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深圳中航集團股份有限公司 CATIC SHENZHEN HOLDINGS LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00161)

ANNOUNCEMENT CONNECTED TRANSACTION RENOVATION CONTRACT IN RELATION TO THE GUANGDONG INTERNATIONAL BUILDING

RENOVATION CONTRACT

On 13 February 2009, Guangdong International Building Industrial Company, a non-wholly owned subsidiary of the Company, has entered into the Renovation Contract with CATIC Building Facilities Company. The services provided by CATIC Building Facilities Company under the Renovation Contract constitute part of the works of modernization and renovation of the Guangdong International Building as envisaged under the Proposed Renovation Project.

The Guangdong International Building is owned by Guangdong International Building Industrial Company, of which the Company holds 75% equity interest.

LISTING RULES IMPLICATIONS

CATIC Building Facilities Company is a domestic company incorporated in the PRC and is owned as to 90% by CATIC Property Management and 10% by CATIC Nanguang Elevator Engineering Company. CATIC Property Management is wholly-owned by CATIC Real Estate. CATIC Real Estate is a non-wholly owned subsidiary of Shenzhen CATIC (which is a promoter and controlling shareholder of the Company). CATIC Nanguang Elevator Engineering Company is owned as to 95% by CATIC Property Management and as to 5% by CATIC Building Facilities Company, the counterparty of the Renovation Contract. Hence, CATIC Building Facilities Company is a connected person of the Company under the Listing Rules. The Renovation Contract constitutes a connected transaction. As the applicable percentage ratio is less than 2.5%, the Renovation Contract is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Announcement in relation to the Proposed Renovation Project.

On 13 February 2009, Guangdong International Building Industrial Company, a non-wholly owned subsidiary of the Company, has entered into the Renovation Contract with CATIC Building Facilities Company. The services provided by CATIC Building Facilities Company under the Renovation Contract constitute part of the works of modernization and renovation of the Guangdong International Building as envisaged under the Proposed Renovation Project.

The Guangdong International Building is owned by Guangdong International Building Industrial Company, of which the Company holds 75% equity interest.

RENOVATION CONTRACT

Date: 13 February 2009

Parties

- (1) Guangdong International Building Industrial Company
- (2) CATIC Building Facilities Company

CATIC Building Facilities Company is a domestic company incorporated in the PRC and is owned as to 90% by CATIC Property Management and 10% by CATIC Nanguang Elevator Engineering Company. CATIC Property Management is wholly-owned by CATIC Real Estate. CATIC Real Estate is a non-wholly owned subsidiary of Shenzhen CATIC (which is a promoter and controlling shareholder of the Company). Shenzhen CATIC and its wholly-owned subsidiary Shenzhen CATIC City Development Limited together holds approximately 27.79% interests in CATIC Real Estate, and the Company holds approximately 22.35% in CATIC Real Estate. CATIC Nanguang Elevator Engineering Company is owned as to 95% by CATIC Property Management and as to 5% by CATIC Building Facilities Company, the counterparty of the Renovation Contract. Thus, CATIC Building Facilities Company is a connected person of the Company.

CATIC Building Facilities Company was selected by the Group to carry out the work under the Renovation Contract by a tender process.

Scope of works under the Renovation Contract

- (1) Type of works : Demolition and dismantlement works of guest rooms in Guangdong International Building
- (2) Location of works : Guangdong International Building
- (3) Scale of works : Guest rooms on the 24th to 41st Floors, 43rd to 59th Floors, 61st to 62nd Floors, common area and lift lobbies, in total area of 31,000 square metres

Consideration

A sum of RMB2,974,981.36 (the “Contract Sum”) plus other additional costs (if any) under the Renovation Contract are to be satisfied and paid in cash by Guangdong International Building Industrial Company to CATIC Building Facilities Company in the following manners:-

- (1) A sum of RMB297,498, equivalent to 10% of the Contract Sum, is payable within 3 days from the date of signing of the Renovation Contract.
- (2) On the 25th day of each month, a sum equivalent to 90% of the assessed value of the work finished under the Renovation Contract during the month is payable.
- (3) The value of on-site additional work completed for each month will be assessed and is to be fully paid in that month. The value of the additional works will be determined with reference to the unit price stated in the Construction Cost Estimate Evaluation (if applicable) or the market value (if the Construction Cost Estimate Evaluation is not applicable).
- (4) Within one week after completion of the works done under the Renovation Contract, a cumulative sum equivalent up to 95% of the Contract Sum is to be paid.
- (5) Certain cost at a rate of RMB200 per square metre for recycling and storing valuable materials demolished from the site will be chargeable. It is expected the total quantity of recycled materials will not exceed 500 square metres. It is estimated that the total amount of cost chargeable under the recycle process will not exceed RMB100,000.
- (6) The total value of the completed works under the Renovation Contract will be assessed by a construction engineer, who is employed by the Group, with reference to the Construction Cost Estimate Evaluation (if applicable) and to be agreed between Guangdong International Building Industrial Company and CATIC Building Facilities Company, but in any event, the grand total amount payable by Guangdong International Building Industrial Company under the Renovation Contract shall not exceed RMB3.7 million.
- (7) The balance of the agreed sum of the completed works under the Renovation Contract is to be paid within 15 days from the date after such sum has been confirmed and agreed between Guangdong International Building Industrial Company and CATIC Building Facilities Company.

The Group has engaged Guangdong Shingjian Construction Cost Estimate Office Co. Ltd. (廣東盛建工程事務諮詢有限公司) to prepare the Construction Cost Estimate Evaluation, which estimates were based on cost and market value of the works under the Renovation Contract. The consideration under the Renovation Contract was determined with reference to the Construction Cost Estimate Evaluation.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the construction engineer and Guangdong Shingjian Construction Cost Estimate Office Co. Ltd. (廣東盛建工程事務諮詢有限公司) are third parties independent of the Company and its connected persons. Both of them are engaged by the Group.

The Directors (including the independent non-executive Directors) are of the view that the Renovation Contract was made under normal commercial terms and the transaction is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Commencement and Completion

The proposed works under the Renovation Contract is expected to be completed within 45 days from 15 February 2009 to 31 March 2009.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in the design, manufacture and sale of certain industry and consumer electronic products, including liquid crystal display (LCD), printed circuit board (PCB) and mechanical and quartz timepieces, and property development. In addition, the Group also has stepped into the agriculture related resources industry.

INFORMATION ON GUANGDONG INTERNATIONAL BUILDING INDUSTRIAL COMPANY

Guangdong International Building Industrial Company is owned as to 75% by the Company. The principal business activities of Guangdong International Building Industrial Company include leasing and management of the Guangdong International Building and the management and operation of the Guangdong International Hotel (廣東國際大酒店) located inside the Guangdong International Building and its auxiliary services such as beverage and catering services, sports and recreational services and limousine services.

INFORMATION ON THE GUANGDONG INTERNATIONAL BUILDING

Located at the most bustling Huan Shi Road East in Guangzhou City, Guangdong International Building comprises one main block with 63 storeys and two subsidiary blocks with 30 storeys of offices and 25 storeys of apartments respectively. The main block and the two subsidiary blocks are connected by 6-storey connecting blocks.

The main occupation of the Guangdong International Building is the Guangdong International Hotel (廣東國際大酒店) comprising hotel premises, restaurants and entertainment outlets, offices and apartment, forming a multi-functions commercial complex of the area.

INFORMATION ON CATIC BUILDING FACILITIES COMPANY

CATIC Building Facilities Company is a domestic company incorporated in the PRC and is owned as to 90% by CATIC Property Management and 10% by CATIC Nanguang Elevator Engineering Company. CATIC Property Management is wholly-owned by CATIC Real Estate. CATIC Real Estate is a non-wholly owned subsidiary of Shenzhen CATIC (which is a promoter and controlling shareholder of the Company). Shenzhen CATIC and its wholly-owned subsidiary Shenzhen CATIC City Development Limited together holds approximately 27.79% interests in CATIC Real Estate, and the Company holds approximately 22.35% in CATIC Real Estate. CATIC Nanguang Elevator Engineering Company is owned as to 95% by CATIC Property Management and as to 5% by CATIC Building Facilities Company, the counterparty of the Renovation Contract. Thus, CATIC Building Facilities Company is a connected person of the Company.

The principal business activities of CATIC Building Facilities Company include development of building-automatization technology, electronic software development, water heating system, sale of building equipments and facilities, safety system design, maintenance and installations.

REASONS FOR AND BENEFITS OF THE RENOVATION CONTRACT AS PART OF THE PROPOSED RENOVATION PROJECT

The Board considers that modernization of the outmoded Guangdong International Building will upgrade the overall appearance and image of the building complex and the quality of its auxiliary services. The design concept of multi-functions commercial complex will create spacious and comfortable environment to customers and provide easy access to the public, hence attracting spending activities from potential customers and hotel visitors. The effect of the Proposed Renovation Project will increase occupancy, income and business value and reduce the operation costs of the Guangdong International Building. The Renovation Contract has been entered into for carrying out part of the proposed works under the Proposed Renovation Project.

LISTING RULES REQUIREMENTS

CATIC Building Facilities Company is a domestic company incorporated in the PRC and is owned as to 90% by CATIC Property Management and 10% by CATIC Nanguang Elevator Engineering Company. CATIC Property Management is wholly-owned by CATIC Real Estate. CATIC Real Estate is a non-wholly owned subsidiary of Shenzhen CATIC (which is a promoter and controlling shareholder of the Company). Shenzhen CATIC and its wholly-owned subsidiary Shenzhen CATIC City Development Limited together holds approximately 27.79% interests in CATIC Real Estate, and the Company holds approximately 22.35% in CATIC Real Estate. CATIC Nanguang Elevator Engineering Company is owned as to 95% by CATIC Property Management and as to 5% by CATIC Building Facilities Company, the counterparty of the Renovation Contract. Thus, CATIC Building Facilities Company is a connected person of the Company. The Renovation Contract constitutes a connected transaction. As the applicable percentage ratio is less than 2.5%, the Renovation Contract is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Announcement”	the announcement of the Company dated 21 January 2009 in relation to the Proposed Renovation Project
“Board”	the board of Directors
“CATIC Building Facilities Company”	深圳市中航樓宇設備有限公司, a domestic company incorporated in the PRC and is owned as to 90% by CATIC Property Management and 10% by CATIC Nanguang Elevator Engineering Company

“CATIC Nanguang Elevator Engineering Company”	深圳市中航南光電梯工程有限公司, a domestic company incorporated in the PRC and is owned as to 95% by CATIC Property Management and 5% by CATIC Building Facilities Company
“CATIC Property Management”	Shenzhen CATIC Property Management Company Limited (深圳市中航物業管理有限公司), a wholly-owned subsidiary of CATIC Real Estate
“CATIC Real Estate”	Shenzhen CATIC Real Estate Co., Ltd. (深圳中航地產股份有限公司), formerly known as Shenzhen Nanguang (Group) PLC (深圳市南光(集團)股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange. CATIC Real Estate is a non-wholly owned subsidiary of Shenzhen CATIC as Shenzhen CATIC and its wholly-owned subsidiary Shenzhen CATIC City Development Limited (深圳中航城發展有限公司) together holds approximately 27.79% interests in CATIC Real Estate, and the Company (which is a non-wholly owned subsidiary of Shenzhen CATIC) holds approximately 22.35% in CATIC Real Estate
“Company”	CATIC Shenzhen Holdings Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange
“Construction Cost Estimate Evaluation”	the construction cost estimate evaluation number: [2008]10020 of 24 October 2008 prepared by Guangdong Shingjian Construction Cost Estimate Office Co. Ltd. (廣東盛建工程事務諮詢有限公司), which is engaged by the Group, in respect of the demolition and dismantlement works in Guangdong International Building
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Guangdong International Building”	廣東國際大廈(Guangdong International Building), which is located at number 339 Huan Shi Road East, Guangdong, the PRC
“Guangdong International Building Industrial Company”	廣東國際大廈實業有限公司(Guangdong International Building Industrial Company Limited), a domestic joint venture company incorporated in the PRC and is owned as to 75% by the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Renovation Project”	works of modernization and renovation of the Guangdong International Building proposed by the Group, details of which had been disclosed in the Announcement
“Renovation Contract”	the renovation contract entered into between Guangdong International Building Industrial Company and CATIC Building Facilities Company and dated 13 February 2009 being part of the works envisaged under the Proposed Renovation Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of shares of the Company
“Shenzhen CATIC”	中國航空技術深圳有限公司 (CATIC Shenzhen Company), a state owned company incorporated under the laws of the PRC, and holds 58.29% of the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
CATIC Shenzhen Holdings Limited
Wu Guang Quan
Chairman

Shenzhen, the PRC, 16 February 2009

As at the date of this announcement, the Board comprises of a total of 13 Directors, namely Mr. Wu Guang Quan, Mr. Lai Wei Xuan, Mr. Sui Yong, Mr. Cheng Bao Zhong, Mr. Liu Rui Lin, Mr. Xu Dong Sheng, Mr. You Lei and Mr. Wang Bao Ying as executive Directors; Mr. Wang Bin Bin and Mr. Li Cheng Ning as non-executive Directors; and Mr. Poon Chiu Kwok, Ms. Wong Wai Ling and Mr. Liu Xian Fa as independent non-executive Directors.

If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this announcement and their English translations, the Chinese version shall prevail.