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If you have sold all your shares in China Aerospace International Holdings Limited, you should at once hand this Circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

If you are in any doubt as to any aspect of this Circular or as to any action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.



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)

DISCLOSEABLE TRANSACTION

A letter from the Board of Directors of the Company is set out on pages 3 to 5 of this Circular.

DEFINITIONS

In this Circular, the following expressions have the following meanings, unless the context requires otherwise:

“Agreements”	the Confirmation and the Agreement to Transfer the Land Use Right in Shenzhen entered into between Shenzhen Aerospace and the Bureau on 14 March 2008;
“Announcement”	the announcement of the Company in respect of the Agreements dated 14 March 2008;
“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;
“Board”	the Board of Directors of the Company;
“Bureau”	the Shenzhen Municipal Bureau of Land Resources and Housing Management (深圳市國土資源和房產管理局);
“CASC”	China Aerospace Science & Technology Corporation (中國航天科技集團公司), a state-owned enterprise established in the PRC. As of the Latest Practicable Date, it holds a 42.53% shareholding in the Company and is the 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;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the legal currency of the Hong Kong Special Administrative Region of the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	27 March 2008, being the latest practicable date for ascertaining certain information referred to in this Circular prior to its publication;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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 circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan);
“Promoters’ Agreement”	The Promoters’ Agreement entered into by New Century, ATI and STI on 30 November 2007;
“RMB”	Reminbi, the legal currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holders of Shares;
“Shenzhen Aerospace”	深圳市航天高科技投資管理有限公司 (Shenzhen Aerospace Hi-Tech Investment Management Company Limited) [#] , the 60% interest indirect subsidiary established pursuant to Promoters’ Agreement;
“STI”	深圳航天科技創新研究院 (Shenzhen Science & Technology Institute) [#] ; a subsidiary 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 an aggregate of 60% interest in STI; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

[#] *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 Circular, as a reference, the exchange rate of RMB:HK\$ is RMB0.92:HK\$1.00.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr Zhao Liqiang (*President*)
Mr Zhou Qingquan
Mr Zhao Yuanchang
Mr Wu Hongju
Mr Guo Xianpeng

Registered Office:

Room 1103-1107A,
One Harbourfront,
18 Tak Fung Street,
Hung Hom, Kowloon,
Hong Kong

Non-executive Directors:

Mr Wu Zhuo (*Chairman*)
Mr Chow Chan Lum, Charles (*Independent*)
Mr Luo Zhenbang (*Independent*)
Mr Wang Junyan (*Independent*)
Mr Li Hongjun
Ms Chan Ching Har, Eliza
Mr Xu Jianhua
Mr Jin Xuesheng

2 April 2008

To Shareholders of the Company,

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

Introduction

Further to the announcement and the circular (the “Circular”) dated 30 November and 18 December 2007 respectively, the Board announced on 14 March 2008 that 深圳市航天高科技投资管理有限公司 (Shenzhen Aerospace Hi-Tech Investment Management Company Limited)[#] (“Shenzhen Aerospace”), the 60% interest indirect subsidiary formed pursuant to the Promoters’ Agreement, won a public bid to acquire the land use right of a parcel of land at the consideration of RMB495,000,000 (approximately HK\$538,043,478). Shenzhen Aerospace entered into a Confirmation and an Agreement to Transfer the Land Use Right in Shenzhen with the Shenzhen Municipal Bureau of Land Resources and Housing Management on the same date.

The purpose of this Circular is to provide you with further information regarding the Land.

LETTER FROM THE BOARD

The Agreements dated 14 March 2008

- Parties:
1. Shenzhen Aerospace, the acquirer, and
 2. the Shenzhen Municipal Bureau of Land Resources and Housing Management, the vendor.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Bureau is a government department and is independent of the Company and its connected persons. Neither the Company nor members of the Group had prior transaction with the Bureau.

- Consideration: RMB495,000,000 (HK\$538,043,478), being the minimum bid price required to bidder pursuant to the notice published by the Bureau.

Shenzhen Aerospace participated into the bid after taking into account of the location of the Land and its potential value and won the bid to acquire the Land. Shenzhen Aerospace settled the consideration in full by internal resources on 21 March 2008.

The terms of the Agreements are based on the terms of the bid. The Directors of the Company consider that the Agreements were entered into on normal commercial terms and the terms of the Agreements (including the consideration) are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Details of the Land

The land is situated at the northern reclamation district of the east of Nanshan Houhai Centre District and is presently vacant with a site area of 10,458.44 metre² (the "Land"). The land use right is for a term of 50 years commencing from 14 March 2008 and is for commercial office purpose. Shenzhen Aerospace intends to develop the "Shenzhen Aerospace Technology Building" on the Land.

Pursuant to the Agreements, the requirements of the usage of the Land, inter alia, are:

1. Coverage rate: more than 65% but less than 80%;
2. Plot ratio: 14.34;
3. Height: more than 90 metre but less than 300 metre; and
4. Total construction area: approximately 150,000 metre².

Shenzhen Aerospace will submit a development/building plan of the "Shenzhen Aerospace Technology Building" for the relevant authority's approval as soon as possible and it is anticipated that the development will commence by the end of 2008 or the beginning of 2009.

LETTER FROM THE BOARD

Reasons for and benefit of acquiring the Land

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

Shenzhen Aerospace will engage in the development, management and operations of the “Shenzhen Aerospace Technology Building”. Given the prosperous development of property market in Shenzhen in recent years and the keen demand in high quality office in the foreseeable future, it is anticipated that the Company, through Shenzhen Aerospace, would benefit from good return from the development, management and operations of the “Shenzhen Aerospace Technology Building”. The development of “Shenzhen Aerospace Technology Building” will further strengthen the Group’s property investment portfolio. Targeted tenants are mainly entities and corporations engaged in research and development of aerospace technologies, and members of the Group may also occupy part of the premises. Subject to negotiation and agreement with the tenants, Shenzhen Aerospace may participate in some of these projects which in turn will provide the Company investment opportunities in hi-tech projects.

Financial effect

The development costs of the project is subject to the approval of the development/building plan, which is expected to be funded by internal resources, bank borrowing or shareholders’ loans of Shenzhen Aerospace (if required). Upon the approval of the development/building plan and confirmation of the total development costs, the Company will make appropriate announcements, if or when required by the Listing Rules. Shenzhen Aerospace will devote most of its resources in the development of the “Shenzhen Aerospace Technology Building” and is expected to contribute rental income to the Group after completion.

Discloseable Transaction

As the percentage ratios in respect of the transaction are more than 5% but less than 25%, the acquisition of the Land by Shenzhen Aerospace would constitute a discloseable transaction under the Listing Rules.

Further information of the Group is set out in the Appendix.

Yours faithfully,
Wu Zhuo
Chairman

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this Circular have been arrived at after due and careful consideration and that there are no other facts the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

A. Directors and Chief Executive's Interests in Securities

As at the Latest Practicable Date, none of the Directors and chief executive of the Company or their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or to be recorded in the register required to be maintained pursuant to Section 352 of the SFO, or otherwise to be notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers in the Listing Rules.

APPENDIX

B. Persons who have interests or short positions in Shares and underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following parties, had, or were deemed or taken to have any interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name	Capacity	Number of Shares interested (long position)	Percentage of issued share capital
China Aerospace Science & Technology Corporation	Interests in controlled corporation (<i>Note 1</i>)	1,093,330,636	42.53%
Jetcote Investments Limited	Beneficial owner Interests in controlled corporation (<i>Note 2</i>)	131,837,011 961,493,625	5.13% 37.40%
		1,093,330,636	42.53%
Burhill Company Limited	Beneficial owner (<i>Note 2</i>)	489,566,136	19.04%
Sin King Enterprises Company Limited	Beneficial owner (<i>Note 2</i>)	471,927,489	18.36%
Montpelier Asset Management Limited	Investment manager (<i>Note 3</i>)	232,099,506	9.03%
Montpelier Global Funds Limited – The Montpelier Fund	Beneficial owner (<i>Note 3</i>)	191,757,966	7.46%

Notes:

- These 1,093,330,636 Shares are duplicated in the interests held by Jetcote Investments Limited, a wholly-owned subsidiary of China Aerospace Science & Technology Corporation, and its subsidiaries.
- Both Burhill Company Limited and Sin King Enterprises Company Limited are wholly-owned subsidiaries of Jetcote Investments Limited. The Shares held by them form part of the total number of Shares held by Jetcote Investments Limited.
- Montpelier Asset Management Limited has been appointed by Montpelier Global Funds Limited as Investment Manager and the shareholding of Montplier Global Funds Limited in the Company is duplicated in the interests held by Montpelier Asset Management Limited.

Save as disclosed in this Circular, as at the Latest Practicable Date, so far is known to any Director or chief executive of the Company, no other person has an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group and none of the Directors are directors or employees of person have such interest or short position.

As at the Latest Practicable Date, there were no outstanding securities, options or warrants which were convertible into new Shares.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group excluding contracts expiring or determinable by such member of the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save for Mr Wu Zhuo, Mr Zhao Liqiang, Mr Zhou Qingquan, Mr Zhao Yuanchang, Mr Wu Hongju, Mr Guo Xianpeng, Mr Li Hongjun, Mr Xu Jianhua and Mr Jin Xuesheng, the Directors of the Company, who are the employees of CASC or its subsidiaries, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company were considered to have interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which (a) the Group was interested and (b) the Directors' only interests were as directors appointed to represent the interests of the Group.

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware, no litigation or arbitration or claim of material importance was pending or threatened by or against any member of the Group.

6. MATERIAL ADVERSE CHANGE

So far as the Directors are aware, there is no material adverse change in the financial or trading position of the Group since 31 December 2007, the date to which the latest published audited accounts of the Company have been made up.

7. MISCELLANEOUS

- (a) The qualified accountant of the Company is Mr Luk Chi Keung. Mr Luk is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants.
- (b) The company secretary of the Company is Mr Chan Ka Kin, Ken. Mr Chan is a fellow member of both The Institute of Chartered Secretaries and Administrators, UK and The Hong Kong Institute of Chartered Secretaries.
- (c) The Company's Hong Kong share registrar and transfer office is Tricor Standard Limited, of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this Circular shall prevail over the Chinese text.