



# CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 31)

## ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

CASIL Clearing Limited, a wholly-owned subsidiary of the Company ("CASIL Clearing"), had made an advance to Chinluck Properties Limited ("Chinluck") in years ago. The loan was secured by a piece of land owned by Chinluck and guaranteed personally by the substantial shareholder and chairman of Chinluck. Chinluck and the substantial shareholder and chairman of Chinluck are third parties independent of the Company and the connected persons of the Company.

CASIL Clearing was alleged a breach of the loan agreement in failing to advance the full amount of loan to Chinluck. CASIL Clearing resisted the claim and counterclaimed against Chinluck and sued against its guarantor upon default on, including but not limited to, repayment of the advanced loan amount of HK\$251.5 million plus interest under the loan agreement and the mortgage. A court hearing in respect of the loan was conducted in June 2004, and the judgment in respect of the action was handed down at the end of July 2004. The judgment was merely a fact finding and confined to issues of liability only. For the issues of damages, both parties attended the hearing at the court in October 2006.

Pursuant to a judgment handed down by the court dated 20 December 2006 in respect to the damages, it was held that, inter alia, CASIL Clearing is required to pay a nominal damages of HK\$100 to Chinluck for its breach of agreement to advance the remaining portion of the loan and Chinluck is required to pay the outstanding principal and the accrued interest under the loan agreement and the mortgage for its breach of the repayment obligations. The nominal damage of HK\$100 payable by CASIL Clearing to Chinluck is to be set off against the amount of the judgment to be calculated and agreed between the parties. In the event the calculation of the judgment sum cannot be agreed, the parties are then at liberty to make a further application to the court for adjudication.

**Shareholders of the Company and the investing public should note that the parties have yet to agree on the calculation and the settlement of the judgment and accordingly, should exercise caution in dealing in the shares of the Company.**

By order of the Board  
**Zhao Liqiang**  
Executive Director

Hong Kong, 21 December 2006

As of the date of this announcement, the Board of Directors of the Company comprises:

**Executive Directors**

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

**Non-Executive Directors**

Mr Ma Xingrui (*Chairman*)  
Mr Gong Bo  
Mr Chen Dingyi  
Ms Chan Ching Har, Eliza  
Mr Wang Yujun  
Mr Xu Jianhua

**Independent Non-Executive Directors**

Mr Lee Hung Sang  
Mr Chow Chan Lum, Charles  
Mr Luo Zhenbang