assured entitlement

should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for. No odd lot matching services will be provided. Fractional entitlements to any Offer Shares will not be offered to Shareholders but will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company.

### **Share certificates and refund cheques for the Open Offer**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all fully-paid Offer Shares are expected to be posted on or around 18 July 2007 to those who have accepted and (where applicable) applied for, and paid for, the Offer Shares by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares (if any) are expected to be posted on or around 18 July 2007 by ordinary post to the applicants at their own risk.

### **Status of the Offer Shares**

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue such that holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment of the Offer Shares.

### **Rights of Overseas Shareholders**

The Company is currently making enquiries with overseas legal advisers regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If in the opinion of the Directors and based on opinions obtained from legal advisors licensed to practice in the respective jurisdictions of the Overseas Shareholders, the Offer Shares may not be offered without the issue of a separate prospectus, the Open Offer will not be available to such Overseas Shareholder pursuant to Rule 13.36(2)(a) of the Listing Rules. The basis for excluding the Non-Qualifying Shareholders, if any, from the Open Offer will be set out in the Prospectus to be issued. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any Application Form and EAF to the Non-Qualifying Shareholders.

Entitlement of Non-Qualifying Shareholders, together with any Offers Shares entitlements not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

### **Application for excess Offer Shares**

Qualifying Shareholders may apply, by way of excess application, for the entitlements of the Non-Qualifying Shareholders and for any Offer Shares entitlements not accepted.

Applications for excess Offer Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis, but will give preference to topping-up odd lots to whole board lots.

Investors with their Shares held by a nominee (or CCASS) should note that the Board will regard the nominee (including CCASS) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or CCASS) should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Offer Shares will not be extended to them individually. Investors with their Shares held by a nominee (or CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own name(s) prior to the Record Date.

For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the share transfer registrar of the Company in Hong Kong at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for completion of the relevant registration by 4:00 p.m. on 21 June 2007.

If a Qualifying Shareholder wishes to apply for any Offer Shares in addition to his provisional allotment, he must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Offer Shares applied for, with the share transfer registrar of the Company in Hong Kong by a time which is currently expected to be 4:00 p.m. on 12 July 2007, or such later time and/or date as may be agreed between the Company and the Underwriter in writing.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares in its fully-paid form.

Dealings in the Shares will be subject to the payment of stamp duty in Hong Kong.

### **Underwriting Arrangement**

*Underwriting agreement dated 5 June 2007*

Parties : The Company and the Underwriter

Underwritten Offer Shares : 246,262,208 Offer Shares, being the difference between the total number of Offer Shares (being the amount of 428,483,980 Offer Shares (assuming no offer and issue of Shares under the Share Option Scheme and no repurchase of Shares) and the aggregate of 182,221,772) Offer Shares which Controlling Shareholders have undertaken to subscribe for as at the date of this announcement; and representing approximately 9.58% of the issued share capital of the Company as enlarged by the issue of the Offer Shares.

Underwriter's Commission : 2.25% of the subscription price for the Underwritten Offer Shares, which the Directors consider fair and reasonable

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Underwriter and its ultimate beneficial controlling shareholders do not have any shareholding in the Company and are not connected persons of the Company, are Independent Third Parties and are not party acting in concert with the Controlling Shareholders.

### **Conditions of the Open Offer**

The Open Offer is conditional, among other things, upon fulfillment of the following conditions:

- (a) all necessary approvals, permits, waivers, consents and authorisations (if any) having been obtained for the issue and allotment of Offer Shares as well as for the completion of the Open Offer generally;
- (b) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Offer Shares on the Stock Exchange and such listing and permission to deal not being subsequently revoked;
- (c) the registration of the Prospectus Documents (with all the documents required to be attached thereto by Section 38D of the Companies Ordinance) (all having been duly authorised for registration by the Stock Exchange and signed by or on behalf of all Directors) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance by no later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Document to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (e) delivery by the Controlling Shareholders to the Company and the Underwriter of the Controlling Shareholders Undertakings duly executed by the Controlling Shareholders on the same date as this Agreement and compliance with and performance by the Controlling Shareholders of the terms of the Controlling Shareholders Undertakings up to and including the latest time for payment for and acceptance of Offer Shares and the application and payment for the excess Offer Shares; and
- (f) the underwriting arrangement not having been terminated in accordance with the Underwriting Agreement.

If the conditions of the Open Offer are not fulfilled by the Latest Time for Termination (or such later date or time as the Underwriter may agree in writing with the Company pursuant to the Underwriting Agreement), then all liabilities of the parties thereto shall cease and terminate and neither party shall have any claim against the other (except in respect of any antecedent breach or reimbursement of certain out-of-pocket expenses to the extent incurred prior to such termination) and the Company shall not be liable to pay to the Underwriter the underwriting commission thereunder, and the irrevocable undertaking by Controlling Shareholders to accept its entitlement under the Open Offer will lapse, and the Open Offer will not proceed.

#### *Irrevocable Undertakings from Controlling Shareholders*

As at the date of this announcement, the Controlling Shareholders are the beneficial owners of 911,108,864 Shares, representing approximately 42.53% of the total issued share capital of the Company. The Controlling Shareholders have irrevocably undertaken to the Company and the Underwriter that such Shares will remain beneficially owned by them respectively at the close of business on the Record Date as they were on the date of the Irrevocable Undertaking, being 5 June 2007. The Controlling Shareholders will take up an aggregate of 182,221,772 Offer Shares to be allotted under the Open Offer.

#### *Non-Disposal Undertakings*

The Controlling Shareholders have undertaken to the Company and the Underwriter that they will not without the prior written consent of the Underwriter at any time after the date of the Underwriting Agreement up to and including the date falling 30 days after the date of the latest time for payment for and acceptance of Offer Shares and the application and payment for the excess Offer Shares to dispose of any Offer Shares allotted and issued to respectively pursuant to the Open Offer, or any interest therein.

#### *Termination of the Underwriting Agreement*

The Underwriter, may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to the Latest Time for Termination if:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties was, when originally given or when repeated as provided in the Underwriting Agreement, untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Open Offer; or
- (b) there shall develop, occur, exist or come into effect:
  - (i) any event, or series of events, beyond the reasonable control of the Underwriter (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities, insurrection or armed conflict (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics in Hong Kong including Severe Acute Respiratory Syndrome and H5N1 and such related or mutated forms or interruption or delay in transportation);
  - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change in local, national, international, financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions or matters and/or disaster or monetary or trading settlement system;
  - (iii) any new law or regulation, or there is any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - (iv) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the United States or by the European Union (or any member thereof) on Hong Kong or elsewhere;

- (v) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws in Hong Kong or elsewhere or affecting an investment in the Shares;
- (vi) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at the United States federal or New York state level or otherwise), Singapore, London or the PRC or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong or elsewhere;
- (vii) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of five (5) Business Days;
- (viii) any contravention of, or non-compliance with, any applicable laws and regulations (including, without limitation, the Companies Ordinance and the Listing Rules) by any member of the Group;
- (ix) any other event, series of events, change, development or situation, which is or are in the reasonable opinion of the Underwriter:
  - (1) likely to have a material adverse effect on the general affairs, management, business, financial, trading or other condition or prospects of any Group Company; or
  - (2) likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares Taken Up; or
  - (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer.

Upon the giving of notice of termination, all the liabilities of the Underwriter and the Company under the Underwriting Agreement shall cease and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than antecedent breaches) and the Company shall not be liable to pay to the Underwriter the underwriting commission. If the Underwriter exercises such right, the Open Offer will not proceed.

### **Warning on dealings in Shares**

*The obligations of the Underwriter to underwrite the relevant Offer Shares are conditional on (i) the satisfaction of, among other things, the conditions referred to in the section headed “Conditions of the Open Offer” in this announcement above, and (ii) the Underwriting Agreement not being terminated by the Underwriter in accordance with its terms as set out in the section headed “Termination of the Underwriting Agreement” in this announcement above. If the conditions are not fulfilled or the Underwriting Agreement is terminated pursuant to its terms, the Open Offer will not proceed.*

### **Expected timetable**

The expected timetable for the proposed Open Offer is set out below:

Last day of dealings in Shares on a cum-rights basis .....	18 June
First day of dealings in Shares on an ex-rights basis .....	20 June
Latest time for lodging transfers of Shares and related documents in order to qualify for the Open Offer .....	4:00 p.m., 21 June
Register of members closes .....	22 to 26 June (both dates inclusive)
Record Date .....	26 June

Despatch of the Prospectus Documents .....	27 June
Latest time for payment for and acceptance of Offer Shares and the application and payment for the excess Offer Shares .....	4:00 p.m., 12 July
Open Offer expected to become unconditional .....	after 4:00 p.m., 17 July
Announcement of results of acceptance and excess application .....	17 July
Despatch of refund cheques for wholly and partially unsuccessful excess applications on or before .....	18 July
Share certificates for Offer Shares to be posted on or before .....	18 July
First day of dealings in Offer Shares .....	20 July

*Note:* Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders appropriately.

### Shareholding of the Company

Assuming no offer and issue of Shares under the Share Option Scheme and no repurchase of Shares Share Options before the Record Date, the shareholdings in the Company immediately after the completion of the Open Offer will be as follows:

	Existing shareholding as at the date of this announcement		Immediately after completion of the Open Offer (assuming all Offer Shares will be taken up by Qualifying Shareholders)		Immediately after completion of the Open Offer (assuming no Offer Shares will be taken up by Qualifying Shareholders other than Controlling Shareholders)	
	Share	%	Share	%	Share	%
Controlling Shareholders	911,108,864	42.53	1,093,330,636	42.53	1,093,330, 636	42.53
Public	1,231,311,038	57.47	1,477,573,246	57.47	1,231,311,038	47.89
Underwriter	0	0.00	0	0.00	246,262,208	9.58
Public Shareholders	<u>1,231,311,038</u>	<u>57.47</u>	<u>1,477,573,246</u>	<u>57.47</u>	<u>1,477,573, 246</u>	<u>57.47</u>
<b>Total</b>	<b><u>2,142,419,902</u></b>	<b><u>100.00</u></b>	<b><u>2,570,903,882</u></b>	<b><u>100</u></b>	<b><u>2,570,903,882</u></b>	<b><u>100.00</u></b>

### Reasons for the Open Offer and use of proceeds

The Group is principally engaged in hi-tech manufacturing business, science and technology park complex development, and hi-tech industries development.

The Directors believe that it would be in the interests of the Company and the Shareholders to raise long-term equity funding via the proposed Open Offer to strengthen the Company's financial position for its expansion of its major businesses, whilst allowing all Shareholders the equitable opportunity to increase their investment in the Company and participate in the Company's prospects.

The estimated net proceeds of the Open Offer is approximately HK\$378 million and will be used as to (i) approximately HK\$80 million to finance the development costs of the Shanghai Project (as described below); (ii) approximately HK\$157 million for the repayment of debts; and (iii) the remaining net proceeds of the Open Offer of HK\$141 million as additional working capital.



Reference is made to the announcements of the Company dated 26 October 2006 and the circular of the Company dated 16 November 2006 in relation to the development of the Aerospace Technology Park in Shanghai (the “Shanghai Project”).

### **Previous Fund Raising Exercise of the Company**

Save for the Open Offer, the Company has not undertaken any equity fund raising exercise in the past 12 months ending on the date of this announcement.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 June 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 6 June 2007.

### **GENERAL**

As more than 42.53% of the Offer Shares will be taken up by Controlling Shareholders, the Underwriter is not expected to own 9.58% or more of the enlarged issued share capital of the Company following the completion of the Open Offer. Accordingly, there will not be any takeovers implication as prescribed under the Hong Kong Code on Takeovers and Mergers.

The Prospectus or Prospectus Documents, where appropriate, containing further information on the Open Offer will be despatched to Shareholders as soon as practicable.

### **DEFINITIONS**

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

“Application Form”	the form of application for the Offer Shares to be issued in connection with the Open Offer to Qualifying Shareholders;
“Board”	the Board of Directors;
“Business Day”	a day on which banks are generally open for business for normal banking business in Hong Kong other than Saturdays and Sundays;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Company”	China Aerospace International Holdings Limited (航天科技國際集團有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“connected persons”	has the meaning given to it in the Listing Rules;
“Controlling Shareholders”	Jetcote and its wholly-owned subsidiaries, Burhill Company Limited and Sin King Enterprises Company Limited, both are incorporated in Hong Kong. The Controlling Shareholders are the beneficial owners of an aggregate of 911,108,864 Shares, representing approximately 42.53% of the Company’s issued share capital as at the date of this announcement;
“Director(s)”	the director(s) of the Company;
“EAF(s)”	the excess application form(s) to be issued to Qualifying Shareholders in connection with the Open Offer;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) who, together with its/their ultimate beneficial owners, is/are independent of the Company and connected persons of the Company;
“Irrevocable Undertaking(s)”	the irrevocable undertakings dated 5 June 2007 given by the Controlling Shareholders in favour of the Company and the Underwriter to, amongst other things, subscribe for an aggregate of 182,221,772 Offer Shares;
“Jetcote”	Jetcote Investments Limited, a wholly-owned subsidiary of China Aerospace Science & Technology Limited (a state-owned enterprise), as at the date of this announcement;
“Latest Time for Termination”	4:00 p.m. on 17 July 2007;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Non-Qualifying Shareholders”	Overseas Shareholders (as shown in the register of members of the Company at the close of business on the Record Date) to whom, in the opinion of the Directors and based on opinions obtained from legal advisors licensed to practice in the respective jurisdictions of the Overseas Shareholders, the Offer Shares may not be offered without the issue of a separate prospectus;
“Offer Share(s)”	new Share(s) to be allotted and issued under the Open Offer, being not less than 428,483,980 Shares;
“Open Offer”	the issue by way of open offer of one Offer Share for every five Shares in issue on the Record Date at a price of HK\$0.90 per Offer Share;
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong;
“Prospectus”	the prospectus to be issued for the Open Offer;
“Prospectus Documents”	the Prospectus, the Application Form and the EAF;
“Prospectus Posting Date”	27 June 2007 (on such other date as may be agreed in writing between the Company and the Underwriter upon the approval of the Stock Exchange);
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date;
“Record Date”	26 June 2007 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Open Offer are to be determined;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shanghai Project”	has the meaning ascribed to it in the section headed “Reasons for the Open Offer and use of proceeds” in this announcement;

“Shares(s)”	share(s) of HK\$0.10 each in the capital of the Company;
“Share Option Scheme”	the share option scheme of the Company adopted on 8 July 1997 and expiring on 8 July 2007;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Underwriter”	DBS Asia Capital Limited, a registered institution to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
“Underwriting Agreement”	the underwriting agreement dated 5 June 2007 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Open Offer; and
“Underwritten Offer Shares”	the Offer Shares but excluding the Offer Shares to be offered to the Controlling Shareholders, being up to an aggregate of 246,262,208 Offer Shares.

By order of the Board  
**China Aerospace International Holdings Limited**  
**Ma Xingrui**  
*Chairman*

Hong Kong, 6 June 2007

As at the date of this announcement, the Board comprises:

<b>Executive Directors</b>	<b>Non-Executive Directors</b>	<b>Independent Non-Executive Directors</b>
Mr Zhao Liqiang ( <i>President</i> )	Mr Ma Xingrui ( <i>Chairman</i> )	Mr Chow Chan Lum, Charles
Mr Zhou Qingquan	Mr Gong Bo	Mr Luo Zhenbang
Mr Zhao Yuanchang	Ms Chan Ching Har, Eliza	Mr Wang Junyan
Mr Wu Hongju	Mr Wang Yujun	
Mr Guo Xianpeng	Mr Xu Jianhua	

“Please also refer to the published version of this announcement in China Daily”