CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

FURTHER ANNOUNCEMENT
DISCLOSEABLE TRANSACTION

The Company will hold 50% interests (instead of 49%) in CANW, a joint venture with NWTMT to be engaged in the manufacturing, sale and operations of interactive TV and satellite digital broadcasting related business.

The authorized share capital of CANW will remain unchanged at HK$30,000,000, of which 50% will be owned by the Company and 50% by Star Dream Group Limited, a wholly-owned subsidiary of NWTMT.

Reference is hereby made to the announcement and the circular of the Company dated October 28, 2003 and November 17, 2003, respectively. Unless otherwise defined, terms used herein shall have the same meaning as defined in the announcement and the circular.

The Board of Directors announces that, further to the strategic alliance agreement (the "Strategic Alliance Agreement") entered into between the Company and New World TMT Limited ("NWTMT", formerly known as New World Infrastructure Limited), which outlined both parties' preliminary intention of the transaction described thereon, on October 27, 2003 in respect of China Aerospace New World Technology Limited ("CANW", formerly known as CASIL Network System Engineering Limited), a formal shareholders' agreement was entered into between the Company, NWTMT, CANW and Star Dream Group Limited, a wholly-owned subsidiary of NWTMT, on February 23, 2004 to regulate their respective rights and responsibilities towards CANW and amend the terms of the Strategic Alliance Agreement (the "Shareholders' Agreement").

Under the Strategic Alliance Agreement, no Shares were issued to NWTMT or Star Dream Group Limited by CANW as of the date of this announcement. After the execution of the Shareholders' Agreement, relevant Shares will be issued to Star Dream Group Limited by CANW and CANW will then become a jointly controlled entity of the Company.

Certain major terms on the Strategic Alliance Agreement have been modified and are incorporated in the Shareholders' Agreement as follows. Save as disclosed in this announcement, no major change of the terms of the Strategic Alliance Agreement needs to be disclosed.

	Strategic Alliance Agreement	**Shareholders' Agreement**
Shareholding in CANW by the Company	49%	50%
Shareholding in CANW by NWTMT or its subsidiary	51%	50%
Issued share capital of CANW after the subscription	HK$300,000,000	HK$30,000,000
Payment of subscription monies of HK$150,000,000 for Shares in CANW	Lump sum payment	To be settled in full within one year

Investors are advised that they should exercise caution in dealings of the Company's securities.

By Order of the Board
Rui Xiaowu
Chairman & President

Hong Kong, February 24, 2004

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