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CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 31)

DISCLOSEABLE TRANSACTION-DISPOSAL OF PROPERTY

The Board announced that on 9 November 2004, a Provisional Agreement for the sale by the Vendor and purchase by the Purchaser of the Property was entered into between a wholly-owned subsidiary of the Company, the Vendor, and the Purchaser.

Pursuant to the terms of the Provisional Agreement, the consideration for the Property is HK\$180,000,000. The sale and purchase of the Property is expected to be completed on or before 31 March 2005.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A shareholders' circular containing, among other things, further details relating to the Disposal will be dispatched to the shareholders of the Company as soon as practicable.

PROVISIONAL AGREEMENT FOR SALE AND PURCHASE OF THE PROPERTY DATED 9 NOVEMBER 2004

Date: 9 November 2004

The Vendor: CASIL Properties Limited, a wholly-owned subsidiary of the Company.

The Purchaser: World Favour International Limited. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and the ultimate beneficial owner of the Purchaser are Independent Third Parties. The principal business activity of the Purchaser is investment holding. The Purchaser was introduced by a property agency company, an Independent Third Party.

Property: All Those Units 1-8, 21st Floor, Greenfield Tower and Units 9-17, 21st Floor, Seapower Tower, and Car Parking Spaces LB015, 016, 017, 047 and 048 on the Lower Basement of Private Garage, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. From the date of acquisition of the Property up to the date of this announcement, the Property has been used as the principal offices by the Group, except a certain portion of the Property was leased by the Vendor to a non-wholly owned listed subsidiary of the Company, CASIL Telecommunications Holdings Limited, a connected person (as defined in the Listing Rules). Details of the transaction had been disclosed in the 2003 annual report of the Company and the Company had fulfilled the reporting requirements required under the Listing Rules.

The Company is presently locating another suitable office premises for relocation. Upon completion, the Vendor shall deliver vacant possession of the Property to the Purchaser. There will not be any adverse impact on the Group's operations on the relocation.

Formal Agreement: The Vendor and the Purchaser shall enter into a formal agreement for sale and purchase of the Property on or before 8 December 2004.

Default: Should the Purchaser fail to complete the purchase of the Property, the deposits paid by the Purchaser shall be forfeited and the Vendor shall be entitled to sue the Purchaser for any liabilities and/or damages arising from the default by the Purchaser. The Vendor shall have the right to sell the Property to anyone it thinks fit.

Should the Vendor after receiving the deposit paid hereunder fail to complete the sale of the Property, the Vendor shall immediately compensate the Purchaser with a sum equivalent to the amount of the deposits paid as liquidated damages together with the refund of the deposits. The Purchaser shall be entitled to sue the Vendor for any liabilities and/or damages arising from the default by the Vendor.

Consideration: The consideration for the Property is HK\$180,000,000.00 which has been determined on normal commercial terms and arm's length negotiations between the Vendor and the Purchaser with reference to the market value of other comparable properties. A valuation report on the Property was prepared on 13 September 2004 by an independent professional valuer appointed by the Vendor, CB Richard Ellis Limited, for the purpose of the Disposal. According to the valuation report, the value of the Property was valued at HK\$180,000,000 as at 13 September 2004. The net book value of the Property, as shown in the accounts of the Company for the interim ended 30 June 2004 was approximately HK\$81,706,222. The net profits (both before and after taxation and extraordinary items) attributable to the Property for the last two financial years ended 31 December 2002 and 31 December 2003 were approximately HK\$26,000 and HK\$18,000 respectively. Upon completion of the Disposal, the Company will realize a gain of approximately HK\$96,500,000 net of expenses in the Company's profit and loss accounts. The Directors including the Independent Non-Executive Directors consider that the terms of the Disposal, including the consideration are fair and reasonable and in the interests of the Company and its shareholders as a whole. The consideration shall be paid by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit in the sum of HK\$9,000,000.00 has been paid upon the signing of the Provisional Agreement by way of cheque;
- (b) a further deposit in the sum of HK\$9,000,000.00 shall be paid upon signing of the formal agreement for sale and purchase of the Property on or before 8 December 2004 by way of cashier order(s) or solicitor's cheque; and
- (c) the balance of the purchase price of HK\$162,000,000.00 shall be paid upon completion which shall take place on or before 31 March 2005 by way of cashier order(s) or solicitor's cheque.

Commission: The property agency company, a party to the Provisional Agreement, will receive commission from both the Vendor and the Purchaser pursuant to the terms of the Provisional Agreement.

REASONS FOR THE DISPOSAL

After due and careful consideration, the Directors believe that the Disposal represents a good opportunity for the Company to realize the Property at a reasonable price, thus enabling the Company to reduce its borrowings and future interest expenses in relation to the mortgage.

APPLICATION OF SALE PROCEEDS FROM THE DISPOSAL

The entire sale proceeds generated from the Disposal will be utilized by the Company to repay the Property's mortgage loan. The outstanding principal (excluding interest) on the mortgage of the Property is approximately HK\$183,000,000. The Company will utilize the entire sale proceeds and internal resources to repay the Property's mortgage loan. The mortgage will be released by the mortgagee bank upon completion.

COMPLETION DATE

The sale and purchase of the Property is scheduled to be completed on or before 31 March 2005.

GENERAL

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associates consist of design, manufacturing and distribution of printed circuit boards, plastic moulding products, LCD and intelligent battery chargers.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A shareholders' circular containing, amongst other things, further details relating to the Disposal will be dispatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

“Board”	means the board of Directors of the Company
“Company”	means China Aerospace International Holdings Limited, a company incorporated in Hong Kong with limited liability
“Directors”	means the directors of the Company
“Disposal”	means the disposal of the Property by the Vendor to the Purchaser in accordance with the terms of the Provisional Agreement
“Group”	means the Company and all its subsidiaries
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China

“Independent Non-Executive Directors”	means the independent non-executive directors of the Company, comprising Mr. Lee Hung Sang, Ms. Chan Ching Har, Eliza and Mr. Chow Chan Lum, Charles
“Independent Third Party(ies)”	means persons who are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	means All Those Units 1-8, 21st Floor, Greenfield Tower and Units 9-17, 21st Floor, Seapower Tower and Car Parking Spaces Nos. LB015, 016, 017, 047 and 048 on the Lower Basement of Private Garage, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong
“Provisional Agreement”	means the provisional agreement for sale and purchase dated 9 November 2004 relating to the Property entered into between the Vendor and the Purchaser
“Purchaser”	means World Favour International Limited, an Independent Third Party
“Vendor”	means CASIL Properties Limited, a wholly-owned subsidiary of the Company

By order of the Board
Rui Xiaowu
Chairman

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this statement.

Hong Kong, 10 November 2004

As at the date of this announcement, the Board comprises Mr. Rui Xiaowu (Chairman), Mr. Zhao Liqiang, Mr. Zhou Qingquan, Mr. Zhao Yuanchang, Mr. Wu Hongju and Mr. Guo Xianpeng as Executive Directors, Mr. Li Jinsheng, Mr. Xu Shilong and Mr. Chen Dingyi as Non-Executive Directors, Mr. Lee Hung Sang, Ms. Chan Ching Har, Eliza and Mr. Chow Chan Lum, Charles as Independent Non-Executive Directors.

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