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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)

ANNOUNCEMENT

**COMPLETION OF SUBSCRIPTION OF THE REGISTERED CAPITAL OF
HAINAN AEROSPACE INVESTMENT MANAGEMENT COMPANY LIMITED**

The Board is pleased to announce that the Subscription of Hainan Aerospace by Hainan Expressway and CGWIC was completed on 19 March 2013.

Reference is made to the Company's announcements dated 5 November 2012 and 4 January 2013 and Circular dated 11 December 2012 in matters in relation to a major and connected transaction of the entering into the Subscription Agreement by CASIL Hainan, New Century, Hainan Expressway and CGWIC, pursuant to which each of Hainan Expressway and CGWIC will subscribe the registered capital of Hainan Aerospace of 300,000,000 shares at the consideration of RMB312,720,000. Independent Shareholders approved the resolution related to the Subscription at the Extraordinary General Meeting held on 4 January 2013.

The Board is pleased to announce that the matters related to the Subscription by Hainan Expressway and CGWIC have been completed, and the business registration was made with the relevant administration of industry and commerce on 19 March 2013. Upon completion, the Company, through CASIL Hainan and New Century, totally holds 50% shareholding in Hainan Aerospace and each of Hainan Expressway and CGWIC holds 25% shareholding in Hainan Aerospace. Hainan Aerospace is no longer a wholly-owned subsidiary of the Company and would be accounted for as a jointly controlled entity of the Company.

Unless otherwise stated, terms used herein shall have the same meanings as defined in the Circular dated 11 December 2012.

By order of the Board
Li Hongjun
Executive Director & President

Hong Kong, 20 March 2013

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

Executive Directors

Mr Li Hongjun (*President*)

Mr Jin Xuesheng

Non-Executive Directors

Mr Zhang Jianheng (*Chairman*)

Mr Wu Zhuo (*Vice Chairman*)

Mr Chen Xuechuan

Mr Shi Weiguo

Independent

Non-Executive Directors

Mr Luo Zhenbang

Mr Wang Junyan

Ms Leung Sau Fan, Sylvia