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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)

Announcement

Establishment of a joint venture and Proposed change of the Company's Chinese name

After the Stock Exchange trading hours on 30 November 2007, New Century, a wholly-owned subsidiary of the Company, entered into the Promoters' Agreement with ATI and STI in respect of the establishment of the Joint Venture.

Both ATI and STI, being subsidiaries of the controlling shareholder of the Company, CASC, are connected persons of the Company under the Listing Rules. Accordingly, the entering into the Promoters' Agreement by New Century constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders of the Company voting by poll at the Extraordinary General Meeting. The entering into the Promoters' Agreement also constitutes a discloseable transaction of the Company.

An Independent Board Committee has been appointed to consider the terms of the Promoters' Agreement to advise and recommend the Independent Shareholders to vote, and Somerley Limited has been appointed by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms thereof.

In addition, the Company is putting forward a proposal to its shareholders for a change of the Company's Chinese name from “航天科技國際集團有限公司” to “中國航天國際控股有限公司”. Notification of the new Chinese stock name will be made by way of a separate announcement.

A circular containing the particulars of the transactions will be despatched to shareholders as soon as practicable.

1. The Establishment of the Joint Venture

The Board of Directors of China Aerospace International Holdings Limited is pleased to announce that New Century, a wholly-owned subsidiary of the Company, ATI and STI have entered into the Promoters' Agreement after the Stock Exchange trading hours on 30 November 2007.

Promoters' Agreement dated 30 November 2007

Parties:	1. New Century, a wholly-owned subsidiary of the Company,		
	2. ATI, a wholly-owned subsidiary of CASC, and		
	3. STI, a subsidiary of CASC.		
Business scope of the Joint Venture Company:	Development and transfer of technologies, provision of technological advisory and services, the establishment of enterprises, the research and manufacturing of satellite related products, development of infrastructure and related businesses, the management and leasing of properties (subject to the approval by the State Administration of Industry and Commerce of the PRC ("SAIC")).		
Term:	50 years from the date of issue of the business license of the Joint Venture Company		
Total registered capital (being the total capital commitment): (in HK\$ equivalent)	RMB700,000,000 (HK\$721,649,484)		
	New Century	ATI	STI
Share of registered capital: (in HK\$ equivalent) (% of total registered capital)	RMB420,000,000 (HK\$432,989,690) (60%)	RMB140,000,000 (HK\$144,329,897) (20%)	RMB140,000,000 (HK\$144,329,897) (20%)
Payment of registered capital			
1st installment in cash at the time of registration at the SAIC:	RMB84,000,000	RMB28,000,000	RMB28,000,000
By installments in cash within 2 year from the date of establishment of the Joint Venture Company:	RMB336,000,000	RMB112,000,000	RMB112,000,000

Termination: In the event that the Joint Venture Company fails to be established, the costs incurred in the establishment of the Joint Venture Company shall be split among New Century, ATI and STI in proportion to their respective contributions to the registered capital of the Joint Venture Company. The party in default leading to the failure of the establishment of the Joint Venture Company shall compensate the Joint Venture Company or the other party for its losses.

The board of the Joint Venture Company will compose of five members, three directors will be nominated by New Century, one director will be nominated by ATI and one director will be nominated by STI.

It is expected that the Joint Venture Company will be established in early 2008 and will be accounted as an indirect subsidiary of the Company, as such, the Joint Venture Company will be consolidated into the Group's financial statement.

Background

CASC and Shenzhen People's Municipal Government have commenced strategic cooperation with a view to accelerate the development of aerospace industry in China. According to the principal of their cooperation, CASC will develop the Shenzhen Aerospace Technology Building in Shenzhen to serve as an initiative and innovative aerospace technology transformation platform and the operating headquarter of CASC in southern China for the research and development centres of aerospace technology applications, centres of international economic technology cooperations, and operational and management centres.

The location of the Shenzhen Aerospace Technology Building has not been confirmed yet. It is expected that the occupants of the Shenzhen Aerospace Technology Building will be available to CASC and/or its subsidiaries and independent third parties upon completion. The Company will make proper announcements upon the confirmation of leasing of the Shenzhen Aerospace Technology Building to CASC and/or its subsidiaries if and when the Listing Rules require.

Reasons for and benefit of investing in the Joint Venture Company

The Group is principally engaged in hi-tech manufacturing, science and technology park complex development and related property investment, and hi-tech industries investment businesses.

The Joint Venture Company will engage in the development, management and operations of the Shenzhen Aerospace Technology Building. The Directors are of the view that the Company would benefit from the entering into the Promoters' Agreement. Given that the prosperous development of property market in Shenzhen in recent years and the keen demand in high quality offices in the foreseeable future, it is anticipated that the Company, through the Joint Venture Company, would benefit from good return from the development, management and operations of the Shenzhen Aerospace Technology Building. The establishment of the Joint Venture Company will further strengthen the development of science and technology park complex of the Company, as well as the Group's property investment portfolio. In the long run, the organization and coordination of various projects in related to research and development of aerospace technologies, as well as their related industries in entering the Shenzhen Aerospace Technology Building will provide the Group investment opportunities in hi-tech projects.

The terms of the Promoters' Agreement are negotiated after arm's length negotiation. The Directors (excluding the Independent Non-Executive Directors who will form their views after considering the advice of their independent financial adviser to be appointed and Mr Gong Bo who is the common director of both the Company and ATI) of the Company considers that the transaction was entered into on normal commercial terms and the terms of the Promoters' Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Funding

Pursuant to the Promoters' Agreement, the amount of investment made by each party is restricted to their respective contributions in the registered capital of the Joint Venture Company. The funding of New Century's capital contribution will be by way of internal resources.

The capital of the Joint Venture Company will be applied towards the development, management and operations of the Shenzhen Aerospace Technology Building.

Information on ATI

The principal activities of ATI are project investment, operations and enterprises management, the development of satellite application system products and electronic communications system, the development of aerospace technology, provision of technical advisory and services and property management.

Information on STI

The principal activities of STI are the cultivation of top level talents, the development of science & technology, the transformation of achievements, talents' continuing education, the development of hi-tech projects, the assessment of hi-tech achievements, the provision of financing services for hi-tech achievements, international science & technology cooperation and exchange, the industrialization of hi-tech achievements, corporate incubation and intermediary services.

Connected Transaction and Discloseable Transaction

Both ATI and STI, being a subsidiary of the controlling shareholder of the Company, CASC, are connected persons of the Company under the Listing Rules. Accordingly, the entering into the Promoters' Agreement between New Century, ATI and STI constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders of the Company (being shareholders of the Company excluding CASC and its associates) voting by poll at the Extraordinary General Meeting. CASC and its associates shall abstain from voting at the Extraordinary General Meeting.

As the percentage ratios in respect of the transaction under the Promoters' Agreement are more than 5% but less than 25%, the investment by New Century in the Joint Venture Company would constitute a discloseable transaction under the Listing Rules.

The Group has no prior transactions or relationship with ATI, STI and their ultimate beneficial owners that require aggregation under Rule 14.22 and 14A.25 of the Listing Rules.

Independent Board Committee and Independent Financial Adviser

An Independent Board Committee comprising all the Independent Non-Executive Directors of the Company has been appointed to consider the terms of the Promoters' Agreement and the connected and discloseable transaction, and to advise the Independent Shareholders.

Somerley Limited has been appointed by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Promoters' Agreement.

2. Proposed Change of Company's Chinese Name

The Board has put forward a proposal to its shareholders ("Shareholders") for a change of company's Chinese name from "航天科技國際集團有限公司" to "中國航天國際控股有限公司". The change in the Chinese stock short name will be notified by way of a separate announcement.

Reasons of the Change of Company Name

The proposal of the change of Company name marks the new milestone of the Company's development. The new name will fully demonstrate the Group's future development strategies in hi-tech manufacturing, science and technology park complex development and related property investment, and hi-tech industries investment. The proposed Chinese name is a better translation of the Company's English name and reflects the new direction of the Group's business development, as well as the close relationship between the Company and CASC, the substantial shareholder of the Company.

The change of Company's Chinese name will be subject to the passing of a special resolution by Shareholders of the Company at the forthcoming Extraordinary General Meeting and the issue of a Certificate of Registration on Change of Name by the Companies Registry, Hong Kong.

Effect on the Change of Company Name

All existing share certificates of the Company in issue bearing the existing name will, following the effective change of the Company name, continue to be evidence of the title to the shares of the Company and valid for trading, settlement and registration purposes and will not affect any rights of the shareholders. There will be no arrangement for exchange of share certificate. Following the effective change of the Company name, share certificates for the new shares of the Company will be issued in the new name of the Company.

General

A circular containing, among others, details of the connected transaction and discloseable transaction, Letter from the Independent Board Committee, Letter to the Independent Board Committee and the Independent Shareholders from Independent Financial Adviser, the change of Company's Chinese name and notice of Extraordinary General Meeting will be dispatched by the Company to its shareholders as soon as practicable.

Terms used in this Announcement

“ATI”	航天科技投資控股有限公司 (Aerospace Technology Investment Holdings Limited) [#] ; a wholly-owned subsidiary of CASC established in the PRC as a limited liability company; and
“CASC”	China Aerospace Science & Technology Corporation, a state-owned enterprise established in the PRC. As of the date of this Announcement, it holds a 42.53% shareholding in the Company and is a controlling shareholder 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;
“Extraordinary General Meeting”	The extraordinary general meeting to be convened by the Company for the purpose of approving the connected transaction and discloseable transaction and the change of Company name;
“Group”	The Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the legal currency of the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	An independent committee of the Board of Directors of the Company comprising Mr Chow Chan Lum, Charles, Mr Luo Zhenbang and Mr Wang Junyan, being all the independent non-executive directors;
“Independent Financial Adviser”	Somerley Limited, a corporation licensed under the Securities and Futures Ordinance to conduct types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the connected transaction and discloseable transaction;
“Independent Shareholders”	All shareholders of the Company excluding CASC and its associates;
“Joint Venture Company”	深圳航天科技投資管理有限公司 (Shenzhen Aerospace Technology Investment Company Limited) [#] the joint venture company to be established by New Century, ATI and STI in the PRC as a limited liability company pursuant to the Promoters’ Agreement;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“New Century”	航科新世紀科技發展(深圳)有限公司 (CASIL New Century Technology Development (Shenzhen) Company Limited) [#] , a wholly-owned subsidiary of the Company established in the PRC as a limited liability company;
“PRC”	The People’s Republic of China (for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan);
“Promoters’ Agreement”	The Promoters’ Agreement dated 30 November 2007 and entered into by New Century, ATI and STI;
“RMB”	Reminbi, the legal currency of the PRC; and
“STI”	深圳航天科技創新研究院 (Shenzhen Science & Technology Institute) [#] ; an entity established in the PRC, held by CASC and its subsidiaries, Shenzhen People’s Municipal Government and Harbin Institute of Technology. CASC and its subsidiaries hold a 60% interest in STI.

[#] *These PRC entities do not have English names, the English names set out in herein are for identification purpose only.*

For the purpose of this Announcement, the exchange rate of RMB: HK\$ is RMB0.97: HK\$1.00.

By order of the Board
Wu Zhuo
Chairman

Hong Kong, 30 November 2007

As of 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 Zhao Liqiang (<i>President</i>)	Mr Wu Zhuo (<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	