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CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(stock code: 31)

ANNOUNCEMENT

Extension of time for fulfillment of conditions precedent in respect of the disposal of Astrotech

The time for the fulfillment of the conditions precedent of the Sale and Purchase Agreement regarding the disposal of the Company's entire 100% equity interest in and the shareholder's loan due from Astrotech is extended to 30 June 2005.

Further to the announcements dated 24 January 2005 and 15 March 2005 and the circular to shareholders dated 15 February 2005 (the "Circular"), the Board of China Aerospace International Holdings Limited (the "Company") announces that the Company entered into a side letter with CALT on 31 March 2005 to extend the time for fulfillment of all conditions precedent of the Sale and Purchase Agreement to 30 June 2005. Terms used herein shall have the same meanings as defined in the Circular, unless otherwise stated.

THE SALE AND PURCHASE AGREEMENT

On 22 January 2005, the Company and CALT entered into the Sale and Purchase Agreement pursuant to which, the Company agreed to sell, and CALT agreed to purchase, the Company's entire 100% equity interest in and the shareholder's loan due from Astrotech, which, in turn, holds 449,244,000 ordinary shares (representing approximately 44.17% equity interest) in CASTEL, for a cash consideration of HK\$143,758,081.

Pursuant to the Sale and Purchase Agreement, the time for fulfillment of all conditions precedent is 31 March 2005 (or such later date as the parties may agree in writing). Completion shall take place on the third Business Day after the fulfillment or waiver of the last condition, the issue of a notice by CALT to the Company in respect of CALT's satisfaction of the fulfillment of all the conditions after its receipt of the notification from the Company of the satisfaction of certain conditions.

Please refer to the Circular for details of the conditions precedent of the Sale and Purchase Agreement. The Company is required to fulfill certain conditions precedent. As at the date of this announcement, the Company has obtained independent shareholders' approval in respect of the transaction and is in the process of fulfilling the other conditions precedent, including the obtaining of the required bank consents.

THE SIDE LETTER

On 30 March 2005, the Company received from CALT a letter requesting for the extension of time for fulfillment of all conditions precedent, in particular, in relation to the obtaining of the approvals from PRC regulatory authorities, from 31 March 2005 to 30 June 2005.

The Company has agreed to the extension on 31 March 2005. Save for the extension, all terms and conditions of the Sale and Purchase Agreement remain unchanged.

By order of the Board
Rui Xiaowu
Chairman

Hong Kong, 31 March 2005

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

Executive Directors

Mr. Rui Xiaowu
Mr. Zhao Liqiang
Mr. Zhou Qingquan
Mr. Zhao Yuanchang
Mr. Wu Hongju
Mr. Guo Xianpeng

Non-Executive Directors

Mr. Li Jinsheng
Mr. Xu Shilong
Mr. Chen Dingyi
Ms. Chan Ching Har, Eliza

Independent Non-Executive Directors

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

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