



CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 0031)

ANNOUNCEMENT

The Directors have noted that from the announcement published by CASTEL dated 14 June 2006 that CASTEL received a loan of US\$6 million from GWIC in December 2001 when CASTEL was a subsidiary of the Company. CASTEL became an associated company in September 2003 and the Company ceased to have any interests in CASTEL on 10 July 2005.

Further to the announcement of the Company dated 14 June 2006, the Directors have noted from the announcement published by CASIL Telecommunications Holdings Limited (1185) ("CASTEL") dated 14 June 2006 that CASTEL received a loan of US\$6 million from China Great Wall Industry Corporation ("GWIC") from 27 December 2001 with an interest rate of 4.25% per annum under CASTEL's guarantee and will mature on 27 December 2006.

CASTEL was a subsidiary of the Company and became an associated company in September 2003 as a result of placement of shares by CASTEL. The Company ceased to have any interests in CASTEL on 10 July 2005 upon completion of the transaction announced on 24 January 2005. The Directors confirm that save as disclosed, there has not been any transaction or dealing between the Company or any of its subsidiaries and GWIC or its US representative office.

Given that GWIC is a subsidiary of China Aerospace Science & Technology Corporation (a substantial shareholder of the Company) and thus an associate of a connected person of the Company under the then effective Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the transaction between CASTEL and its subsidiary and GWIC might constitute a connected transaction of the Company which might be subject to disclosure and/or independent shareholders approval requirements during the period when CASTEL was a subsidiary of the Company. The loan was recorded as Other Loans in the audited consolidated balance sheet of the Company as at 31 December 2001 and 2002. Further announcement will be made when details of the transaction are available to the Company.

By order of the board

China Aerospace International Holdings Limited

Mui Chok Wah

Company Secretary

Hong Kong, 15 June 2006

As at the date of this announcement, the board of directors of the Company comprises Messrs. Zhao Liqiang, Zhou Qingquan, Zhao Yuanchang, Wu Hongju and Guo Xianpeng as executive directors, Messrs. Rui Xiaowu (Chairman), Gong Bo, Chen Dingyi, Chan Ching Har, Eliza and Wang Yujun as non-executive directors, Messrs. Lee Hung Sang, Chow Chan Lum, Charles and Luo Zhenbang as independent non-executive directors.